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***LemTech***  
**Lemtech Holdings Co., Limited**

**2023**

**Annual Report**

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**Company Website: <http://www.lemtech.com>**

**The Annual Report is available at <http://mops.twse.com.tw>**

(This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.)

I. Names, Titles, Telephones and E-mails of Spokesperson, Deputy Spokesperson, and the Litigation and Non-litigation Attorney in the Republic of China:

Spokesperson: Jed Huang Title: Financial manager  
Tel: (886)2-8684-1618 EXT:374 E-mail: contact@lemtech.com

Deputy Spokesperson: Hsu, Chi-Feng Title: Chairman  
Tel: (886)2-8684-1618 Ext.355 E-mail: contact@lemtech.com

Litigation and Non-litigation Attorney's  
Name: Hsu, Chi-Feng Title: Chairman  
Tel: (886)2-8684-1618 E-mail: contact@lemtech.com

II. Addresses and Telephones of Headquarter, Branches and Plants:

Name	Address	Tel
Lemtech Holdings Co., Limited	Genesis Building, 5th Floor, Genesis Close, PO Box 446, Cayman Islands, KY1-1106	(886)2-8684-1618
Lemtech Precision Material (China) Co., Ltd	No. 486, Yangguang West Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	(86)512-5717-5855
LDC Precision Engineering Co., Ltd	12F., No. 3, Yuanqu St., Nangang Dist., Taipei City, Taiwan (R.O.C.)	(886)2-8684-1618
Lemtech Technology Limited	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	(886)2-8684-1618
Lemtech Industrial Services Ltd	Offshore Chambers, P.O. Box 217, Apia, Samoa	(886)2-8684-1618
Kunshan Lemtech Slide Technology Co., Ltd.	Room 6, No. 211, Zijing Road, Zhangpu Town, Kunshan City, Jiangsu Province, China	(86)512-5013-6519
Lemtech Precision Material (Czech) s.r.o.	Logistické Centrum Jihlava LCJ/Jipocar Hala B, 588 11 Stráž u Jihlavy 3, Czech	(420)770-114-798
Lemtech Energy Solutions Corporation	No. 39, Ruiyuan St., Bade Dist., Taoyuan City, Taiwan (R.O.C.)	(886)2-8684-1618
Zhenjiang Emtron Surface Treatment Limited	No.198, Cheng Road, Dagang Town, Zhenjiang New Area, Jiangsu Province, China	(86)511-8337-7959
Lemtech Electronics Technology (Changshu) Co., Ltd.	No. 8, Baixue New Road, Shajiabin, Changshu City, Jiangsu Province, China	(86)512-3686-1556
LemTech Global Industries Ltd.	No. 109, Dazhu Road, Luzhu District, Taoyuan City, Taiwan (R.O.C.)	(886)2-8684-1618
Lemtech Precision Engineering (Tianjin) Co., Ltd	Building No.4, No.28, Saida Wuzhi Road, XiQing Economic and Technological Development Zone, Tianjin City, China	(86)22-5810-5173
Lemtech-Eahwa Precision Technonlogy Co., Ltd.	No. 191-47, 49, Shigu Rd., Shengang Township, Changhua County, Taiwan (R.O.C.)	(886)4-798-8090
Lemtech Precision Material (Huizhou) Co., Ltd	Changling (local name) lot of the Tianliao Economic Cooperative, Hu Town, Hu Town, Boluo County	(86)0752-6960588
Lemtech Mexico S.A. DE C.V.	Calle 2, 135/5, Benito Juárez, 76120, Querétaro, Querétaro, Querétaro, México	—

III. Name, Address, Website and Telephone of the Stock Transfer Agency:

CTBC BANK CO., LTD. Transfer Agency Department

Website: <http://www.ctbcbank.com>

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Taipei City

Tel: (886)2-6636-5566

IV. Names, Accounting Firm, Address, Website and Telephone of the CPAs Auditing and Certifying the Financial Report of the Most Recent Year

CPAs: Xue, Jun-Min, Chih, Jui-Chuan

Website:

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

CPA Firm: Deloitte & Touche

Tel: (886)2-2725-9988

Address: 20F., No. 100, Songren Road, Xinyi District, Taipei City

V. Name of the Trading Place Where Overseas Securities are Listed for Trading and Methods to Inquire About the Overseas Securities Information: None.

VI. Company Website: <http://www.lemtech.com>

VII. List of Board Members

Title	Name	Nationality	Major academic (work) experience
Chairman	Hsu, Chi-Feng	Republic of China	Changhua Yang-Ming Middle School Chairman and General Manager of Lemtech Holdings Co., Limited
Director	Ye, Hang	Mainland China	Shanghai Workers College for Mechanotronics Director and CTO of Lemtech Holdings Co., Limited
Director	Tan, Yong	Mainland China	Shanghai Machine Tool Electric Appliance Plant Technical School Director of Lemtech Holdings Co., Limited
Director	Chan Kim Seng Maurice	Singaporean	Diploma in Management Studies (Singapore Institute of Management) Director of Lemtech Holdings Co., Limited
Independent Director	Yang, Rui-Long	Mainland China	Instructor of Teaching and Research Office of Economics Department of Jiangsu Administration Institute Master of Economics in the Renmin University of China
Independent Director	Yu, Chi-Min	Republic of China	Doctor of Southern Methodist in Law and Science of Law Associate Professor of Department of Law in Soochow University
Independent Director	Lee, Wei-Ming	Republic of China	General Manager/Consultant of Kang Chu International Co., Ltd. Consultant/Deputy General Manager and Chief Financial Officer of C-techon International Co., Ltd. Bachelor of School of Business of National Taiwan University
Independent Director	Wang, Chi-Chuan	Republic of China	Ph.D., Department of Mechanical Engineering National Yang Ming Chiao Tung University Distinguished Professor of Department of Mechanical Engineering in National Yang Ming Chiao Tung University
Independent Director	Cheng, Frank	Republic of China	Oklahoma Central State University MBA Tamkang University BBA Vice President of MSI International Co. General Manager of Liuski International, Inc.

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## **Chapter 1 Letter to Shareholders**

Dear Shareholders,

Lemtech Group experienced a slowdown in 2023, primarily due to ongoing uncertainties in customer orders following the post-pandemic period. Supply chain disruptions and inflationary pressures also adversely affected our sales revenue across various markets. Additionally, escalating trade tensions between major economies and geopolitical uncertainties in certain regions further contributed to volatility and unpredictability in our business environment.

Despite facing significant macroeconomic and geopolitical disruptions that impacted the group's operations and financial performance in 2023 - resulting in a 22% decrease in sales revenue to NTD 4.664 billion (compared to NTD 5.985 billion the previous year 2022) and a 37% decrease in net profit to NTD 274 million (compared to NTD 435 million the previous year 2022) - Lemtech group still managed to deliver a profitable performance in FY2023.

In terms of financial discipline, Lemtech group has reduced its net debt by 74% to NTD 227 million compared to 2022. Furthermore, the operating cash flow has improved significantly by 367%, resulting in a robust liquidity position of NTD 1.124 billion. This strong liquidity position enables the company to meet its obligations in the coming years.

The results achieved by Lemtech group demonstrate the resilience of its business model in navigating the challenges of a volatile market while maintaining financial stability. The group remains committed to making progress towards the goals outlined in its strategic plan, with a focus on increasing value generation for all stakeholders.

Looking ahead, we are optimistic about the future prospects of Lemtech Group, especially considering the projects already nominated. These projects hold significant potential to drive positive revenue outcomes. Furthermore, Lemtech Group has undergone restructuring, now comprising three main divisions: Automotive and Precision Stamping Division (APS), Assembly & Integration Division (A&I), and Advanced Thermal Solutions Division (ATS). This restructuring aims to enhance operational efficiency and responsiveness to market demands.

The Automotive & Precision Stamping Division (APS) will be focused on mass volume precision stampings, mechanical weldments & assemblies, primarily for the Automotive market segment. Our focus on vehicle safety and security modules has since been expanded to electric vehicles (EV); this now includes solutions for autonomous driving systems (ADAS), components for battery stacks. As the automotive industry undergoes the transition to electrification and decarbonization, our APS division will capitalize on the shift to drive new revenue and growth. Also, with these same core

technical capabilities and capacities, the APS division is poised also to serve other market segments in communications and industrials, and a notable mention would be the Communication market segment, specifically Satellite Internet Antennas, that we have been growing over the last few years.

The Assembly & Integration Division (A&I) is fully capable of providing comprehensive mechanical, electro-mechanical, final assembly, integration & test (FATP) solutions for multiple market segments. These include Cloud Computing, Connected Fitness, Semiconductors and Green Energy. With the rapid advancement of AI, emerging technology platforms, and the proliferation of smart devices, these trends indicate the advent of a transformative era, presenting significant growth opportunities for our A&I division.

The Advanced Thermal Solution Division (ATS) has been streamlined to design and develop highly customized cooling solutions across diverse market segments that includes Cloud Computing, Automotive, Networking Switches, Telecommunication and Energy Storage. With our current top-notch research and development teams in Taiwan and China, coupled with expanding manufacturing capacities and global footprint, we can offer our customers multiple thermal technologies. These include both advanced Passive and Active thermal module solutions for the segments we serve. The AI drive is also pushing ASIC power to new heights, and this falls nicely into our technology and solution roadmap. The EV segment also holds new opportunities for us, especially in cold plates cooling solutions. Overall, our ATS division is strategically positioned to capitalize on the growth opportunities of all these market segments.

Lemtech group will continue to implement automation in production to improve efficiency and quality while reducing reliance on manual labor. We remain committed to business discipline and constant focus on operational excellence, while preserving our financial strength and investing in projects that will generate future value for our shareholders and the rest of our stakeholders.

## I. 2023 Business Report

### (I) Implementation results of the business plan

Unit: Thousand NTD

Item \ Year	2023	2022	Amount of increase (decrease)	Change by percentage (%)
Net operating revenue	4,664,224	5,984,928	(1,320,704)	(22.07)
Operating costs	3,448,732	4,708,823	(1,260,091)	(26.76)
Gross profit	1,215,492	1,276,105	(60,613)	(4.75)
Operating expenses	886,969	813,542	73,427	9.03
Net operating income	328,523	462,563	(134,040)	(28.98)
Non-operating income and expenses	(28,953)	67,904	(96,857)	(142.64)
Net income before tax	299,570	530,467	(230,897)	(43.53)
Less: Income tax expenses	25,071	95,313	(70,242)	(73.70)
Net income for this period	274,499	435,154	(160,655)	(36.92)

Analysis on the change of amount of increase/decrease:

1. Decrease in operating revenue: Mainly due to in the first half of the year, customers of Internet fitness equipment were still digesting inventory, resulting in a decrease in operating income compared with last year.
2. Decrease in operating costs: As operating income decreases, costs also decrease.
3. Decrease in gross profit: Mainly due to series recorded inventory depreciation losses, resulting in a decrease in gross profit.
4. Increase in operating expenses: Mainly due to the increase in expenses related to the Mexican subsidiary.
5. Decrease in net operating income: Mainly due to the decrease in revenue and the addition of a Mexican subsidiary.
6. Decrease in non-operating expenses: Mainly due to the provision of goodwill impairment losses.
7. Decrease in net income before tax: Mainly due to the decrease in gross profit and the increase in administrative expenses and goodwill impairment losses.
8. Decrease in income tax expenses: Mainly due to the decrease in pre-tax net profit for the current period, resulting in a decrease in income tax expenses.
9. Decrease in net income for this period: Mainly due to the decrease in operating gross profit and the provision of goodwill impairment losses.

### (II) Analysis of financial revenues and expenditures and profitability: We focuses

on enhancing the portfolio of products which generate higher gross profit, integrating client resources, strengthening cooperation with well-known enterprises. Our financial operations



have been consistent and stable, and revenue and expenditures are in good condition.

Unit: %

Item \ Year		2023	2022	Increase (decrease)
Financial structure	Ratio of liabilities to assets	51.62	56.84	(5.22)
	Ratio of long-term capital to fixed assets	283.01	242.36	40.65
Debt service ability	Current ratio	172.02	124.74	47.28
	Quick ratio	133.77	98.69	35.08
Profitability	Asset return ratio	4.41	5.78	(1.37)
	Shareholders' equity return ratio	7.96	13.44	(5.48)
	Basic earnings per share (NTD)	4.18	6.27	(2.09)

## II. 2024 Business Plan

### Operating Strategies

#### a. Production and Manufacturing Strategies:

We embrace automation and new technologies to reduce labor dependency, speed up production, and minimize waste. Our strict quality control ensures our products meet industry standards, and we continuously seek process improvements through analysis and optimization.

#### b. Supply Chain Management Strategies:

We optimize our sourcing, procurement, and logistics for timely, cost-effective delivery of high-quality materials. We build long-term partnerships with suppliers based on trust and shared values, continuously improving supply chain performance through data analytics and collaboration.

#### c. Sales and Marketing Strategies:

We use digital marketing to reach more customers and showcase our manufacturing capabilities. The sales team focuses on nurturing existing relationships and finding new leads through networking. Our goal is to stand out by delivering top-quality products and exceptional service.

#### d. Research and Development Strategies:

We are dedicated to investing in technology research and development to lead our industry. We create innovative solutions that meet our customers' changing needs and improve our efficiency and sustainability. We also collaborate with top academic institutions to enhance our knowledge and capabilities in R&D.

e. Human Resource Strategies:

We prioritize talent acquisition, employee development, and succession planning. Our employee development program enhances staff skills, while succession planning ensures leadership continuity. Our performance management system provides regular feedback and identifies areas for improvement. We're committed to fostering a diverse, inclusive workplace culture that values teamwork, innovation, and excellence.

f. Financial Strategies:

We keep improving our capital structure and investing in high-return projects, while staying focused on managing costs and improving efficiency. By managing cash flow proactively, assessing risks carefully, and making strategic investments, we aim to meet our financial goals and create value for our stakeholders in the long run.

g. Sustainability Strategies:

We prioritize environmental, social, and governance initiatives like energy management, waste reduction, and community engagement. Our commitment to sustainable manufacturing includes reducing our carbon footprint, improving energy efficiency, and minimizing waste. We also support our local community by sponsoring events and charitable organizations.

h. Risk Management Strategies:

We concentrate on reducing risks and ensuring business sustainability by regularly assessing internal and external risks, creating mitigation plans, and continuously monitoring and updating our risk management processes. We also have insurance coverage for potential losses and contingency plans for unexpected events.

In conclusion, we reaffirm our unwavering commitment to our operational strategies, firmly believing that these initiatives will fortify our position for sustained success in the foreseeable future. We are confident that by steadfastly adhering to these strategies will effectively realize our business objectives and deliver outstanding results for all our stakeholders.

### **III. Company Future Development Strategy**

As we look ahead, our steadfast commitment lies in fostering sustainable growth and enhancing shareholder value. To achieve this, we have prioritized the following key areas of development:

a. Manufacturing and Technology Innovation:

We aim to streamline operations, cut costs, and boost competitiveness by investing in advanced technologies and ongoing improvement efforts. Our focus includes developing innovative manufacturing processes, improving supply chain efficiency, and using data analytics to optimize operations.

b. Geographic Expansion:

We intend to expand into new geographic regions to diversify revenue and access untapped markets, specifically targeting Southern China and South East Asia. Our priority will be industries where we have established expertise, including automotive and cloud computing. This expansion will involve investing in local talent, establishing manufacturing facilities, and collaborating with regional suppliers to meet customer needs effectively.

c. Digital Transformation:

We will continue fostering a data-driven culture to facilitate decision-making and stimulate innovation. Additionally, we will continue to provide employee training and development to equip them with the requisite skills and knowledge to effectively implement these digital initiatives.

d. Sustainability:

We are dedicated to environmentally and socially responsible operations and will uphold sustainable practices across our operations. This involves lowering our carbon footprint, minimizing energy waste, and collaborating with stakeholders to promote responsible business practices.

e. Talent Management:

We value our employees as our most important asset and will invest in talent management to attract and retain top talent. Our focus includes developing their skills, fostering a culture of teamwork and innovation, and promoting diversity and inclusion across our organization.

f. Mergers and Acquisitions:

We will seek strategic mergers and acquisitions that complement our operations, accelerating our growth objectives. Priority will be given to opportunities that align with our operations, offering synergies and access to new markets or technologies.

Through these strategic focus areas, we aim to achieve sustainable growth and deliver long-term value to our shareholders.

#### **IV. Influenced by the external competitive environment, regulatory environment and overall business environment**

Our business has operated in a swiftly changing external environment, influenced by various factors. We've closely monitored these changes and responded accordingly. Key influences we have observed include:

a. External Competitive Environment:

The dynamic economic landscape, demographic changes, and evolving employee job preferences have heightened competition for talent, alongside increased capital, and labor expenses. To effectively navigate these challenges, it is imperative to offer competitive compensation and benefits packages, while fostering an inclusive workplace

culture that embraces diversity. Additionally, prioritizing continuous employee development through ongoing training initiatives, optimizing operational efficiency through streamlined processes and leveraging technology to help mitigate high capital and labor costs.

b. Regulatory Environment:

The evolving regulatory landscape has introduced new regulations affecting our operations across different regions. We have prioritized compliance by implementing measures to ensure alignment with local laws and regulations, thereby safeguarding our operations and reputation.

c. Overall Business Environment:

In response to the dynamic business landscape shaped by economic conditions, geopolitical instability, and shifting customer preferences, we have taken proactive measures to adapt and thrive. This includes diversifying our revenue streams, exploring new markets, and expanding our global manufacturing solutions to better cater to evolving customer needs. By embracing these strategies, we position ourselves to navigate challenges effectively and sustain growth in a rapidly changing environment.

Amidst the formidable challenges posed by macroeconomic headwinds and geopolitical uncertainties in 2023, Lemtech group remains committed to delivering long-term value to all our stakeholders. Through strategic initiatives focused on cost rationalization, market diversification, innovation, and risk management, we are confident in our ability to navigate through these challenging times and emerge stronger and more resilient. We appreciate your continued trust and support as we work towards overcoming these challenges and driving sustainable growth in the future.

Lemtech Holdings Co., Limited

Chairman	Hsu, Chi-Feng
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General Manager	Eu, Ricky
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Accounting Supervisor	Chien, Yi-Ling
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## Chapter 2 Company Introduction

### I. Date of Incorporation

Lemtech Holdings Co., Limited (hereinafter referred to as "the Company") is mainly engaged in production and selling of precision metal dies and metal stamping. The Company was established in Cayman Island on Sep. 29, 2009 with several production and operating sites in Taiwan, Mainland China, Hongkong, Thailand, Czech and the Mexico in consideration of the Company's development. The Company also set an office in the USA to obtain more shares in the overseas market, strengthen the layout of the overseas business market in the European and American markets, so as to improve the Company's business performance.

Since its establishment, the Company has been focusing on mold manufacturing, process and improvement of heat dissipation devices and timely adjusted its operation and development trend to cope with the continuous change of market demand. By actively introducing advanced equipment, and continuously developing and upgrading its processing technology, the Company has successfully shifted from engineering processing to single-equipment continuous processing and combined equipment continuous processing technology using manipulator. At the same time, to cope with the customer demand, the Company has gradually shifted from single-piece production and manufacturing of products to the assembly and production of components. This has further improved the Company's competitiveness and profitability.

Consequently, the Company has the capability to set foot in automotive components and building materials products from the manufacturing of heat sink. In addition, the Company has also conducted market research and surveys, continuously improving its existing production processes, and developing products with higher value-added.

By virtue of its excellent mold development, design capabilities and precision stamping technology, the Company has built a variety of product lines and customer clusters. Currently, the Company's products can be applied in different industries such as information, communications, consumer electronics, household appliances, automobile industry, and construction industry. The Company serves different customers in different industries instead of focusing on a single product. This has effectively reduced the Company's business risk.

### II. Company Overview

Date	Important event
Feb. 2012	(1) Kunshan Lemtech was awarded with the prize of Best Supplier in 2011 of Autoliv
	(2) Kunshan Lemtech passed the green product system attestation carried out by PEGATRON Unihan
MAR. 2012	The Hinge Division of Kunshan Lemtech passed the annual supervision and verification of ISO9001:2008 conducted by AFAQ/BellCERT and the verification of Panasonic, and became their qualified supplier
APR. 2012	(1) Kunshan Lemtech passed the annual supervision and verification of ISO/TS16949:2009 conducted by AFAQ/BellCERT as well as the IATF verification
	(2) Kunshan Lemtech established its Heat Dissipation Module Division

Date	Important event
	(3) Kunshan Lemtech passed the annual supervision and verification of ISO14001:2004 conducted by AFAQ/BellCERT
MAY 2012	The Module Division of Kunshan Lemtech passed the examination of Wistron and became its qualified supplier
JUN. 2012	Kunshan Lemtech was awarded the prize of Best Overseas Partner of Furukawa Electric
JUL. 2012	Kunshan Lemtech passed the examination of Google and became its qualified supplier
NOV. 2012	(1) Kunshan Lemtech was awarded the prize of Morse TEC Excellent Supplier in 2012 of BORGWARNER (2) Proceeded SEO and successfully raised NT\$ 215 million
DEC. 2012	The new factory of Kunshan Lemtech in Changp'u passed the construction completion approval
JAN. 2013	Kunshan Lemtech was awarded the prize of Excellent Supplier in 2012 of Autoliv
MAR. 2013	Established the company Aapico Lemtech (Thailand) Co., Ltd. jointly with Aapico, a major listed company in Thailand engaging in automobile parts, in order to expand its overseas operating points and add new customers
MAY 2013	Subsidiary company Lemtech USA INC. was established in the USA to expand the overseas market
MAY 2013	The factory of Kunshan Lemtech in Changp'u was formally put into operation
MAY 2013	The new factory of Kunshan Lemtech in Changp'u passed the ISO/TS16949:2009 attestation carried out by AFAQ/BellCERT
JAN. 2014	Kunshan Lemtech was awarded the prize of Excellent Supplier in 2013 of Autoliv
FEB. 2014	Kunshan Lemtech won the Best Quality Award in 2013 of TRW (Shanghai)
MAR. 2014	The new factory of Kunshan Lemtech in Changp'u passed the ISO14001 Environment management system attestation carried out by AFAQ/BellCERT
APR. 2014	Issued its first domestic unsecured convertible corporate bonds in 2014
MAY 2014	Established its subsidiary company Lemtech Technology Limited in Hongkong, to adjust the group's organizational function
SEP. 2014	Awarded the Golden Peak Prize of 16th Session of OEMA
JAN. 2015	Kunshan Lemtech was awarded the prize of Excellent Supplier in 2014 of Autoliv
APR. 2015	(1) Lemtech Technology Limited established Jimao Lemtech Co., Ltd. (Taiwan) jointly with Jimao Precision Co., Ltd., to cope with the technology development of server heat dissipation products, mutually benefiting two parties in revenues and technologies (2) Kunshan Lemtech won the Fujitsu Ten Quality Excellence Award in 2014
MAY 2015	Listed in stock exchange on May 21, 2015
JUN. 2015	Won the Golden Torque Prize of 12th Session of OEMA
OCT. 2015	Kunshan Lemtech sold 10% of its equities to Friendly Holdings (HK)
NOV. 2015	Cancel the buyback treasury stock; after capital reduction, the Company's paid-up capital was NT\$ 395,410,000
DEC. 2015	(1) Lemtech Technology transferred its equities to Kunshan Lemtech (original shareholder was Super Solution) (2) Lemtech USA transferred its equities to Kunshan Lemtech (original shareholder was Super Solution)

Date	Important event
JAN. 2016	Kunshan Lemtech was awarded the prize of Excellent Supplier in 2015 of BORGWARNER
MAR. 2016	Kunshan Lemtech was awarded the prize of Best Service Supplier in 2015 of TRW (Shanghai)
APR. 2016	(1) Established its subsidiary, Lemtech Industrial Services Ltd, in Samoa as its operation management institution (2) Kunshan Lemtech was renamed as "Kunshan LemTech Precision Engineering Co., Ltd."
MAY 2016	(1) Lemtech Global Solution Co. Ltd. established Lemtech AMP Limited (Seychelles) jointly with Ch'engkuan Enterprise (Limited) Company by pooling of capital, for marketing and selling of new type fire extinguishers and highway guardrails made of plastic steel materials (2) Super Solution Co., Ltd. was renamed as "Lemtech Global Solution Co. Ltd."
Jul. 2016	(1) Kunshan Lemtech was renamed as "LemTech Precision Material (China) Co., Ltd." (2) LemTech Precision Material won the Global Excellent Supplier Award in 2015 of BORGWARNER
Aug. 2016	(1) Established its subsidiary "Kunshan Lemtech Slide Technology Co., Ltd." in Mainland China for more product diversification and layout expansion in the field of server (2) Established its subsidiary "New Fortune Global Limited" in Samoa, for considerations of the group's investment architecture and flexibility (3) LemTech Precision Material passed the customer's VDA 6.3 process verification conducted by Thyssenkrupp
Sep. 2016	(1) Established its subsidiary Lemtech Precision Material (Czech) s.r.o. in Czech, in order to strengthen its global layout and tax incentive (2) LemTech Precision Material won the Best Partner Award of Pollmann
Oct. 2016	LemTech Precision Material signed a strategic cooperation agreement with Pollmann
JAN. 2017	(1) LemTech Precision Material launched its ISO14001 environmental management system revision activity (2) LemTech Precision Material won the Quality Excellence Award in 2016 of BORGWARNER
MAR. 2017	LemTech Precision Material passed ISO3834 and ISO14554 international welding attestation
APR. 2017	LemTech Precision Material passed ISO14001:2015 environmental management system revision attestation
OCT. 2017	LemTech Precision Material launched its project for updating ISO/TS16949:2009 to IATF16949:2016
NOV. 2017	(1) LemTech Precision Material completed the decoration of its second-phase plant and formally put it into operation (2) LemTech Czech passed ISO9001:2015 quality management attestation
DEC. 2017	LemTech Precision Material won the Best Partnership Award in 2017 of BORGWARNER
JAN. 2018	LemTech Precision Material won the General Manager Award in 2017 of TRW (Wuhan)
MAY 2018	LemTech Precision Material passed IATF16949:2016 automobile quality system revision attestation
NOV. 2018	(1) Bought the land located in Huaya Section, Guishan District, Taoyuan to build a factory, in order to meet customers' requirements and spread the risks arising from centralized production in one area (2) Lemtech Global Solution Co. Ltd. bought 50% of equities of Jimao Lemtech (Taiwan), to cope with the group's operation plan and future development

Date	Important event
JAN. 2019	(1) Taiwan branch is set up to cope with the needs of its business development (2) Invested in an electroplate factory in Mainland China "Zhenjiang Emtron Surface Treatment Limited" in order to ensure the stability of its production and supply chain of automobile parts in Mainland China and improve the gross profits of products
JUN. 2019	Established a subsidiary "Lemtech Cooling System Limited" in Hongkong, for consideration of the group's structure and needs of expansion flexibility in future
JUL. 2019	(1) Established a subsidiary "Lemtech Philippine Thermal System Inc." in the Philippines, for consideration of expanding operation sites and obtaining more business orders in the Philippines (2) "Lemtech Energy Solutions Corporation" completed equity transfer and became a subsidiary of the group
OCT. 2019	Established its subsidiary "Kunshan Lemtech Electronics Technology Co., Ltd." in Mainland China, for consideration of its group structure and plans on heat dissipation business
AUG. 2020	Issued the third domestic unsecured convertible corporate bond in 2020
SEP. 2020	Established a subsidiary " Lemtech Electronic Technology (Changshu) Co., Ltd." in Mainland China to consider increasing the production capacity of cooling products
MAY. 2021	Established " LemTech Global Industries Ltd." in Taiwan, for consideration of its group structure and plans on sports equipment business
JUL. 2021	A transaction contract was signed in January 2021 to dispose of 100% of the shares of Lemtech Philippine Thermal System Inc., and on July 12, 2021, 100% of the shares were sold for a total price of NT\$67,200,000
OCT. 2021	(1) The company signed an investment agreement and invested in cash to acquire a 28.42% stake in Keycore Technology Corp. on October 6, 2021, for consideration of its group structure and plans on variety of products. (2) Issuance of the fourth domestic unsecured convertible corporate bonds in 2021
DEC. 2021	Purchased land in the middle section of Zhongli District, Taoyuan City and built a factory office, in order to set up the headquarter in Taiwan and integrate the subsidiaries in Taiwan to operate in the same factory area
FEB. 2022	Established " Lemtech Precision Engineering (Tianjin) Co., Ltd." in mainland China to consider increasing the production capacity of auto parts products and its tax incentives
MAR. 2022	The company acquired 40% of the shares held by Lemtech-Eahwa Precision Technology Co., Ltd., considering the group structure and the planning of the cooling business.
MAR. 2023	Set up a subsidiary Lemtech Mexico S.A. de C.V. to expand the Group's production and supply stability of auto parts in the United States and Mexico.
DEC. 2023	A subsidiary Lemtech Precision Material (Huizhou) Co., Ltd. was established in mainland China to consider immediately serving customers in the southern market to diversify supply chain risks.

Note: In July 2016, Kunshan Lemtech was renamed as Lemtech Precision Material. In July 2022 Lemtech Cooling System Limited was renamed as Lemtech International Limited.

**III. Group Structure: Please refer to page 123 in this annual report.**

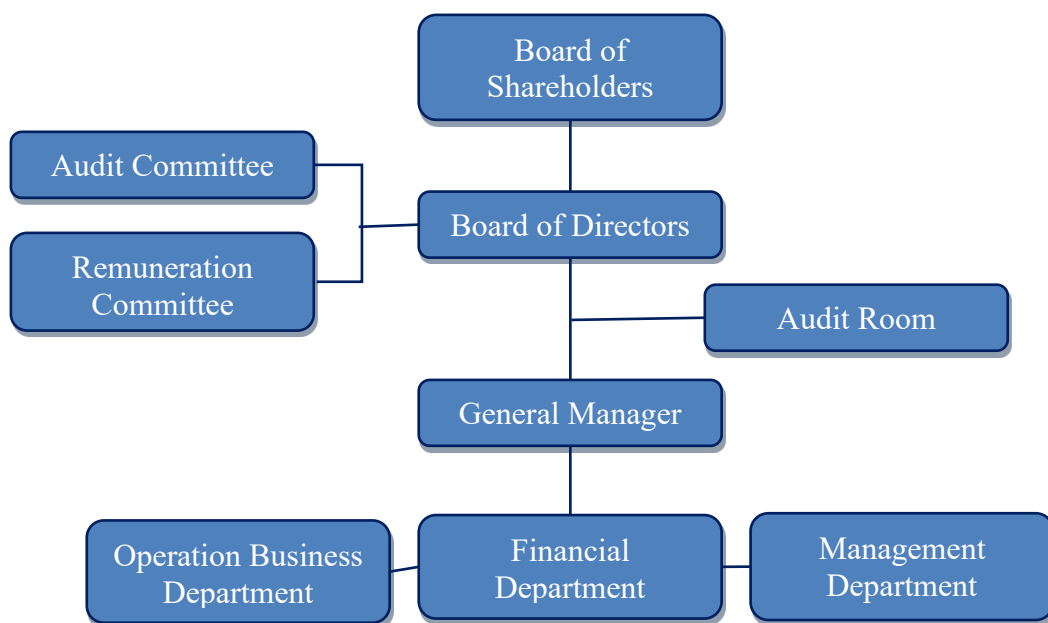
**IV. Risk Items: Please refer to page 116 in this annual report.**



## Chapter 3 Corporate Governance Report

### I. Organizational System

#### (I) The Company's organization structure



#### (II) Functions of major departments

Department	Functions
Audit Committee	(1) Sets or revises the internal control system according to requirements under Article 14-1 of the Securities and Exchange Act. (2) Evaluation of the effectiveness of an internal control system. (3) Adoptions or amendments, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of capital loans to others, or endorsements or guarantees for others. (4) Matters involving the personal interest of directors. (5) Material asset or derivatives transactions. (6) Material capital loans, endorsements, or provisions of guarantees. (7) The offering, issuance, or private placement of any equity-type marketable securities. (8) The appointment, dismissal, or compensation of CPA. (9) The appointment or dismissal of financial, accounting, or internal audit officers. (10) consolidation of annual and semi-annual financial reports. (11) Other significant matters as required by the Company or the competent authority.
Remuneration Committee	(1) Establishes and periodically reviews compensation policies, system, standards, and structure, as well as the performance evaluation of directors and managers. (2) Periodically evaluates and establishes compensations for directors and managers.

Department	Functions
General Manager	Decision-making personnel at the highest management level who is responsible for monitoring business operation and implementation, as well as executing the resolutions of the Board of Directors.
Audit Room	Responsible for auditing, maintenance, improvement, and proposing suggestions on internal control system. Assists each unit to solve problems, improve work and enhance working efficiency.
Management Department	Responsible for management of the Company's personnel, general affairs, security, information and customs affairs management, planning for the Board meetings, and management and execution of the convening of the shareholders' meeting and stock affairs (in accordance with the "Rules of Procedure of the Board of Directors").
Financial Department	Responsible for the management of the Company's investment and working capital, processing of production and sales cost accounting matters, preparation of financial statements and administration of tax affairs.
Operation Business Department	Responsible for the executions of the Board of Directors' decisions on investment, branch establishment and operation strategies in Taiwan, China, Hong Kong, Thailand, the U.S., Czech Republic, etc.; the operation and management of companies in Taiwan, China, Hong Kong, Thailand, the U.S., Czech Republic, etc. are carried out by the management teams in corresponding companies.

## II. Information on Directors, General Managers, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

### (I) Directors

#### 1. Information on directors

Apr. 20, 2024 Unit: Thousand shares; %

Title	Nationality	Name	Gender age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor current shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Hsu, Chi-Feng	Male 50~60	2021.07.05	3	2009.09.29	7,289	13.40	8,294	13.34	-	-	99	0.16	Changhua Yangming High School** Deputy Manager of the Manufacturing Department, Liyau Industrial Co., Ltd. Vice President of Wei Yau Industrial Co., Ltd. Chairman of the Company	Chairman of the Company. Director of Lemtech Global Solution Co. Ltd. Chairman of LemTech Precision Material (China) Co., Ltd. Chairman of LDC Precision Director of Lemtech Technology Limited Director of Aapico Lemtech (Thailand) Co., Ltd. Director of Lemtech USA INC. Director of Lemtech Industrial Services Ltd Chairman of Kunshan Lemtech Slide Technology Co., Ltd. Director of Zhenjiang Emtron Surface Treatment Limited Chairman of Lemtech Energy Solutions Corporation Director of Lemtech Precision Material (Czech) s.r.o. Director of Lemtech International Limited Chairman of Lemtech Electronics Technology (Changshu) Co., Ltd. Chairman of LemTech Global Industries Ltd. Chairman of Lemtech Precision Engineering (Tianjin) Co.,Ltd Director of Lemtech Mexico S.A. de C.V.	None	None	None	Note 1
Director	Singaporean	Chan Kim Seng Maurice	Male 60~70	2021.07.05	3	2009.09.29	5,101	9.38	5,131	8.25	-	-	-	-	Diploma in Management Studies (Singapore Institute of Management) Manager of Engineering Projects Department, CA SBU, Amtek Engineering Ltd. National Trade Certificate Grade 1 in Precision Press Tool & Die Making (Precision Engineering Institute of Singapore) Master Craftsman Certificate in Precision Press Tool & Die Making (Economic Development Board of Singapore) Director of the Company	Director of the Company	None	None	None	-

Title	Nationality	Name	Gender age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor current shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Mainland China	Ye, Hang	Male 60~70	2021.07.05	3	2009.09.29	4,990	9.18	5,647	9.08	-	-	-	-	Shanghai Electric Company Staff University Chief of Mold Design, CA SBU, Amtek Engineering Ltd. Manager of the Sales Department, Kunshan Yih Sung Machinery Co., Ltd. Director and Chief Technology Officer (CTO) of the Company	Director and Chief Technology Officer (CTO) of the Company Director of Lemtech Global Solution Co. Ltd. Director of LemTech Precision Material (China) Co., Ltd. Director of Lemtech Precision Material (Czech) s.r.o. Director of Lemtech Cooling System Limited Director of Lemtech Electronics Technology (Changshu) Co., Ltd.	None	None	None	-
Director	Mainland China	Tan, Yong	Male 50~60	2021.07.05	3	2009.11.24	2,013	3.70	2,094	3.37	-	-	-	-	Shanghai Machine Tool Electrical Appliance Factory Technical School Director of the Mold Department, Pioneer Shanghai Audio Equipment Co., Ltd. Sales Supervisor, Shanghai Jinnichi Metal Products Co., Ltd. Director of the Company	Director of the Company Director and General Manager Special Assistant for Factory Affairs of LemTech Precision Material (China) Co., Ltd.	None	None	None	-
Independent Director	Mainland China	Yang, Rui-Long	Male 60~70	2021.07.05	3	2009.11.24	-	-	-	-	-	-	-	-	Instructor of Teaching and Research Office of Economics Department of Jiangsu Administration Institute Master of Economics in the Renmin University of China	Independent Director of the Company Professor of School of Economics in Renmin University of China	None	None	None	-
Independent Director	Republic of China	Yu, Chi-Min	Male 50~60	2021.07.05	3	2010.06.17	-	-	-	-	-	-	-	-	Doctor of Southern Methodist in Law and Science of Law Associate Professor, Department of Law, Soochow University	Independent Director of the Company Vice Chairman of the Chinese Information and Communication Technology Law Association Arbitrator of the Chinese Arbitration Association, Taipei Independent Director of Syncomm Technology Corporation	None	None	None	-
Independent Director	Republic of China	Lee, Wei-Ming	Male 60~70	2021.07.05	3	2010.06.17	-	-	-	-	-	-	-	-	Bachelor of School of Business of National Taiwan University General Manager/Consultant of Kang Chu International Co., Ltd. Consultant/Deputy General Manager and Chief Financial Officer of C-techn International Co., Ltd.	Independent Director of the Company Group Business Administration Consultant of Lightel Technologies, Inc.	None	None	None	-
Independent Director	Republic of China	Frank, Cheng	Male 60~70	2021.07.05	3	2021.07.05	-	-	-	-	-	-	-	-	Oklaoma Central State University MBA Tamkang University BBA MSI International Co. V. P. General Manager of Liuski International, Inc.	Independent Director of the Company	None	None	None	-

Title	Nationality	Name	Gender age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor current shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chi-Chuan, Wang	Male 60~70	2021.07.05	3	2021.07.05	-	-	-	-	-	-	-	-	Ph.D., Department of Mechanical Engineering National Yang Ming Chiao Tung University Chair Professor, Department of Mechanical Engineering, National Yang Ming Chiao Tung University	Independent director of the Company Independent director of Cryomax cooling system Independent director of King Shing Industrial Co., LTD Chair Professor, Department of Mechanical Engineering, National Yang Ming Chiao Tung University	None	None	None	-

Note 1: If the chairman of the Company is the same person, spouse or relative of first degree as the general manager or the person holding equivalent position (top manager), he/she shall explain the reasons, rationality, necessity, corresponding measures (such as increasing the number of independent directors, keeping more than half of the directors not concurrently serving as employees or managers, etc.) and other related information: None

## 2. Professional qualification and independence of directors information disclosure :

name \ qualification	Professional qualifications, and work experience (Note1)	Status of independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Hsu, Chi-Feng	With at least five years of work experience for company business; serve as Chairman of the Company and does not have a condition defined in Article 30 of the Company Act.	Not independent director, N/A	None
Chan Kim Seng Maurice	With at least five years of work experience for company business; does not have a condition defined in Article 30 of the Company Act.	Not independent director, N/A	None
Ye, Hang	With at least five years of work experience for company business; serve as CTO of the Company and does not have a condition defined in Article 30 of the Company Act.	Not independent director, N/A	None
Tan, Yong	With at least five years of work experience for company business; serve as Director and General Manager Special Assistant for Factory Affairs of LemTech Precision Material (China) Co., Ltd. of the Company and does not have a condition defined in Article 30 of the Company Act.	Not independent director, N/A	None
Yang, Rui-Long	With at least five years of instructor qualification for finance-related department; serve as Professor of School of Economics in Renmin University of China and does not have a condition defined in Article 30 of the Company Act.	(1) Independent director and meet the circumstances of independence, and he, his spouse, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its affiliated companies;	None
Yu, Chi-Min	With at least five years of instructor qualification for commerce-related department; once serve as Director of Computer Center of Soochow University and has over five-year experience of Arbitrator of Chinese Arbitration Association, Taipei and does not have a condition defined in Article 30 of the Company Act.	(2) Not hold the shares of the company; (3) Not serve as a director, supervisor or employee of a company that has a specific relationship with the company; (4) Not serve as	1
Lee, Wei-Ming	With at least five years of work experience for finance and accounting; once serve as Consultant/Deputy General Manager and Chief Financial Officer of C-techon International Co., Ltd. and does not have a condition defined in Article 30 of the Company Act.	remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last 2 years. (5) According to the listing review criteria and the	None

name \ qualification	Professional qualifications, and work experience (Note 1)	Status of independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Frank Cheng	With at least five years of work experience for company business; serve as Vice president of Micro-Star International Co. and does not have a condition defined in Article 30 of the Company Act.	establishment of independent directors of public companies and matters to be followed, the company has obtained a statement of independence for independent directors, confirming that they meet the independence qualifications stipulated by laws and regulations.	None
Wang, Chi-Chuan	With at least five years of instructor qualification for finance-related department; serve as Chair Professor of Department of Mechanical Engineering, National Yang Ming Chiao Tung University" and does not have a condition defined in Article 30 of the Company Act.		1

Note 1 : Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether there is no company law Article 30 of the various matters.

Note 2 : Independent directors shall state their independence, including but not limited to whether they, their spouse, or relatives within the second degree are the directors, supervisors or employees of the company or its affiliated companies; the number and proportion of the company's shares held in the name of another person; whether to serve as a director, supervisor, or supervisor of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Obeyed by Public Offering Companies); the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

### 3、Board Diversity and Independence：

(1)Board Diversity：Based on the policy of diversification and strengthening of corporate governance to promote the development of the composition and structure of the board of directors, the candidate nomination system in accordance with the regulations of the Company's Articles of Association is adopted. Professional background, integrity or relevant professional qualifications, etc. are measured after the resolution of the board of directors is passed, it will be sent to the shareholders' meeting for election. The board of directors also formulates appropriate diversification policies for its own operation, business model and development needs, including but not limited to the following:

- Basic conditions and values: gender, age, nationality and culture.
- Professional knowledge and skills: operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market outlook, leadership ability and decision-making ability.

(2) Board Diversity Goals and Achievements：

Management Goal	Achieve Status
The number of independent directors exceeds one third of the number of directors	5 independent directors / 9 directors
Directors who also serve as company managers should not exceed one-third of the number of directors	4 directors who also serve as company managers / 9 directors in total
The term of independent directors has not exceeded 3 terms	2 independent directors with less than 3 terms/ 5 independent directors in total
Adequate and diverse professional knowledge and skills to achieve	All achieved

(3)Board Independence：There are currently 9 members of the board of directors of the company, including 5 independent directors and 4 directors with employee status, with more than half of the seats of independent directors. As of the end of 2023, all independent directors were in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors, and there were no matters 3 and 4 stipulated in Article 26-3 of the Securities and Exchange Act between the directors and independent directors. The board of directors of the company has Independence (please refer to pages 117-18 of this annual report for directors' professional qualifications and information disclosure on independence of independent directors), each director's educational background, gender and work experience (please refer to pages 14-16 of this annual report - director information).

Qualification Name	Gender	Operation Judge-ment	Account-ing and Financial Analysis	operation manage-ment	Crisis manage-ment	industry knowledge	Interna-tional Market Persepative	Leader-ship	decision-making ability
Hsu, Chi-Feng	Male	✓	✓	✓	✓	✓	✓	✓	✓
Chan Kim Seng Maurice	Male	✓	✓	✓	✓	✓	✓	✓	✓
Ye, Hang	Male	✓	✓	✓	✓	✓	✓	✓	✓



Qualifica- tion Name	Gender	Opera- tion Judge- ment	Account- ing and Financial Analysis	operation manage- ment	Crisis manag- ment	industry knowledge	Interna- tional Market Persepetive	Leader- ship	decision -making ability
Tan, Yong	Male	✓	✓	✓	✓	✓	✓	✓	✓
Yang, Rui- Long	Male	✓	✓		✓	✓	✓	✓	✓
Yu, Chi- Min	Male	✓	✓	✓	✓	✓	✓	✓	✓
Lee, Wei- Ming	Male	✓	✓	✓	✓	✓	✓	✓	✓
Frank Cheng	Male	✓	✓	✓	✓	✓	✓	✓	✓
Wang, Chi-Chuan	Male	✓	✓		✓	✓	✓	✓	✓

(II) General managers, deputy general managers, assistant managers, and heads of departments and branches

Apr. 20, 2024 Unit: Thousand shares; %

Title	Nationality	Name	Gender	Date of induction	Shares held		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship			Managers obtained an employee stock option certificate (shares)	Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship		
General Manager	Singaporean	Eu, Ricky	Male	2021.07	-	-	-	-	-	-	Account Manager in Amtek Precision (Shanghai) Co., Ltd Sales Manager in Amtek Engineering Ltd Senior Manager (Program Sales) in Amtek Precision Technology Pte Ltd Assistant Director of Lemtech Precision Material (Czech) s.r.o. Assistant General Manager of Lemtech Precision Material (China) Co., Ltd Bachelor of Mechanical Manufacturing Engineering, Nanyang Technological University, Singapore	Director of Aapico Lemtech (Thailand) Co., Ltd. Supervisor of Lemtech Energy Solutions Corporation. Supervisor of Lemtech Global Solution Co. Ltd.	None	None	None	0	-
Business Director	Singaporean	Chan Kim Seng Maurice	Male	2003.10	5,131	8.25	-	-	-	-	V Diploma in Management Studies (Singapore Institute of Management) Engineering Project Department Manager, CA SBU, Amtek Engineering Ltd. National Trade Certificate Grade 1 in Precision Press Tool & Die Making (Precision Engineering Institute of Singapore) Master Craftsman Certificate in Precision Press Tool & Die Making ( Economic Development Board of Singapore)	None	None	None	None	0	Note 1
Chief Technology Officer (CTO)	Mainland China	Ye, Hang	Male	2020.05	5,647	9.08	-	-	-	-	Shanghai Electric Company Staff University Chief of Mold Design, CA SBU, Amtek Engineering Ltd. Manager of the Sales Department, Kunshan Yih Sung Machinery Co., Ltd. Director and Chief Technology Officer (CTO) of the Company	Director and Chief Technology Officer (CTO) of the Company Director of Lemtech Global Solution Co. Ltd. Director of LemTech Precision Material (China) Co., Ltd. Director of Lemtech Precision Material (Czech) s.r.o. Director of Lemtech International Limited Director of Lemtech Electronics Technology (Changshu) Co., Ltd.	None	None	None	0	-
Marketing Director	Malaysia	Murali Nair	Male	2013.02	-	-	-	-	-	-	Embatech Sdn Bhd (General Manager) Circuit Sales Inc (CSI) (Business Development and Strategy Consultant) Bachelor of Science Degree (Honors), University of Bradford, United Kingdom Diploma in Engineering, German Singapore Institute, Singapore	None	None	None	None	0	-
Financial and Accounting Supervisor	Republic of China	Chien, Yi-Ling	Female	2021.06	-	-	-	-	-	-	Senior Associate Accountant of Lemtech Holdings Co., Limited Deputy Audit Manager of Deloitte & Touche Accounting Firm Audit of Lianshuo Technology Co., Ltd. Chinese Culture University Department of Accounting	None	None	None	None	0	-

Note 1: Stepped down as Business Director on August 25, 2023.

### III. Remuneration for Directors, General Managers and Deputy General Managers in Most Recent Year

#### 1. Remuneration to general directors and independent directors

Dec. 31, 2023 Unit: NT\$1,000

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%) (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%) (Note 10)		Compensation from other non-subsidiary companies reinvested by the Company's subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration of directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Retirement pension (F)		Employee rewards (G) (Note 6)						
		The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	The Company	All companies listed in the financial statements (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies listed in the financial statements (Note 7)	
Director	Hsu, Chi-Feng	-	3,934	-	-	318	318	-	-	318 0.12%	4,252 1.63%	-	4,261	-	-	242	-	242	-	560 0.22%	8,755 3.37%	None
	Chan Kim Seng Maurice	-	3,397	-	-	318	318	-	-	318 0.12%	3,715 1.43%	-	3,680	-	-	242	-	242	-	560 0.22%	7,637 2.94%	None
	Ye, Hang	-	3,128	-	-	318	318	-	-	318 0.12%	3,446 1.32%	-	3,388	-	-	242	-	242	-	560 0.22%	7,076 2.72%	None
	Tan, Yong	-	1,124	-	-	318	318	-	-	318 0.12%	1,442 0.55%	-	1,218	-	-	121	-	121	-	439 0.17%	2,781 1.07%	None
Independent Director	Yang, Rui-Long	840	840	-	-	159	159	-	-	999 0.38%	999 0.38%	-	-	-	-	-	-	-	-	999 0.38%	999 0.38%	None
	Yu, Chi-Min	840	840	-	-	159	159	-	-	999 0.38%	999 0.38%	-	-	-	-	-	-	-	-	999 0.38%	999 0.38%	None
	Lee, Wei-Ming	840	840	-	-	159	159	-	-	999 0.38%	999 0.38%	-	-	-	-	-	-	-	-	999 0.38%	999 0.38%	None
	Wang, Chi-Chuan	840	840	-	-	159	159	-	-	999 0.38%	999 0.38%	-	-	-	-	-	-	-	-	999 0.38%	999 0.38%	None
	Cheng Frank	840	840	-	-	159	159	-	-	999 0.38%	999 0.38%	-	-	-	-	-	-	-	-	999 0.38%	999 0.38%	None

1. Please state the policy, system, standard and structure of remuneration for independent directors, and the correlation with the amount according to the responsibilities and duties of the independent directors, risks undertaken, time devoted and other factors:  
The remuneration of independent directors of the Company will be determined on the basis of the director performance evaluation results submitted by the Remuneration Committee by reviewing the degree of participation and contribution of each director in the Company's operation.  
The connection between performance risks and remuneration with the reference of remuneration standards of peers shall be submitted to the Board of Directors for resolution.
2. Other than disclosure in the above table, director remunerations received by providing services (e.g. providing consulting services such as serving as a consultant to all non-employees of the parent company/financial report of all companies/reinvested businesses, etc.) to companies in the financial statements in the most recent year: None.

Range of remuneration paid to directors	Range of Remuneration			
	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Hsu, Chi-Feng Chan Kim Seng Maurice, Ye, Hang Tan, Yong Yang, Rui-Long Yu, Chi-Min Lee, Wei-Ming Wang, Chi-Chuan Cheng, Frank	Yang, Rui-Long Yu, Chi-Min Lee, Wei-Ming Wang Chi-Chuan Cheng Frank	Hsu, Chi-Feng Chan Kim Seng Maurice, Ye, Hang Tan, Yong Yang, Rui-Long Yu, Chi-Min Lee, Wei-Ming Wang, Chi-Chuan Cheng, Frank	Yang, Rui-Long Yu, Chi-Min Lee, Wei-Ming Wang Chi-Chuan Cheng Frank
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		Tan, Yong	-	
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	Ye, Hang,	-	Tan, Yong
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	Hsu, Chi-Feng Chan Kim Seng Maurice	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	-	Hsu, Chi-Feng Chan Kim Seng Maurice Ye, Hang
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

2. Remuneration to supervisors: Not applicable (the Company has set up the Audit Committee to replace the supervisors).

### 3. Remuneration to General Managers and Deputy General Managers

Dec. 31, 2023 Unit: NT\$1,000

Dec 31, 2023 Unit: MYR,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowances (C)		Employee's remuneration (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from other non-subsidiary companies reinvested by the Company's subsidiaries or parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Eu, Ricky	5,618	6,282	-	-	-	-	205	-	205	-	5,823 2.24%	6,487 2.49%	None
Business Director	Chan Kim Seng Maurice	-	3,680	-	-	-	-	242	-	242	-	242 0.09%	3,922 1.51%	None
Chief Technology Officer (CTO)	Ye, Hang	-	3,388	-	-	-	-	242	-	242	-	242 0.09%	3,630 1.40%	None
Marketing Director	Murali Nair	-	5,171	-	-	-	-	205	-	205	-	205 0.08%	5,376 2.07%	None

### Range of Remuneration

Range of remuneration paid to the General Managers and Deputy General Managers	Name of General Manager and Deputy General Manager	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Chan Kim Seng Maurice Ye, Hang Murali Nair	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	Ye, Hang Chan Kim Seng Maurice
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Eu, Ricky	Eu, Ricky Murali Nair
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	4 persons	4 persons

4. Remuneration to top five managerial officers with the highest remuneration (names and remuneration thereof to be disclosed individually)

Dec. 31, 2023 Unit: NT\$1,000

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowances (C)		Employee's remuneration (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from other non-subsidiary companies reinvested by the Company's subsidiaries or parent company
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Eu, Ricky	5,618	6,282	0	0	0	0	205	0	205	0	5,823 2.24%	6,487 2.49%	None
Business Director	Chan Kim Seng Maurice	0	3,680	0	0	0	0	242	0	242	0	242 0.09%	3,922 1.51%	None
Chief Technology Officer (CTO)	Ye, Hang	0	3,388	0	0	0	0	242	0	242	0	242 0.09%	3,630 1.40%	None
Marketing Director	Murali Nair	0	5,171	0	0	0	0	205	0	205	0	205 0.08%	5,376 2.07%	None
Financial and Accounting Supervisor	Chien, Yi-Ling	1,625	2,726	0	0	0	0	157	0	157	0	1,782 0.69%	2,883 1.11%	None

5. Employee's remuneration to managers and state of distribution

Dec. 31, 2023 Unit: NT\$1,000

	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount to net income (%)
Manager	General Manager	Eu, Ricky	0	205	205	0.08%
	Business Director	Chan Kim Seng Maurice	0	242	242	0.09%
	Chief Technology Officer (CTO)	Ye, Hang	0	242	242	0.09%
	Marketing Director	Murali Nair	0	205	205	0.08%
	Financial Accounting Supervisor	Chien, Yi-Ling	0	157	157	0.06%

6. Compare and state separately on the analysis of the post-tax net profit ratio of total remuneration of the Directors, General Manager and Deputy General Managers of the Company and companies in the consolidated financial statements in the last two years to parent company only or individual financial reports; then, state the policies and standards for payment of remuneration, process of combining and deciding on the amount of remuneration, and correlation with business performance and future risks:

- (1) Ratio of total remuneration paid to the Company's directors, General Managers and Deputy General Managers in the most recent two years to the net profit after tax:

Unit: %

Title	Total amount to net profit after tax (%)			
	2022		2023	
	The Company	All companies in consolidated financial statements	The Company	All companies in consolidated financial statements
Director	2.18%	9.03%	2.74%	12.01%
General Manager and Deputy General Managers	1.81%	4.88%	2.50%	7.46%

- (2) The policies, standards, and portfolios for remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

The remuneration to directors of the Company shall be handled reasonably in accordance with the Articles of Association of the Company and given in consideration of the Company's operating results and their contribution to the Company's performance; the remuneration paid to the General Manager and Deputy General Managers of the Company is based on the correlation between the positions they held, the responsibilities they assumed, the operating performance and future risks they undertaken with the



reference of the level of peers on similar positions. The procedure for determining remuneration is set up by referring to the "Measures for Distribution of Director Salary and Remuneration" on the basis of the results of director performance evaluation. The overall operating performance of the Company, future operating risks and development trends of the industry shall also be considered to offer reasonable compensation.

#### IV. Implementation of Corporate Governance

##### (I) Information on operation of Board of Directors

The Board held 7 meetings in 2023. The table below shows the attendance of directors and supervisors:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Chairman	Hsu, Chi-Feng	7	0	100	-
Vice Chairman	Chan Kim Seng Maurice	5	2	71	-
Director	Ye, Hang	7	0	100	-
Director	Tan, Yong	7	0	100	-
Independent Director	Yang, Rui-Long	6	1	86	-
Independent Director	Yu, Chi-Min	7	0	100	-
Independent Director	Lee, Wei-Ming	6	1	86	-
Independent Director	Cheng, Frank	7	0	100	-
Independent Director	Wang, Chi-Chuan	7	0	100	-

Other matters:

- The date of the Board meeting, the term, the content of the proposals, opinion of all independent directors, and the Company's handling of the opinion of independent directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:
  - Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable.  
The Company has established an audit committee, which does not apply to the provisions of Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to the operation of the audit committee on pages 30-32 of the annual report.
  - Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: No independent directors hold objections or reservations to the resolutions.
- For director recusals due to conflicts of interests, name of directors, proposal, reason for recusal, and participation in vote or not shall be specified:

Meeting date	Contents of proceedings	Name of director with interests to avoid	Avoidance reasons	Participation in voting
September 6, 2023	Resolution to remove Mr. Chan Kim Seng Maurice from the position of Vice Chairman of the company, terminate his position as General Manager of Operations, and his positions in various subsidiaries of the company.	Chan Kim Seng Maurice	Conflict of Interest	Pursuant to Article 206 of the Company Law, the following directors abstained from discussion and voting due to conflict of interest, while the remaining attending directors agreed to pass the resolution as proposed.

- TWSE/TPEX Listed Companies shall disclose the information on the evaluation cycle and

period, evaluation scope, methods and evaluation contents of Board of Directors' self (or peer) evaluation, and fill in the following table "Implementation of Board of Directors Evaluation":

Implementation of Board of Directors Evaluation

Frequency	Period	Scope	Method	Content
Executed every year	Jan. 1, 2023 ~ Dec. 31, 2023	Directors, Board of Directors and functional committees	Self-evaluation of directors is adopted; the Board of Directors and functional committees will be evaluated by the Board of Directors secretary office.	Please see the following for detailed information.

- (1) The overall performance evaluation of Board of Directors should include at least five aspects: Participation in the Company's operations, improvement of the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.
  - (2) The performance evaluation of Directors should include at least six aspects: Knowledge about the Company's objectives and tasks, the understanding of director duties, the participation in the Company's operations, the internal relationship management and communication, the professional training and continuing education of directors and internal control.
  - (3) The performance evaluation of functional committees should include at least five aspects: Participation in the Company's operation, the understanding of the duties of the functional committee, improvement of the decision-making quality of the functional committee, composition of the functional committee, selection of its members, and internal control.
4. Objectives for strengthening the functions of the Board of Directors in the current year and the recent years (e.g., setting up an audit committee, improving information transparency, etc.) and evaluation of implementation: In order to improve corporate governance and strengthen the relevant functions of the Board of Directors, the Company has set up the Audit Committee and the Remuneration Committee. For implementation status, please refer to "Corporate governance operation status" and "Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof," and has formulated the "Measures for Performance Evaluation of the Board of Directors and Functional Committees" to establish a good governance system for Board of Directors of the Company, perfect supervision and strengthen functions of the Board of Directors.

## (II) Operations of Audit Committee

The member number of Audit Committee in the Company is five. A total of 6 meetings of the Audit Committee were held in 2023. The attendance of independent directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Independent Director (Convener)	Yang, Rui-Long	5	1	83	-
Independent Director	Yu, Chi-Min	6	0	100	-
Independent Director	Lee, Wei-Ming	6	0	100	-
Independent Director	Wang, Chi-Chuan	6	0	100	-
Independent Director	Cheng, Frank	6	0	100	-

Note: The actual attendance rate (%) is calculated based on the number of meetings held during the term of and the number of actual attendance.

Other matters:

1. With regard to the operation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, objection of all independent directors, content of opinion reserve or major suggestion items, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

(1) Items listed in Article 14-5 of the Securities and Exchange Act

Date of the Audit Committee	Proposals	Resolution of the Audit Committee	The Company's response to the comments of the Audit Committee
2023.03.29	<ol style="list-style-type: none"> <li>1. 2022 Annual Business Report and Consolidated Financial Statements</li> <li>2. 2022 Earnings Distribution Proposal</li> <li>3. 2022 Q4 Distribution of cash dividends to shareholders</li> <li>4. 2022 "Internal Control System Statement"</li> <li>5. Amendment to Internal Control Regulations</li> <li>6. Plan to set up a factory in Mexico</li> <li>7. Plan to change accountants starting from the first quarter of 2023</li> <li>8. Application for a financing amount with the bank with its Taiwan branch</li> <li>9. Case of the company providing guarantee</li> </ol>	All audit members approved.	None
2023.05.12	<ol style="list-style-type: none"> <li>1. 2023Q1 Consolidated Financial Statements</li> <li>2. Application for a financing amount with the bank with its Taiwan branch</li> <li>3. Guarantee Provision Proposal</li> <li>4. Formulate a general principle plan for the company's pre-approval of non-certified service policies</li> </ol>	All audit members approved.	None
2023.06.19	<ol style="list-style-type: none"> <li>1. Issuance of the fifth unsecured conversion corporate bonds within the territory of the Republic of China</li> <li>2. Case of lending the company's funds to the</li> </ol>	All audit members approved.	None

Date of the Audit Committee	Proposals	Resolution of the Audit Committee	The Company's response to the comments of the Audit Committee
	subsidiary Lemtech Global Solution Co., Ltd.		
2023.08.25	1. 2023Q2 Consolidated Financial Statements 2. 2023Q3Earnings Distribution Proposal 3. Application for a financing amount with the bank with its Taiwan branch 4. Guarantee Provision Proposal	All audit members approved.	None
2023.11.13	1. 2023Q3 Consolidated Financial Statements 2. 2023Q3Earnings Distribution Proposal 3. Application for a financing amount with the bank 4. Plan to change the address of the company's group operations headquarters, the address of the litigation and non-litigation agent and the address of the branch office	All audit members approved.	None
2023.12.20	1. 2024 Budget Proposal 2. 2024 Annual internal audit plan 3. Change of the company's certification accountant and evaluates its independence 4. Amendment to the company's internal control system 5. Guarantee Provision Proposal	All audit members approved	None
2024.03.04	1. 2023 Annual Business Report and Consolidated Financial Statements 2. 2023Earnings Distribution Proposal 3. 2023 Q4 Distribution of cash dividends to shareholders 4. 2023Internal Control System Statement 5. Amendment to the company's internal control system 6. Application for a financing amount with the bank	All audit members approved	None

(2) Except for the previous matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: The Company has no matter that had not approved by the Audit Committee but been approved by more than two-thirds of all directors.

2. Regarding recusals of independent directors due to conflicts of interests: The Company does not have any circumstances under which independent directors should withdraw from a proposal due to conflicts of interests.
3. Communication between independent directors and internal audit supervisor and accountants (including communication on major items, methods and results of the Company's financial and business conditions, etc.): The Company's internal audit supervisor regularly conducts audit reports and discussions with the members of the Audit Committee. Members of the Audit Committee and the internal audit supervisor have good communication. The company invites certified accountants to attend the audit committee, and report and communicate with the independent directors on the quarterly and annual financial statement review or audit results, key audit matters, amendments to the IFRSs bulletin or the impact of other laws and regulations on the company.

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

Evaluation items	Operating status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated and disclosed the "Code of Practice on Corporate Governance of the Company" on the Company's website and MOPS in accordance with the "Code of Practice on Corporate Governance on TWSE/TPEX Listed Companies."	No deviation
II. Shareholding structure & shareholders' rights (I) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation, and does the Company implement the procedures in accordance with the procedure? (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?  (IV) Has the Company established internal rules against insiders using undisclosed information to trade with marketable securities?	✓		(I) The Company has appointed a special stock affairs agency to handle stock affairs, and has formulated the "Procedures for Spokesmen and Acting Spokesmen" on spokesmen and acting spokesmen's handling of shareholder proposals.  (II) The Company has possessed the list of major shareholders who actually control the Company and the final controllers of the major shareholders, and regularly tracks and understands them when reporting monthly equity changes.  (III) In addition to the provisions of the FSC's "Guidelines for the Establishment of Internal Control Systems for Publicly Issued Companies" and "Code of Practice on Corporate Governance for TWSE/TPEX Listed Companies", the Company has also formulated "Supervision and Management of Subsidiaries" and "Related Party Transaction Management" to form a risk control mechanism. Asset management among the related enterprises is independent, and the risk control mechanism and firewall mechanism are implemented accordingly.  (IV) The Company has formulated the "Procedures for Management of Internal Material Information Processing and Prevention of Insider Trading" stipulating that no one shall use the undisclosed information he/she knows to engage in insider trading or disclose it to others, so as to prevent others from using the undisclosed information to engage in insider trading.	No deviation
III. Composition and responsibilities of the Board of Directors (I) Has the Board developed, and does it implement, a diversity policy for the composition of its members?	✓		(I) The Company has formulated the "Code of Practice on Corporate Governance" and disclosed the diversification policy on the Company's website and public information observation station. The composition of the board of directors of the company is based on the company's business development scale and the shareholding situation of its major shareholders, and considers the practical needs. When considering and selecting director candidates, based on the diverse policy, the professional background, academic	No deviation

Evaluation items	Operating status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
<p>(II) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?</p> <p>(III) Has the Company set up any method and form for performance evaluation of Board of Directors, conduct performance evaluation on an annual and regular basis, and report the results of the performance evaluation to the Board of Directors and apply them to the remuneration of individual directors and the reference for nomination for reappointment?</p> <p>(IV) Does the Company regularly evaluate the independence of the CPAs?</p>			<p>(experience), and integrity or related professional qualifications, etc. are measured. At present, all directors and independent directors of the company have completed and rich academic experience and diverse composition. There are 9 directors, including 5 independent directors, and the number of independent directors has reached more than half, which enables the company to exert its functions of business decision-making and supervision. See page 19 for details on implementing diversity among board members.</p> <p>(II) The Company has set up the Remuneration Committee and an Audit Committee, without any other functional committees for the time being, which might be set up as appropriate in the future.</p> <p>(III) The Company has formulated the "Performance Evaluation Measures for the Board of Directors and Functional Committees." The evaluation method adopts the self-evaluation of directors, and the Board of Directors and functional committees are evaluated by the Secretary Office of the Board of Directors. The results of the 2023 performance evaluation of the Board of Directors and functional committees have been submitted to the Board of Directors on Mar. 4, 2024.</p> <p>(IV) The Company passed a resolution of the Board of Directors on Nov. 12, 2020 to set out the "Regulations for the Evaluation of Independence and Competency of Certified Public Accountants." The Company regularly evaluates the independence and competency of certified public accountants on Dec 20th 2023. The certified public accountants and certified public accountants elected by the Company have no interest in the Company and strictly observe independence and have not served as directors or independent directors or managers of the Company, who are not shareholders of the Company, and have not been paid salaries in the Company. Moreover, the same certified public accountant has not been appointed for seven consecutive years, so the independence of the certified public accountant is in conformity with the law.</p>	

Evaluation items	Operating status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof								
	Yes	No	Description									
IV. Are TWSE/TPEX Listed Companies provided with competent and appropriate number of corporate governance personnel, has a corporate governance supervisor been appointed to be responsible for corporate governance-related affairs (including but not limited to providing the information required by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling relevant matters of Board of Directors and shareholders' meeting according to law, and making minutes of Board of Directors and shareholders' meeting, etc.)?	✓		<p>The company has established the position of Corporate Governance Supervisor, who has met the requirements of Article 23 of the "Guidelines for the Establishment and Exercise of Powers by the Board of Directors of Listed Companies". The supervisor in charge of financial, stock affairs, and corporate governance related matters has served for more than three years. Their scope of authority includes:</p> <p>1. Handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law.</p> <p>2. Preparation of minutes of meetings of the Board of Directors and shareholders' meetings.</p> <p>3. Assisting directors in their appointment and continuing education.</p> <p>4. Providing information necessary for directors to carry out their duties.</p> <p>5. Assisting directors in compliance with laws and regulations.</p> <p>6. Reporting to the Board of Directors on the examination results of the qualifications of independent directors in terms of nomination, appointment, and during their tenure.</p> <p>7. Handling matters related to changes in the Board of Directors.</p> <p>8. Other matters stipulated in the company's articles of association or contracts, etc.</p> <p>The training situation of the Corporate Governance Supervisor is as follows:</p> <table><tr><th>Year</th><th>Organizer</th><th>Course Name</th><th>Training Hours</th></tr><tr><td>2023</td><td>Taiwan Stock Exchange Corporation</td><td>2023 Cathay Sustainable Finance and Climate Change Summit Forum 6.0</td><td>6</td></tr></table>	Year	Organizer	Course Name	Training Hours	2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit Forum 6.0	6	No deviation
Year	Organizer	Course Name	Training Hours									
2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit Forum 6.0	6									
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the Company's website? Are major corporate social responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	✓		<p>The Company has a spokesman system and a "special section for interested parties" on the Company's website. interested parties can contact the Company by telephone, letter, fax and e-mail if necessary.</p>	No deviation								
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder	✓		<p>The Company has appointed CTBC Bank Agency Department to be responsible for handling stock affairs.</p>	No deviation								

Evaluation items	Operating status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
affairs?				
<p>VII. Information disclosure</p> <p>(I) Has the Company established a website to disclose information on financial operations and corporate governance?</p> <p>(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?</p> <p>(III) The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>	✓		<p>(I) The Company has set up websites in both Chinese and English, which disclose financial, business, and corporate governance information. The website: <a href="http://www.lemtech.com">http://www.lemtech.com</a>, with designated personnel maintaining and updating the website information.</p> <p>(II) The Company has established the "Operating Procedures for Spokesmen and Acting Spokesmen", the relevant questions shall be answered by the spokesmen or acting spokesmen, and the relevant business departments shall be responsible for the collection and disclosure of company information; The information of the legal person explanation meeting has been placed on the Company's website for investors' reference; the Company enters the latest financial and business information about the Company on the designated information reporting website in accordance with the laws and regulations.</p> <p>(III) The Company shall report the financial reports for the first, second and third quarters and the operating conditions for each month in accordance with the provisions of "Business Matters to be Carried out by Listed Securities Issuers."</p>	No deviation
<p>VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?</p>	✓		<p>1. Employee Rights: The Company is governed by the labor laws of various countries. Please refer to pages 96-100 in this annual report for other employee welfare measures, retirement system, further education and various employee rights and interests.</p> <p>2. Employee Care: In order to facilitate communication with employees, the Company provides diversified communication channels to ensure real-time transmission and transparency of information and to allow employees to fully express their suggestions to the Company as the basis for improvement of various measures.</p> <p>3. Investor relations: The Company attaches great importance to the rights and interests of investors. In addition to announcing the information on the MOPS designated by the authority in accordance with relevant regulations, the Company also places relevant information on the Company's website.</p> <p>4. Stakeholder rights: In order to protect the rights of interested parties, the Company has set up spokesmen and deputy spokesmen to respond to investors' questions and handle them properly in good faith and with a responsible attitude.</p> <p>5. Implementation of risk management policies and</p>	No deviation



Evaluation items	Operating status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>risk assessment standards: The Company has established various internal regulations and conducted various risk management and assessment in accordance with law and regulations.</p> <p>6. Implementation of customer policies: In order to provide all-round service and protection to customers, the Company communicates with customers in real time to understand their needs in response to customer complaints, so as to facilitate the interaction between the Company and customers, and conduct meeting review and improvement within the Company.</p> <p>7. Directors or supervisors' further education: The status of director and supervisor further education is stated in the following table and has been announced on the MOPS.</p> <p>8. The Company purchases liability insurance for directors and supervisors: The Board of Directors of the Company purchased the insurance for directors and managers on Mar. 4, 2024, with the insured amount of US\$3 million.</p>	
<p>IX. Please provide information on the status of improvement regarding the results of corporate governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, state the areas and policies the Company has set as a priority for improvement: The evaluation result of the Company in 2023 was 81~100% of the overall evaluation companies. The matters yet to be improved include: implementing the diversification policy of the Board of Directors, <del>setting up the corporate governance supervisor</del>, promoting and implementing concrete plan of corporate social responsibility, and preparing the ESG report.</p>				

#### Schedule: Directors or Supervisors' Further Education

Title	Name	Training date	Organizer	Course	Hours of course
Director	Hsu, Chi-Feng	2023/11/29	Republic of China Securities and Futures Market Development Foundation	2023 Annual Insider Equity Transaction Legal Compliance Promotion and Briefing Session	3
		2023/12/15	Corporate Operating and Sustainable Development Association	Compliance practices of board of directors and legal responsibilities of directors and supervisors and case studies	3
Director	Ye, Hang	2023/03/14	Accounting Research and Development Foundation	Global Net Zero Impacts and ESG Action	3
		2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum 6.0	6
Director	Chan Kim Seng Maurice	2023/11/24	Taiwan Corporate Governance Association	Uncovering the mystery behind corporate governance: the operational practices of corporate governance personnel	3
		2023/11/29	Republic of China Securities and Futures Market Development Foundation	2023 Annual Insider Equity Transaction Legal Compliance Promotion and Briefing Session	3
Director	Tang, Yong	2023/03/14	Accounting Research and Development Foundation	Global Net Zero Impacts and ESG Action	3

Title	Name	Training date	Organizer	Course	Hours of course
		2023/10/18	Republic of China Securities and Futures Market Development Foundation	Talent sustainability challenges after the epidemic	3
Independent Director	Yang, Rui-Long	2023/10/26	Republic of China Securities and Futures Market Development Foundation	Shareholders' meetings, management rights and equity strategies	3
		2023/11/15	Republic of China Securities and Futures Market Development Foundation	2030/2050 Green Industrial Revolution	3
Independent Director	Lee, Wei-Ming	2023/07/28	Taiwan Corporate Governance Association	How the audit committee interprets and uses audit quality indicators (AQI)	3
		2023/09/12	Taiwan Corporate Governance Association	Corporate growth strategies and external innovation	3
Independent Director	Yu, Chin-Min	2023/05/29	Accounting Research and Development Foundation	Compliance audit practices required by the competent authorities to set up "corporate governance personnel"	6
Independent Director	Wang, Chi-Chuan	2023/8/10	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations (Part 1)	3
		2023/8/10	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations (Part 2)	3
Independent Director	Frank, Cheng	2023/07/28	Republic of China Securities and Futures Market Development Foundation	Business Judgment Rules and Case Analysis	3
		2023/09/28	Republic of China Securities and Futures Market Development Foundation	Opportunities and Challenges of Taiwan's Industrial Transformation under Geopolitics: Exclusive Analysis by PMI/NMI	3

(IV) If the Company has set up a Remuneration Committee, it shall disclose its composition, responsibilities and operation:

1. Information on the members of Remuneration Committee

Apr. 30, 2024

Identity	<div>Qualification</div> <div>Name</div>	professional qualifications and experience	Status of independence	Number of other public companies where the individual concurrently serves as a member of Remuneration Committee
Independent Director (Convener)	Yu, Chi-Min	Please refer to director-related information content on page 21		1
Independent Director	Yang, Rui-Long			0
Independent Director	Lee, Wei-Ming			0
Independent Director	Wang, Chi-Chuan			1
Independent Director	Cheng Frank			0

2. Responsibility of the Remuneration Committee

- (1) The Company's Remuneration Committee shall exercise the care of a prudent manager to fulfill the following duties, and offer suggestions for discussion to the Board of Directors:
  - a. Establish and periodically review remuneration policies, system, standards, and structure, as well as the performance evaluation of directors and managers.

- b. Periodically evaluate and establish remuneration and pays for directors and managers.
- (2) The Company's Remuneration Committee shall perform the duties in preceding paragraph in accordance with the following principles:
  - a. The directors' and manager' performance evaluation and remuneration should refer to the general standards in the industry and take into account the reasonable connection to individual performance, management performance, and future risks.
  - b. Directors and managers shall not be encouraged to engage in risky behaviors unacceptable to the Company for the pursuit of remuneration.
  - c. The proportion of dividends for directors and senior managers for short-term performance and the timing of issuing variable pay shall be determined based on the characteristics of a given industry and the nature of the Company's business.

### 3. Information on the operation of Remuneration Committee

- (1) The Company's Remuneration Committee is comprised of five members.  
 (2) Service term for members of the current committee: From Aug. 18, 2021 to July 4, 2024. The Remuneration Committee convened 3 meetings in 2023. The following outlines the qualifications of the committee members and attendance:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Convener	Yu, Chi-Min	3	0	100.00	-
Committee member	Lee, Wei-Ming	3	0	100.00	-
Committee member	Yang, Rui-Long	3	0	100.00	-
Committee member	Wang, Chi-Chuan	3	0	100.00	-
Committee member	Cheng, Frank	3	0	100.00	-

Note: The actual attendance rate (%) is calculated based on the number of meetings held during the term of and the number of actual attendance.

Other matters:

- I. If the Board of Directors does not adopt or amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (such as the difference and reason why the salary and remuneration approved by the Board of Directors are higher than those proposed by the Remuneration Committee and the reason): None.
- II. Where resolutions of the Remuneration Committee include dissenting or reserved opinion which is on record or stated in a written statement, the date, session, contents discussed, opinions from every member, and handling of the members' opinions shall be described in detail:

Date of the Remuneration Committee	Proposals	Resolution of the Remuneration Committee	The Company's response to the comments of the Remuneration Committee
2023.03.29	2022 Employee and Director Remuneration Distribution Proposal	All members approved.	None
2023.09.06	Remove Chan, Kim Seng Maurice's positions of vice chairman, retirement business director and various subsidiaries of the company	All members approved.	None
2023.12.20	Review the 2023 year-end bonus for the company's managers	All members approved.	None
2024.03.04	2023 Employee and Director Remuneration Distribution Proposal	All members approved.	None

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

Evaluation items	Operating status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to have senior management level handle, and supervised by the board of directors?	✓		The company designates the management department as a part-time unit, and the board of directors supervises the promotion of sustainable development, integrates sustainable development into the company's business strategy, and implements sustainable development for a long time in a purposeful, systematic and organized way. Please note 1 for details.	No deviation
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related in accordance with the principle of importance, and formulate relevant risk management policies or strategies?	✓		Based on the principle of materiality of sustainable development, the company conducts risk assessments on important issues, and formulates relevant risk management policies or strategies based on the assessed risks. Please note 1 for details. °	No deviation
<p>III. Environmental issues</p> <p>(I) Has the Company established environmental management systems proper to its industry's characteristics?</p> <p>(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?</p> <p>(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?</p>	✓		<p>(I) The Company passed the Environmental Management System Certification (ISO 14001:2015) on Apr. 29, 2014, with a validity period from April. 29, 2023 to Apr. 28, 2026. The Company passed the Energy management systems Certification (ISO 50001 : 2018) on June. 25, 2023, with a validity period from June. 25, 2023 to June. 24, 2026. The Company will handle it according to the above environmental management system.</p> <p>(II) The company has established [Conflict Mineral Control Procedures] conflict material management. In order to save and utilize resources, In 2023, 9,260 square meters of solar photovoltaics will be built, with an annual power generation of 1.7 million/Kwh. It can reduce carbon dioxide emissions by 1,198.94 tons per year, which is equivalent to planting 66,607 teak trees. Effectively improve the packaging materials in production to reduce the packaging materials in the box, Increase the quantity in the box for the purpose of improvement to reduce the loss of packaging materials. In 2023, the cost of loss will be reduced by about RMB 735,000. In order to improve production efficiency and reduce manpower in production, the company's VE team independently developed several automatic monitoring and automatic tapping equipment, saving costs of RMB500,000 in 2023.</p> <p>(III) The company plans to install 2,060 square meters of solar photovoltaic panels for solar power generation on the roof of the third-phase factory building, with an estimated annual power generation of 480,000 kw/year to rationally utilize energy. And advocate saving water, electricity, and paperless operations to</p>	No deviation

Evaluation items	Operating status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reductions, water consumption, and waste management?			<p>achieve the goal of energy saving and carbon reduction, so as to make rational use of energy; the Company also advocates water conservation, electricity consumption and paperless operation to achieve the goal of energy conservation and carbon reduction. The company manages and controls the internal and external environment in accordance with the "Risk Assessment Management Program" and "Environmental Factor Identification and Evaluation Program".</p> <p>(IV) The Company has formulated the "Energy Control Procedures" to effectively control the rational use of water, electricity and gas, and to avoid waste reduction. In addition, the Company has also added an air compressor heat energy recovery system to supply heating for some workshops in winter, so as to effectively reduce energy consumption. The company has established water and electricity conservation and control goals:</p> <p>(1) The proportion of annual electricity output value is <math>\leq 0.90\%</math></p> <p>(2) The proportion of annual water fee output value <math>\leq 0.06\%</math></p> <p>In 2023, 0.86% and 0.056% respectively achieved the goal.</p>	
<p>IV. Social issues</p> <p>(I) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties?</p> <p>(II) Does the Company establish and deliver reasonable employee welfare programs (including salary, compensated absences,</p>	✓		<p>(I) The group attaches great importance to the rights and interests of all its employees, and abides by the labor laws and regulations of various operating countries, and has established the "Procedures for the Management of Business Conduct and Ethical Standards."</p> <p>1. The company has established the RBA Business Ethics Alliance Policy: Compliance with Laws and Regulations, Labor Protection, Respect for Human Rights</p> <p>2. The company has established relevant programs for respecting personnel, and effectively implements them according to:</p> <p>"Personnel Information and Privacy Protection Program"</p> <p>"Anti-Harassment and Abuse Program"</p> <p>"Anti-Human Trafficking Program"</p> <p>"Prohibition of Child Labor Control Program"</p> <p>"Prohibition of Discrimination Control Program"</p> <p>"Prohibition of Forced Labor Control Program"</p> <p>"Women and Juvenile Workers Control Program"</p> <p>"Freedom of Association and Negotiation Control Program"</p> <p>(II) The Company has formulated the "Salary Management Rules" and "Employee Handbook" to clarify issues such as salary,</p>	No deviation

Evaluation items	Operating status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
and other benefits) and adjust employee compensation in relation to business performance?			<p>performance, various welfare and rewards and punishment systems, and regularly make corresponding adjustments in accordance with relevant laws and market demands. The group provides employees with leave in accordance with local national laws and regulations of each subsidiary, and various gift subsidies. In addition, to enhance understanding and integration among employees, the group organizes various cultural and self-organized activities and other employee welfare measures. If the Company makes profits, it will share the operating results with its employees in accordance with the Company's dividend policy.</p> <p>The company strictly follows the various holidays stipulated by the local labor law, and at the same time gives employees gifts and subsidies as follows:</p> <ol style="list-style-type: none"> <li>1. Holiday gifts: Spring Festival/Dragon Boat Festival/Mid-Autumn Festival, birthday card gifts, Women's Day gifts, wedding gifts, maternity gifts, etc.</li> <li>2. Every year, the company will give year-end bonuses and bonuses according to the annual operating profit and combined with employee performance, and important cadres and technical personnel will give a certain percentage of dividends to share.</li> </ol>	
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?			<p>(III) The Company has provided a safe and healthy working environment for its employees, and establish a secondary safety standardized management system and operate it in accordance with system requirements to track and improve work-related accidents and provide or subsidize health checks for employees.</p> <ol style="list-style-type: none"> <li>1. The company has established a safety training plan, conduct company-level comprehensive safety inspections monthly, and has carried out safety training according to the plan, and reported and reviewed at the monthly business meeting.</li> <li>2. The company conducts a health examination for all employees once a year. Occupational disease examinations for special positions. In 2023, the company had no employee safety incidents.</li> </ol>	
(IV) Has the Company established effective career development and training plans for its employees?			<p>(IV) The Company has established an "Annual Training Plan" to enhance the personal accomplishment and professional ability of employees through systematic training and adopt a rotation system to cultivate certain personnel and explore their personal expertise and make corresponding adjustments to their careers. The company has established a complete training system, and establishes different training</p>	

Evaluation items	Operating status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
<p>(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer d marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?</p> <p>(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their privacy, and compliance?</p>			<p>requirements for new recruits, technical personnel, job rotation personnel, and cadre promotion. There is also an EMBA support plan for manager-level cadres and senior technical personnel. In 2023, the training plan for the whole year was effectively completed, and a relatively satisfactory training effect was also achieved.</p> <p>(V) The Company has established a "Management Procedure for Customer Information" to effectively control customer information and establish a "Customer Complaint and Return Control Procedure" in accordance with customer requirements. As the Company is a component manufacturer whose products are not directly facing consumers, no consumer rights policy for it has been formulated. The company has established ISO27001 information security system and passed the certification. Information security management policy: standard information security system and implementation to avoid information security establishment risks.</p> <p>(VI) The Company has established a "Management Procedure for Relevant Parties" and requires suppliers to provide raw materials free of harmful substances. The Company has signed an EICC commitment letter for suppliers, clearly specifying that their internal management should conform to relevant policies and regulations of environmental protection, safety and EICC.</p> <ol style="list-style-type: none"> <li>1. The company's supplier management department formulates an annual supplier audit plan and performs the audit every year. The audit content includes terms of quality, environment and safety.</li> <li>2. Performance appraisal will be conducted every month based on the actual delivery situation of the supplier, and the monthly performance of the supplier will be sent to the supplier on a regular basis.</li> </ol>	
<p>V. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its ESG report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third-party accreditation institution?</p>		✓	<p>At present, the Company has prepared and published ESG report.</p>	<p>Related matters are still being planned. Relevant matters are still under planning, and in line with the formulation of future systems, the disclosure of relevant sustainable development will be</p>



Evaluation items	Operating status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof strengthened.	
	Yes	No	Description		
VI. If the Company has established the corporate social responsibility best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancy between the Principles and their implementation: On December 19, 2014, the company's board of directors approved the formulation of the company's "Corporate Social Responsibility Code of Practice." On March 25, 2020 and November 11, 2022, the board of directors approved the revision of the code to strengthen the implementation of corporate social responsibility. The company regularly reviews the implementation of the code and improves accordingly, and there has been no difference in the implementation so far.					
VII. Other important information helpful to understand the implementation of the promotion of sustainable development:None					

Note 1 : The company designates the management department as a part-time unit, and the board of directors supervises the promotion of sustainable development, integrates sustainable development into the company's business strategy, and implements sustainable development for a long time in a purposeful, systematic and organized way. Establish relevant risk management policies or strategies as follows:

Major Issue	Item of Risk Assessment	Risk Management Policy or Strategy	Measures and Implementation
Environment	Environmental Protection	Formulate energy conservation and carbon reduction control plans and implementation plans every year, and regularly review and track the progress of various goals.	<ul style="list-style-type: none"> <li>● The company obtained the environmental management system certification (ISO 14001:2015) on April 29, 2014, and the valid period is from April 29, 2023 to April 28, 2026. The company obtained energy management system certification (ISO50001:2018) on June 25, 2023, and the validity period is from June 25, 2023 to June 24, 2026. The company conducts daily management in accordance with the above environmental management system.</li> <li>● The company has established the "Conflict Minerals Control Procedure" conflict material management.</li> <li>● The company manages and controls the internal and external environment in accordance with the "Risk Assessment Management Program" and "Environmental Factor Identification and Evaluation Program".</li> <li>● The company has formulated [Energy Control Procedures] to effectively control the rational use of water, electricity, gas, etc., and avoid waste, and add an air compressor heat energy recovery system to supply some workshops for winter heating, effectively reducing energy consumption.</li> </ul>
Society	Safe and Healthy Workplace	Formulate relevant systems and implementation plans, and regularly review and track the progress of various goals.	<ul style="list-style-type: none"> <li>● The Group attaches great importance to the rights and interests of all colleagues, and abides by the labor laws and regulations of the operating countries, and establishes "Business Conduct and Ethics Management Procedures."</li> <li>● The company has formulated the</li> </ul>

Major Issue	Item of Risk Assessment	Risk Management Policy or Strategy	Measures and Implementation
			<p>“Remuneration Management Rules” and “Employee Handbook” to clarify the salary, performance and various welfare and reward and punishment systems, and make corresponding adjustments on a regular basis according to relevant laws and market demands.</p> <ul style="list-style-type: none"> <li>● The company has provided employees with a safe and healthy working environment, and has established a secondary safety standardized management system and operate according to system requirements, tracking and improving work-related accidents, and providing or subsidizing employees' health checks.</li> <li>● The company has established an [annual training plan] to improve the personal quality and professional ability of employees through systematic training. Some employees use the rotation system to cultivate and explore personal expertise and make corresponding career adjustments.</li> </ul>
Corporate Governance	Law Compliance	By implementing an internal control mechanism and establishing a governance organization, we ensure that all operations of the company truly comply with relevant laws and regulations.	Executed by the audit unit and regularly reported to the board of directors.

(6) Climate-related information of listed companies climate-related information implementation status items:

1. Implementation of climate-related information Item Implementation

Item	Implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The Board of Directors is the highest decision-making institute for climate risk management of the company and has assigned management to identify and assess climate-related risks to ensure compliance with relevant regulations, and to perform risk and opportunity assessment, strategy formulation, financial impact analysis, risk management, goal setting and so on. If the potential climate risk assessment is significant, external experts will be hired to provide opinions as appropriate to improve the quality of decision-making.

<p>2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short, medium, and long-term).</p>	<p>The company's operating team has continued to pay close attention to climate risks and assess how the identified risks and opportunities affect the company's business, strategy and financial status (including short-term, medium-term and long-term). Regarding the impact that climate change may have on the company's operations, management is responsible for coordinating various departments to establish emergency response procedures in order to improve the efficiency of process improvement, strengthen crisis response and handling capabilities, ensure the company's stable operations, and track the effectiveness of climate-related project implementation through meetings of department heads, and actively achieve the short, medium and long-term goals set by the management team.</p>
<p>3. Describe the financial impact of extreme climate events and transformation actions.</p>	<p>Extreme weather events may cause supply chain or production line disruptions, which may in turn affect the production and sales of the company's products, thereby adversely affecting financial performance. As society attaches increasing importance to sustainable development, the company is expected to invest more resources in implementing transformation actions, such as automating production, improving energy efficiency, and optimizing labor rights. There may be an increase in operating costs in the short term, with a slight financial impact. However, the company's management has begun to take risk management and adaptive measures to ensure the company's long-term stable financial planning and development.</p>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The company incorporates climate change and environmental risks into the enterprise risk management system, which is led by dedicated sustainability personnel, continuously monitoring the impact on operations, including international regulations and extreme weather events, and assess their financial impact. The company is gradually adjusting its management mechanism and proposing response strategies to enhance operational resilience. Through cooperation among various departments, the company assesses the impact of climate risks on</p>

	business processes and train employees on climate change awareness to more effectively and comprehensively identify risks and opportunities. Then report it to senior management to make management decisions and response strategies for major risks.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	Through climate risk scenario analysis, the company studies the possible impacts of climate change and evaluates the extent and duration of the impact of these risks on the company's business, as well as the possible financial losses. When conducting the analysis, relevant parameters and assumptions are set, such as the frequency and intensity of climate change, and the costs and benefits of the company's response measures. The main analysis factors include the probability of risk occurrence, scope of impact, duration of business interruption, etc. Based on these analyses, the Company formulated specific optimization measures to improve corporate resilience and sustainability. For example, improving the flexibility of supply chains, strengthening the climate resilience of facilities and assets, optimizing inventory management, and expanding regional economies. At the same time, the company is also committed to cultivating the awareness and ability of employees and business partners within the organization to respond to risks in order to cope with possible challenges in the future.
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>In order to manage climate-related risks, the company has drafted a transformation plan. The plan includes:</p> <p>(1) Energy and greenhouse gas management measures: More efficient energy management measures will be implemented to reduce greenhouse gas emissions. This may include improving energy efficiency, increasing the use of renewable energy, reducing energy waste, etc.</p> <p>(2) Sustainable supply chain management: Work with supply chain partners to promote sustainable supply chain management, ensuring that suppliers comply with climate protection standards and requirements and promote carbon neutrality in the supply chain.</p> <p>(3) Automated manufacturing: Continuously</p>

	<p>adopt automated manufacturing technology to improve production efficiency and reduce energy consumption and greenhouse gas emissions.</p> <p>In addition to the above measures, the company also plans to establish climate management indicators and targets to evaluate and monitor the progress of the transformation. These indicators and goals may include but are not limited to: number of days of operational interruption due to climate disasters, proportion of sustainable suppliers, energy saving and carbon reduction ratio, green power usage ratio and internal carbon pricing.</p>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	The company does not currently use internal carbon pricing as a planning tool.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, it should be explained In exchange for the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs).	<p>The company attaches great importance to energy use and environmental impact issues. In order to fulfill our corporate responsibilities, we will gradually conduct an inventory of greenhouse gas emissions and further promote energy conservation and carbon reduction management plans based on the results.</p> <p>In order to cope with the impact of climate change and strengthen sustainability measures, the company will complete greenhouse gas inventory and related verification activities on time or in advance in accordance with the sustainable development roadmap plan of the Financial Supervisory Commission.</p>
9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans. (Also fill in 1-1 and 1-2).	Not applicable.

(VII) The performance of the ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation items	Operating status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?</p> <p>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess business activities on a regular basis within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?</p>	✓		<p>(I) The Company has clearly set out the principles and procedures of honest operation in its "Operating Procedures and Conduct Guidelines for Honest Business." The Board of Directors and management will regard honesty as the Company's operating philosophy.</p> <p>(II) The Company has formulated the "Operating Procedures and Conduct Guidelines for Honest Business" and specifically regulated the handling procedures for how relevant personnel of the Company prevent dishonest behaviors and violations.</p> <p>(III) The Company has clearly defined the operating procedures, guidelines for conduct, disciplinary and complaint systems for any violation against the "Operating Procedures and Conduct Guidelines for Honest Business" and encourages employees to report any violations of laws or ethical codes of conduct. the Company will timely advocate relevant personnel with high risk of dishonest conduct within the business scope to prevent the occurrence of dishonest conduct.</p>	No deviation

Evaluation items	Operating status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(IV) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(V) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	✓		<p>(I) Our company will assess the integrity records of cooperating vendors or customers and explicitly outline the relevant content and precautions for honest transactions in business contracts.</p> <p>(II) Our company designates the Management Department as the part-time unit for promoting corporate integrity management. This department is responsible for revising and implementing this operational procedure and code of conduct, and regularly reports to the Chairman.</p> <p>(III) Our company has established a conflict of interest prevention policy and provided appropriate reporting channels in the 'Integrity Management Operation Procedures and Code of Conduct,' and we ensure its implementation.</p> <p>(IV) Our company has established an effective accounting system and internal control system to ensure the implementation of honest business practices. Internal audit personnel regularly check compliance with these systems.</p> <p>(V) Our company periodically holds educational courses on honest business practices.</p>	No deviation
<p>III. Status of enforcing whistle-blowing systems in the Company</p> <p>(I) Has the Company established a concrete whistleblowing and</p>	✓		<p>(I) The Company has incorporated integrity management into its staff</p>	No deviation

Evaluation items	Operating status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
<p>rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused?</p> <p>(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?</p> <p>(III) Does the Company take any measures to protect whistleblowers so that they are safe from mishandling?</p>			<p>performance appraisal and human resources policies, and has established a clear and effective reward and punishment and complaint system. The reporting and accepting units are the Management Department and the Audit Room.</p> <p>(II) The Company has established standard operating procedures for the investigation of reported matters, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms in the "Operating Procedures and Conduct Guidelines for Honest Business."</p> <p>(III) The Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. the Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</p>	
<p>IV. Enhanced disclosure of corporate social responsibility information</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?</p>	✓		<p>The Company has provided relevant information on the ethical corporate management policies on the Company's website and annual report for investors' reference.</p>	No deviation
<p>V. Where the Company has stipulated its own ethical corporate management best practices according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe any differences between the prescribed best practices and the actual activities taken by the Company:</p> <p>The Company has formulated the "Operating Procedures and Conduct Guidelines for Honest Business" in accordance with the ethical corporate management principles There is no significant deviation in its operation and implementation, and the implementation state is normal.</p>				



Evaluation items	Operating status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies) (if the Company reviews and amends its code of good faith, etc.): In order to establish a good corporate culture, sound development and good business operation mode, the Board of Directors has decided to adopt the "Operating Procedures and Conduct Guidelines for Honest Business," specifying that the directors, managers, employees or anyone with substantial control ability of the Company shall not directly or indirectly offer, promise, demand or accept any improper benefits or do other dishonest behaviors that violate good faith, illegal or fiduciary obligations in the process of engaging in business activities in order to obtain or maintain benefits.				

(VIII) If the Company has formulated any corporate governance best practice principles or related bylaws, the inquiry method shall be disclosed:

The Company has formulated relevant regulations such as "Rules of Procedure for Shareholders' Meetings," "Procedures for Selecting Directors," "Rules on the Scope of Duties of Independent Directors," "Code of Ethical Conduct for Directors and Managers," and "Operating Procedures and Conduct Guidelines for Honest Business," as well as other relevant regulations. The Company operates in accordance with the spirit of corporate governance and implements relevant norms of corporate governance. the Company has also promoted the operation of corporate governance by revising relevant management measures, enhancing information transparency and strengthening the functions of the Board of Directors. Relevant regulations have been posted on the Company's website for shareholders' reference.

(IX) Other important information regarding corporate governance

1. The Company has a "Code of Ethical Conduct for Directors and Managers" to guide the conduct of directors and managers of the Company to conform to ethical standards and to enable the Company's stakeholders to better understand the Company's ethical standards. In addition, the Company also has the "Rules of Procedure of the Board of Directors" which stipulate the recusals of directors to protect the interests of the Company and the investing public.
2. In order to encourage shareholders to participate in the shareholders' meeting, the Company not only accepts shareholders' proposals in the shareholders' meeting every year according to laws and regulations, but also announces that shareholders can exercise voting rights in writing. Please refer to the MOPS for the methods of exercise and implementation.

(X) Implementation of the internal control system  
1. Statement of Internal Control System

**Lemtech Holdings Co., Limited**  
Statement of Internal Control System

Date: Mar. 4, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

- I. The Company acknowledges that the establishment, implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the "Regulations" divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the "Regulations."
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the findings of such evaluation, the Company believes that, as of Dec. 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

This statement has been approved by the Board of Directors of the Company on Mar. 4, 2024. Among the nine directors present, none of them has any objection. The rest agree with the contents of this statement and make this statement.

Lemtech Holdings Co., Limited

Chairman: Hsu, Chi-Feng

General Manager: Eu, Ricky

2. Entrust the accountant project to review the internal control system: None.

(XXI) Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, principal deficiencies, and improvement status during the most recent fiscal year up to the date of publication of the Annual Report: None.

(XII) Major resolutions of shareholders' meeting and Board meetings during the most recent fiscal year up to the date of publication of the Annual Report:

1. Important resolutions and implementation of the 2023 Annual Shareholders' Meeting

Date	Important resolutions	Implementation status
2023.6.27 Annual shareholders' meeting	Approval of 2022 Business Report and Consolidated Financial Statements	Adopted through resolution.
	Approval of the earnings distribution for 2022	Adopted through resolution.
	Adoption of amendment to Articles of Association of the Company	Adopted through resolution, and complete the Cayman registration filing.
	Approval of amendment to Regulations Governing the Acquisition and Disposal of Assets	Adopted through resolution, and implemented in accordance with the resolution of the shareholders' meeting. °

2. Important resolutions of the Board of Directors for 2023 and up to the date of publication of the Annual Report

Date	Important resolutions
2023.03.29	<ol style="list-style-type: none"> <li>2022 Annual Business Report and Consolidated Financial Statements</li> <li>2022 Employee and Director Remuneration Distribution Proposal</li> <li>2022 Earnings Distribution Proposal</li> <li>2022Q4 Distribution of cash dividends to shareholders</li> <li>2022 "Internal Control System Statement"</li> <li>Amendment to Internal Control Regulations</li> <li>2023 General Meeting of Shareholders Convening Agenda and Matters Related to Shareholder Proposals</li> <li>Plan to set up a factory in Mexico</li> <li>Plan to change accountants starting from the first quarter of 2023</li> <li>Case of the company providing guarantee</li> </ol>
2023.05.12	<ol style="list-style-type: none"> <li>2023Q1 Consolidated Financial Statements</li> <li>Guarantee Provision Proposal</li> <li>Formulate a general principle plan for the company's pre-approval of non-certified service policies</li> <li>Appointment of the company's corporate governance Supervisor</li> <li>Compliance of the company with the laws of the Republic of China on the appointment and appointment contract of the lead underwriter</li> </ol>
2023.06.19	<ol style="list-style-type: none"> <li>Issuance of the fifth unsecured conversion corporate bonds within the territory of the Republic of China</li> <li>Compliance of the company with the laws of the Republic of China on the appointment and appointment contract of the lead underwriter</li> <li>Case of lending the company's funds to the subsidiary Lemtech Global Solution Co., Ltd.</li> </ol>
2023.08.25	<ol style="list-style-type: none"> <li>2023Q2 Consolidated Financial Statements</li> <li>2023Q2 Earnings Distribution Proposal</li> <li>Guarantee Provision Proposal</li> </ol>
2023.09.06	<ol style="list-style-type: none"> <li>Remove Chan, Kim Seng Maurice's positions of vice chairman, retirement</li> </ol>

Date	Important resolutions
	business director and various subsidiaries of the company
2023.11.13	<ol style="list-style-type: none"> <li>1. 2023Q3 Consolidated Financial Statements</li> <li>2. 2023Q3 Earnings Distribution Proposal</li> <li>3. Plan to change the address of the company's group operations headquarters, the address of the litigation and non-litigation agent and the address of the branch office</li> </ol>
2023.12.20	<ol style="list-style-type: none"> <li>1. 2024 Budget Proposal</li> <li>2. 2024 Annual internal audit plan</li> <li>3. Change of the company's certification accountant and evaluates its independence</li> <li>4. Case of Corporate Governance Manager Appointment</li> <li>5. Amendment to the company's internal control system</li> <li>6. Review the 2023 year-end bonus for the company's managers</li> <li>7. Guarantee Provision Proposal</li> </ol>
2024.03.04	<ol style="list-style-type: none"> <li>1. 2023 Annual Business Report and Consolidated Financial Statements</li> <li>2. 2023 Employee and Director Remuneration Distribution Proposal</li> <li>3. 2023 Earnings Distribution Proposal</li> <li>4. 2023 Q4 Distribution of cash dividends to shareholders</li> <li>5. 2023 Internal Control System Statement</li> <li>6. Amendment to the company's internal control system</li> <li>7. Proposal of director re-election</li> <li>8. Proposal of release the prohibition on directors from participation in competitive business</li> <li>9. Agenda for the 2024 regular shareholders' meeting, shareholders' proposals and matters related to the nomination rights of directors (including independent directors)</li> </ol>

(XIII) Any dissenting opinions on record or stated in a written statement made by directors or supervisors regarding key resolutions of the Board meetings in the most recent year up to the publication date of this annual report: None

- (XIV) During the most recent year and up to the publication date of the annual report, the resignation and dismissal of the Company's personnel including Chairman, General Manager, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, Company Management Supervisor and R&D Supervisor:

Summary table of resignation and dismissal of relevant persons in the company

2024.April.30

Title	Name	Date of arrival	Date of Dismissal	Reason for resignation or dismissal
Vice Chairman and Business Director	Chan, Kim Seng Maurice	2003.10	2023.08.25	Lay off
Corporate Governance Supervisor	Lin, Yen-Chiu	2023.05	2023.11.27	Job transfer

Note: The so-called company-related persons refer to the chairman of the board, general manager, accounting supervisor, financial supervisor, internal audit supervisor and corporate governance supervisor, etc.

## V. Information on CPA Fees

### 1. Range of CPA Fees

Unit: NT\$1,000

CPA firm	Name of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Xue, Jun-Min Chih, Jui-Chuan	2023/01/01-2023/03/31	5,000	0	5000	-
		2023/04/01-2023/06/30				
		2023/07/01-2022/09/30				
		2023/10/01-2023/12/31				

2. Where the Company changed the accounting firm and the audit fees paid for the year of change was less than that of the prior year, the amount of audit fees before and after the change and reasons shall be disclosed: None.

3. Where the audit fees paid for the current year were 10% less than those of the previous year or more, the sum, proportion, and cause of the reduction shall be disclosed: None.

## VI. Information Regarding Replacement of CPAs:

### I. Information regarding the former CPAs

Date of replacement	2023/03/29		
Reason for replacement and explanation	Due to the internal adjustment of Deloitte & Touche Accounting Firm, accountants Lee, Li-Huang and Chih, Jui-Chua will be replaced by accountants Hsueh, Chun-Ming and Chih, Jui-Chua from the first quarter of 2023.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties		CPAs
	Circumstances		The Company
	Terminated the engagement	NA	NA
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	No longer accepted (discontinued) the engagement	NA	NA
	NA		
Disagreement with the Company?	Yes	-	Accounting principles or practice
		-	Disclosure of financial reports
		-	Audit scope or steps

		-	Other
	No	✓	
	Specify detail		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

## II. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche
Names of CPAs	Hsueh, Chun-Ming
Date of engagement	Approved by the board of directors of our company on March 29, 2023.
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPA	None

III. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Due to internal work adjustments within the accounting firm, they are not applicable.

VII. The Company's Chairman, General Manager, or Any Manager in Charge of Finance or Accounting Operations who Has, in the Most Recent Year, Held a Position at the Accounting Firm of Its CPA or at a Related Company: None.

VIII. Equity Transfer or Changes to Equity Pledge of Directors or Managers Holding More than Ten Percent (10%) of Company Shares during the Year Prior to the Publication Date of This Report

(I) Change in shareholding by directors, managers, and major shareholders

Title	Name	2023		As of Apr. 20, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Hsu, Chi-Feng	0	0	0	0
Director and CTO	Ye, Hang	0	0	0	0
Vice Chairman	Chan Kim Seng Maurice	(248,000)	0	(396,000)	0
Director	Tan, Yong	0	0	(10,000)	0
Independent Director	Yang, Rui-Long	0	0	0	0
Independent Director	Yu, Chi-Min	0	0	0	0
Independent Director	Lee, Wei-Ming	0	0	0	0
Independent Director	Wang, Chi-Chuan	0	0	0	0
Independent Director	Cheng, Frank	0	0	0	0
General Manager	Eu, Ricky	0	0	0	0
Marketing Director	Murali Nair	0	0	0	0
Financial and Accounting Supervisor	Chien, Yi-Ling	0	0	0	0

(II) Information on the counterpart of equity transfer being a related party of the Company's directors, managers and major shareholders: None.

(III) Information on the counterpart of equity pledge being a related party of the Company's directors, managers and major shareholders: None.



IX. Relationship Information, if among the Company's Ten Largest Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another

Apr. 20, 2024 Unit: Share, %

Name	Current shareholding		Spouse & minor shareholding		Total shareholding by nominees		Among ten largest shareholders, name and relationship with any one who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Hsu, Chi-Feng	8,293,981	13.34%	0	0	98,879	0.16%	None	None	
Ye, Hang	5,647,238	9.08%	0	0	0	0	None	None	
Chan Kim Seng Maurice	5,130,618	8.25%	0	0	0	0	None	None	
Liao, Mu	2,154,000	3.46%	0	0	0	0	None	None	
Tan, Yong	2,094,016	3.37%	0	0	0	0	None	None	
HSBC in the custody of Morgan Stanley & Co. International Plc	1,434,547	2.31%	0	0	0	0	None	None	
Liao, Wen-Yen	1,115,072	1.79%	0	0	0	0	None	None	
Liao, Wen-Yi	1,064,608	1.71%	0	0	0	0	None	None	
Su, Li-Ru	829,812	1.33%	0	0	0	0	None	None	
Tsai, Wen-Lung	655,303	1.05%	0	0	0	0	None	None	

**X. Number of Shares Held and Combined Shareholding Ratio in the Same Reinvested Business by the Company, the Company's Directors, Managers, and Companies Directly or Indirectly Controlled by the Company**

Dec. 31, 2023 Unit: Share; %

Reinvested company	Investment by the Company		Investment by directors/supervisors/managers and by companies directly or indirectly controlled by the Company		Total investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Lemtech Global Solution Co. Ltd.	2,500,000	100	0	0	2,500,000	100
LemTech Precision Material (China) Co., Ltd.	126,000	0.19	65,874,000	99.81	66,000,000	100
LDC Precision Engineering Co., Ltd.	0	0	(Note1)	100	(Note1)	100
Lemtech Technology Limited	0	0	(Note1)	100	(Note1)	100
Lemtech Precision Material (Czech) s.r.o.	0	0	(Note1)	100	(Note1)	100
Lemtech USA Inc.	0	0	(Note1)	100	(Note1)	100
Aapico Lemtech (Thailand) Co., Ltd.	0	0	160,000 (Note2)	40	160,000 (Note2)	40
Lemtech Industrial Services Ltd	1,425,000	57	0	0	1,425,000	57
Kunshan Lemtech Slide Technology Co., Ltd.	0	0	(Note1)	100	(Note1)	100
Lemtech International Limited	7,000,000	100	0	0	7,000,000	100
Lemtech Energy Solutions Corporation (Former name: Cryomax Lemtech Co., Ltd.)	0	0	3,000,000	100	3,000,000	100
Kunshan Lemtech Electronics Technology Co.,Ltd.	0	0	(Note1)	100	(Note1)	100
Zhenjiang Emtron Surface Treatment Limited	(Note1)	100	0	0	(Note1)	100
Lemtech Electronics Technology (Changshu) Co., Ltd.	0	0	(Note1)	100	(Note1)	100
LemTech Global Industries Ltd.	3,000,000	100	0	0	3,000,000	100
Lemtech-Eahwa Precision Technonlogy Co., Ltd.	1,050,000	42	0	0	1,050,000	42
Keycore Technology Corporation	0	0	2,900,000 (Note2)	28.42	2,900,000 (Note2)	28.42
Lemtech Precision Engineering (Tianjin) Co.,Ltd	0	0	(Note1)	100	(Note1)	100
Lemtech Mexico S.A. de C.V.	0	0	11,050	100	11,050	100

Note 1: As the Company is a limited liability company, there is no stock and nominal amount.

Note 2: Long-term investments made by the Company using the equity method.

## Chapter 4 Capital Overview

### I. Capital and Shares

#### (I) Sources of capital

##### 1. Share capital formation:

Unit: Thousand shares; NT\$1,000

Year/month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Capital increase by assets other than cash	Others
2009.09	10	30,000	300,000	10	100	Capital stock at founding	None	-
2009.11	10	30,000	300,000	25,000	250,000	Conversion of capital 24,990 thousand shares	None	NT\$249,900 thousand are shares swapped with shareholders of Mauritius Super Solution Co., Ltd.
2011.04	36	30,000	300,000	27,800	278,000	Cash capital increase	None	FSC No. 1000009515, Mar. 17, 2011
2012.11	43	45,000	450,000	32,800	328,000	Cash capital increase	None	FSC No. 1010039209, Sep. 12, 2012
2013.07	10	100,000	1,000,000	32,800	328,000	None	None	Adjusted authorized capital
2015.07	56.7	100,000	1,000,000	39,828	398,281	Conversion of corporate bonds 7,028 thousand shares	None	FSC No. 1020054882, Jan. 17, 2014
2015.11	10	100,000	1,000,000	39,541	395,411	Buyback of treasury stock	None	TWSE-II- No. 1040023685, Nov. 20, 2015
2019.03	220	100,000	1,000,000	39,563	395,638	Conversion of corporate bonds 23 thousand shares	None	FSC No. 1070324423, Jul. 13, 2018
2019.09	10	100,000	1,000,000	47,472	474,720	Recapitalization of retained earnings	None	-
2020.05	10	100,000	1,000,000	46,967	469,670	Buyback of treasury stock	None	FSC No. 1090341924, May 7, 2020
2021.04	94.8	100,000	1,000,000	54,377	543,770	Conversion of corporate bonds 7,410 thousand shares	None	FSC No. 1090342822, May 13, 2020
2021.09	10	100,000	1,000,000	62,521	625,208	Recapitalization of retained earnings	None	-
2022.07	10	100,000	1,000,000	62,193	621,928	Buyback of treasury stock	None	FSC No. 1110349847, July 22, 2022

## 2. Type of shares:

April 20, 2024 Unit: Share

Type of shares	Authorized capital			Remarks
	Issued shares	Unissued shares	Total	
Common shares	62,192,775	37,807,225	100,000,000	Listed company shares

Note: The above shares are all listed company shares, counted to book closure date on Apr. 20, 2024.

## (II) Shareholder structure

April 20, 2024

Shareholder structure	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions and foreign natural persons	Mainland investment institutions and natural persons	Domestic natural persons	Treasury stock	Total
Volume								
Number of shareholders	0	2	83	57	4	6,276	0	6,422
Shareholding (shares)	0	30,000	2,362,837	10,004,034	8,618,574	41,177,330	0	62,192,775
Shareholding percentage	0.00%	0.05%	3.80%	16.09%	13.85%	66.21%	0.00%	100.00%

Note: An initial TWSE/TPEx-listed company or an emerging stock company shall disclose the shareholding percentage of the company's shares held by companies in Mainland China; companies in Mainland China refers to companies invested by people, juridical persons, organizations, and other institutions in Mainland China or investments made in third regions by Mainlanders as stipulated in Article 3 of the Rules Governing Permits for People from Mainland China Investing in Taiwan.

(III) Shareholding distribution (par value of NT\$10 per share)

1. Common share distribution:

April. 20, 2024 Unit: Share; %

Shareholding range	Number of shareholders	Shareholding (shares)	Shareholding percentage
1 to 999	3,344	152,526	0.25%
1,000 to 5,000	2,257	4,353,990	7.00%
5,001 to 10,000	344	2,617,851	4.21%
10,001 to 15,000	118	1,526,379	2.45%
15,001 to 20,000	74	1,299,090	2.09%
20,001 to 30,000	84	2,069,345	3.33%
30,001 to 40,000	40	1,432,378	2.30%
40,001 to 50,000	34	1,539,390	2.48%
50,001 to 100,000	51	3,704,213	5.96%
100,001 to 200,000	38	5,463,444	8.78%
200,001 to 400,000	20	6,109,450	9.82%
400,001 to 600,000	8	3,505,524	5.64%
600,001 to 800,000	1	655,303	1.05%
800,001 to 1,000,000	1	829,812	1.33%
1,000,001 or more	8	26,934,080	43.31%
Total	6,422	62,192,775	100.00%

2. Preferred share distribution: Not applicable.

## (IV) List of major shareholders

April 20, 2024 Unit: Share; %

Shareholder's name	Shareholding (shares)	Percentage (%)
Hsu, Chi-Feng	8,293,981	13.34%
Ye, Hang	5,647,238	9.08%
Chan Kim Seng Maurice	5,130,618	8.25%
Liao, Mu	2,154,000	3.46%
Tan, Yong	2,094,016	3.37%
HSBC in the custody of Morgan Stanley & Co. International Plc	1,434,547	2.31%
Liao, Wen-Yen	1,115,072	1.79%
Liao, Wen-Yi	1,064,608	1.71%
Su, Li-Ru	829,812	1.33%
Tsai, Wen-Lung	655,303	1.05%

## (V) Market price per share for the past two years, with net worth per share, earnings per share, dividends per share, and related information

Unit: NT\$; Thousand shares

Item		Year	2022	2023	As of Mar. 31, 2024
Market price per share(Note 1)	Highest		184.5	96.5	131.5
	Lowest		62.8	67.3	78.8
	Average		112.85	79.45	99.67
Net worth per share	Before distribution		52.84	54.91	57.27
	After distribution		52.34	54.14	57.02
Earnings per share	Weighted average shares		62,335	62,193	62,193
	Earnings per share	Before retrospective application	6.27	4.18	0.85
		After retrospective application	6.27	4.18	0.85
Dividends per share	Cash dividends		2.505	1.665	0.255
	Share dividends	Dividends from retained earnings	-	-	-
		Dividends from capital surplus	-	-	-
	Cumulative unpaid dividends		-	-	-
Return on investment	Price/earnings ratio (Note 5)		18.00	19.01	-
	Price/dividend ratio (Note 6)		45.05	47.86	-
	Cash dividend yield (Note 7)		2.22%	2.09%	-

\*If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution should be disclosed.

Note 1: The annual highest and lowest market value of common share shall be listed. The annual average market value is calculated based on each year's transaction value and volume.

Note 2: The number of shares issued at the end of the year shall be used as the reference. Please fill in the table according to the distribution amount as resolved by the shareholders' meeting held in the following year.

Note 3: Where retroactive adjustment is necessary due to issuance of share dividends, earnings per share before and after the adjustment shall be listed.

Note 4: If the terms of equity securities issuance allow unpaid dividends of the year to be accumulated to the subsequent years in which there is profit, the Company shall disclose the accumulated unpaid dividends respectively up to that year.

Note 5: Price/earnings ratio = Average closing price for each share in the year / Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share in the year / Cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share / Current year average closing price per share.

Note 8: The per-share net value and earnings per share should be the values of the quarter nearest to the printing date of the annual report to be audited by accountant; the remaining column should be filled in with the annual data up to the printing date of the annual report.

## (VI) Dividend policy and implementation

### 1. Dividend policy:

(1) If the Company is profitable this year, the employee remuneration and director remuneration shall be allocated in the following proportion. The allocation plan of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, the Company shall reserve a portion for the accumulated losses, if any, in advance.

(a) The employee remuneration shall be no less than 0.5% and may be paid either in cash or stocks. The targets include the subsidiary companies' employees matching certain conditions, which are determined or revised by the Board meeting.

(b) The director remuneration is up to 2%.

(2) The Company shall allocate earnings or cover losses at the end of each quarter in accordance with the listing regulations. The Company's proposal of allocating earnings or covering losses for the first three quarters shall be reviewed, together with the business report and financial statement, by the independent directors of the Audit Committee, and then reported to the Board meeting for approval.

When allocating earnings in accordance with the provisions of the preceding paragraph, the Company shall first estimate and reserve tax payable and cover losses according to law.

When the Company allocates earnings in accordance with the provisions of the first paragraph, all or part of dividends may be allocated by issuing new shares upon special resolution of the shareholders' meeting according to the listing regulations. Issuing cash shall be subject to the resolution of the Board meeting.

Earnings allocation or losses compensation by the Company in accordance with the provisions of the preceding three paragraphs shall be made based on the financial statements audited or reviewed by a certified public accountant.

(3) If there is any surplus upon the final accounting, the Company shall first pay the tax, cover the previous losses, and withdraw special reserve, if any. If there is still a

remaining surplus, except those reserved by the Board meeting as the undistributed surplus, the remaining amount may be distributed as shareholder dividends and bonuses according to the shareholders' shareholding ratio. The Board of Directors shall then draw up an allocation plan and submit it to shareholders' meeting for resolution.

The Company's dividend policy considers the Company's stable growth, sustainable operation, capital needs, sound financial structure and maintenance of shareholders' rights. The total shareholders' bonus shall not be less than 10% of the distributable surplus. The shareholders' dividend bonus shall be allocated in cash or stock, where the cash dividends shall be no less than 50% of the total shareholders' bonus. If the Company is free of losses, it can, considering its financial, business and operating factors, allocate all or part of the statutory surplus reserve and capital reserve according to laws or competent authority's regulations.

- (4) When allocating dividends or bonuses in accordance with the preceding paragraph, the Company shall, in accordance with the listing regulations, allocate all or part of the dividends or bonuses by issuing new shares upon the special resolution of the shareholders' meeting. Amount less than one share shall be allocated in cash.

When allocating dividends or bonuses in accordance with the preceding paragraph, the Company shall allocate all or part of the distributable dividends or bonuses by issuing cash upon resolution consented by a majority of present directors, who shall be over 2/3 of all directors from the Board of Directors, and report to the shareholders' meeting.

## 2. Implementation:

- (a) The Company's proposal to distribute cash dividends of NT\$0.064 per share, NT\$3,980,338 in total, for the second quarter of 2023 was approved by the Board meeting on August 25, 2023, with the ex-dividend date set on October 07, 2023. Such cash dividends have been paid to shareholders in November 2023.
- (b) The Company's proposal to distribute cash dividends of NT\$0.828 per share, NT\$51,495,618 in total, for the third quarter of 2023 was approved by the Board meeting on November 13, 2023, with the ex-dividend date set on January 1 2024. Such cash dividends have been paid to shareholders in January 2024.
- (c) The Company's proposal to distribute cash dividends of NT\$0.773 per share, NT\$48,075,015 in total, for the fourth quarter of 2023 was approved by the Board meeting on March 4, 2024, with the ex-dividend date set on April 7, 2024. Such cash dividends have been paid to shareholders in April 2024.

- (VII) Impact on the Company's business performance and earnings per share (EPS) of share dividends proposed by this shareholder's meeting

The Company did not earnings per share (EPS) of share dividends proposed, therefore it is not applicable.

## (VIII) Remuneration for employees and directors

1. Percentage or range of remuneration for employees and directors as stipulated in the Company's Articles of Association:

If the Company is profitable this year, the employee remuneration and director remuneration shall be allocated in the following proportion, and the allocation plan of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, the Company shall reserve a portion for the accumulated losses, if any, in advance.

- (a) The employee remuneration shall be no less than 0.5% and may be paid either in cash or stocks. The targets include the subsidiary companies' employees matching certain conditions, which are determined or revised by the Board meeting.



- (b) The director remuneration is up to 2%.
2. Basis for estimating the amount of remuneration to be allocated to employees and directors, basis for calculating the number of shares to be distributed as employee remuneration and accounting treatment for discrepancies between the actual and estimated amount of remuneration to be distributed for this period:  
The Company's employee remuneration in 2023 is estimated based on the amount of pre-tax net profit for the current year with employee remuneration and director's remuneration not deducted in proportion. If there is any change until the date of resolution made by the shareholders' meeting, the estimated amount will be subject to change in accounting estimates, and adjusted and credited in the year of resolution made by the shareholders' meeting.
3. Remuneration approved by the Board of Directors:
- (1) If the employee's remuneration and director's remuneration distributed in cash or stock differs from the annual estimated amount of the recognized expenses, the difference, reasons and treatment shall be disclosed:  
Upon resolution of the Board meeting, the Company proposed that both the employee remuneration and director remuneration are allocated at the rate of 1% in 2023. The amount of employee remuneration and director remuneration is NT\$2,069,684, respectively, which will be issued in cash.
- (2) The ratio of employee remuneration distributed in share to the sum of net income after tax specified in the parent company only or individual financial statements and total remuneration paid to employees: Not applicable, as there is no employee remuneration distributed in share.
4. If there is any discrepancy between the actual amount of remuneration distributed to employees and directors (including number and amount of shares distributed, as well as share price) and the recognized amount of remuneration to employees and directors in the previous year, the amount, reasons and treatment of such discrepancies shall be stated:  
The Company's annual shareholders' meeting on June 27, 2023 passed the resolution of NT\$4,007,211 of employee remuneration and NT\$4,007,211 of director remuneration, which was proposed by the Board meeting on March 29, 2023 and has no difference with the amount actually allocated approved by the shareholders' meeting.

(IX) Share repurchases

1. Share repurchases (completed): As of the date of publication of the annual report, there is no such situation.
2. Share repurchases (in progress): As of the date of publication of the annual report, there is no such situation.

## II. Corporate Bonds

(I) Corporate bonds: In order to repay the bank loan and purchase a factory and office building in Taiwan, the company issued the fourth domestic unsecured convertible corporate bond on October 26, 2021, with a total issuance of NT\$1.6 billion. The relevant matters are as follows:

Type of Corporate Bonds		Fourth domestic unsecured convertible corporate bonds
Release Date		October 26 <sup>th</sup> , 2021
Denomination		NTD\$100,000
Place of Issuance and Transaction		Taipei Exchange
Issue Price		NTD\$100.50
Total		NTD\$1,600,000,000
Interest Rate		0%
Period		Three years ; Matures on : October 26 <sup>th</sup> , 2024
Guarantee Organization		N/A
Trustee		Cathay United Bank Co. Ltd.
Underwriting institution		Fubon Securities Co. Ltd.
Certified Lawyer		Jheding International Law Offices Alston Chen
Certified Public Accountant		Deloitte & Touche Lee, Li-Huang 、 Chih, Jui-Chuan
Reimbursement Method		Except for the redemption by the company, the sale by the bondholder, the execution of the conversion, or the redemption and cancellation by the business premises of a securities firm, the company will repay this bond in cash based on the bond denomination upon maturity.
Outstanding Amount		NTD\$1,600,000,000
Redemption and Advanced Redemption Provisions		Please refer to Issuance of the fourth domestic unsecured convertible corporate bonds regulation
Restrictive Provisions		None
Name of Credit Rating Agency, Rating Date, and Corporate Bond Rating Results		N/A
Other rights attached	Amount of Converted(Exchanged or Subscribed Ordinary shares, Overseas Depository Receipts or Other Negotiable Securities)	By April 30 <sup>th</sup> , 2024 , there is no converted ordinary share.
	Issuance and Conversion (Exchange or Subscription) Method	Please refer to MOPS-Investment area- creditability area
Issuance and conversion, exchange or subscription methods and issuance conditions may have dilution of equity and impact on existing shareholders' equity		The rate of the converted corporate bonds issued this time is 0%, low-cost funds can be obtained, and the conversion price is issued at a premium to the reference market price of ordinary shares, so there should be no negative impact on shareholders' equity.
Name of the Custodian Institution for Underlying Exchange		None

(II) Information on convertible corporate bonds

Type of corporate bond		Fourth Unsecured Convertible Corporate Bonds within the R.O.C.	
Year		2023	As of April 30, 2024
Item	Market price of the convertible corporate bond		
	Highest	100.30	107.00
	Lowest	96.60	99.80
	Average	98.71	104.55
Conversion price		155.8	153.3
Issuance(placement) date and conversion price on the date of issuance		Date: October 26, 2021 Conversion price: NT\$162.30	
Methods of fulfilling conversion obligations		Issuance of new shares	Issuance of new shares

III. Preferred Shares: None.

IV. Overseas Depository Receipt: None.

V. Status of Employee Stock Option: None.

VI. New Restricted Employee Shares: None.

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

VIII. Implementation of Capital Utilization Plan

1. As of the previous quarter of the publication of the annual report, plans that are not yet completed in the previous issuances or private offerings of marketable securities, or the plans that have been completed in the most recent three years with no obvious benefits: None.
2. Implementation: As of the previous quarter of the publication of the annual report, the Company's capital utilization plans for the previous public issuance of marketable securities have been completed.

## Chapter 5 Operational Highlights

### I. Business Activities

#### (I) Scope of business

1. Main content: The Company mainly engages in research and development, production and sales of precision metal stamping components, including various electronic product thermal modules, electronic product components, automotive components and building material components made by stamping and forming, as well as stamping die support for automotive and electronic product manufacturers. The Company's products are either standardized or non-standardized parts and components that are tailored to different customers.

2. Percentage of business

The Company's main product items, sales performance and percentage, as well as its percentage of business in 2023 are as follows:

Unit: NT\$1,000

Item	2023	
	Net revenue	Percentage of business
3C electronics segment	1,568,148	33.62%
Sports equipment	467,417	10.02%
Vehicle parts segment	2,431,903	52.14%
Building material segment	41,851	0.90%
Toolings and others	154,905	3.32%
Total	4,664,224	100.00%

3. The Company's current product items and new products planned

- (1) The Company's current product items

Category	Application
3C electronics segment	Computers, radiators related stamping parts, servo slides, cloud computing and intelligence equipment
	Mobile phone internals, vapor chamber
	Metal stamping parts for medical equipment
Vehicle parts segment	Airbags, seat belt buckles, engines, steering systems, skylights, door hinges, seat brackets and other metal parts
Connected Fitness	Digital fitness training equipment assemblies
Tooling and others	Tooling manufacture, semi-conductor equipment manufacture, building material fixed metal tools

- (2) New products planned

The Company is a comprehensive supplier of multiple fields including stamping parts and components. To protect the Company from the impact of change in a single industry prospect, the Company has gradually changed from the original single product production mode to industry development with research and development of die technology-focused and products developing towards diversified fields. The Company now keeps developing different application products based on the existing four segments, such as cloud storage server cooling module, electric vehicle cooling plate, electric vehicle battery shell,

semiconductor equipment, smart equipment and other related metal stamping products.

## (II) Industry overview

### 1. Industry status and development

The Company is a professional design manufacturer of thermal modules, with production and sales of various thermal module design products as its main business, which are widely used for cloud storage, 3C electronic stamping components, including notebook and desktop PC thermal fins, thermal components, mobile phone shields, computer server brackets, auto stamping parts, like door hinges, power steering wheels, skylights, airbags and seat belts, as well as digital fitness training equipment. One of the Company's important core technologies is the development and production of dies, which are mainly used for metal stamping process. The Company is mainly committed to the development and manufacture of continuous dies. An example of the metal stamping industry and the thermal industry is given below for a detailed description:

#### (1) Metal stamping industry

Stamping is a forming method in which plates, strips, pipes and profiles are applied with external force by stamping equipment and dies to cause plastic deformation or separation, so as to obtain workpieces (stamped parts) with desired shape and size. As defined by the metal center: Stamping die is a processing tool for forming thin sheet metal through the stamping process. The shape of the sheet metal depends on that of the upper and lower dies (in general, the upper die is movable while the lower is not). Simple shape can be made by a pair of dies, but complex shape needs to be completed by more than a pair of dies.

Through stamping, both extremely small-sized instrument parts and large parts such as automobile frames and pressure vessel heads can be manufactured, and both parts with general dimensional tolerance levels and shapes and parts with precision (micron-level tolerance) and complex shapes can be produced. Therefore, metal stamping is very important in the manufacture of automobiles, machinery, household appliances, motors, instruments, aerospace, weapons, etc. The characteristics of precision stamping products are as follows: consistent product quality, i.e. same model of products shall be highly consistent in quality and replaceable with each other; assembly adaptability, i.e. all parts must be perfect in matching with other parts in assembly, especially the precision components of high-precision electromechanical equipment, which requires a very strict dimensional error; production efficiency, i.e. compared with other metal forming processes such as casting and forging, the stamping process has clear advantages in production efficiency.

China has become the world manufacturing center, and achieved rapid development in automotive, communications, electronics, household appliances and other industries in the last 10 years, increasing the demands for metal stamping components. Many multinational companies have repositioned complete machine manufacturing to China, accompanied by supporting factories, with the purchase of domestic accessories increasing rapidly year by year, driving the rapid development of related industries in China. In this context, the metal stamping industry, one of the basic manufacturing industries, has also achieved rapid development. With the popularity of new energy vehicles, the demand for stamping parts has increased. Since new energy vehicles are significantly different from traditional fuel vehicles in structure and design, there is a higher demand for specific types of stamping parts. Components such as battery packs, motor casings and chassis of new energy vehicles all need to be manufactured through the stamping process. Therefore, as the new energy vehicle market continues to expand, the demand for stamping parts continues to grow.

#### (2) Thermal industry

As the functions of high-tech products are increasingly stronger, the electrical power

required is higher, and more heat is generated therefrom. Therefore, it is increasingly important to dissipate heat to keep the system running stably. In recent years, the thermal issue has become an increasingly important technical topic in the design and manufacturing of various 3C products, such as computers (desktops, notebooks, servers), DVD recorders/players, plasma display panels (PDP), LED modules, etc. Due to the large potential in thermal market, an independent "thermal management industry" has been developed. What's more, due to the continuous enhancement of the central processing unit (CPU) and graphics chipset in computing clock rate lead to more heat generated, the thermal solution has become an important part of the personal computer (PC) industry. The current thermal module is composed of thermal fins, heat pipes, fans and other components, which are properly designed. The main design concept is transferring heat generated by CPU, through metal material with high thermal conductivity, such as close contact of copper or aluminum and CPU surface, via heat pipes to the endmost thermal fins, and cooling it with a fan to form convection, thereby keeping CPU running at a certain working temperature, without causing the crash from overheating.

Thermal management products are collectively known as thermal modules, which are now widely used in desktop (DT), notebook (NB), server and other PC product lines, which are considered as the most mature application fields. Therefore, the growth of thermal industry is closely related to the prosperity of the global information and computer industry. With the advances in technology and improvement of product development technology, the demands of many electronic products or equipment for heat dissipation are gradually emerging, such as communication equipment and emerging light-emitting diode (LED) products that are used in the lighting field. In addition, the automobile industry also shows huge demand. The current automobile industry is developing in the direction of smart cars; autonomous driving, electric drive and electronic control, battery management systems, etc. are becoming increasingly intelligent and need a lot of calculations, which in turn generates a lot of heat, so that heat dissipation such as water cooling and liquid cooling are required.

## 2. Relevance of industry up-, mid-, and down-streams

Upstreams	Midstreams	Downstreams
<ul style="list-style-type: none"> <li>Raw Material Supplier</li> </ul> <hr/> <p>Metal Raw Material</p>	<ul style="list-style-type: none"> <li>Stamping Products Supplier</li> </ul> <hr/> <p>1. Electronic product components 2. Motor components 3. Building components</p>	<ul style="list-style-type: none"> <li>Server industry</li> <li>LED industry</li> <li>PC industry</li> <li>Smart phone industry</li> <li>Motor Industry</li> <li>Building material industry</li> </ul>

The relevance of industry up-, mid-, and down-streams that the Company belongs to is shown above. The Company is a professional metal stamping and die manufacturer, with the main raw materials of aluminum, iron, and copper. Its upstream involves manufacturers, agencies, processors or distributors of metal raw material, and the mid-stream involves stamping product manufacturers and component manufacturers in various industries. The Company is a stamping component manufacturer, delivering the manufactured products to various component manufacturers for assembly and then selling to down-stream OEMs or manufacturers. The products of the Company have been applied in a wide range of industries, covering 3C electronic stamping components, including notebook and desktop thermal fins, thermal components, mobile phone shields and computer server brackets, auto stamping parts, including door hinges, power steering wheels, skylights, airbags and seat

belts, as well as building material stamping parts, including support fitting for house skylights and exterior wall plaques.

### 3. Various product trends

The Company is a professional metal stamping and die manufacturing, with products mainly used in thermal modules such as NB, mobile phones, servers and automobiles. The analysis of the product trends in the future is as follows:

#### (1) 3C electronics industry

##### A. Information industry

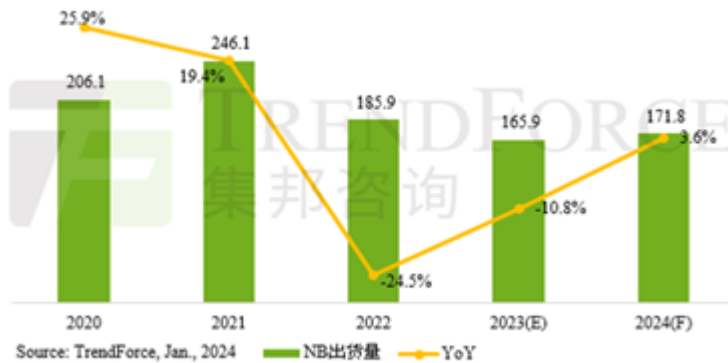
According to TrendForce Consulting, the world is affected by high inflation, and the laptop market demand is weak in 2023. Full-year shipments were only 166 million units, a year-on-year decrease of 10.8%, but the decline was less severe than in 2022.

In the first half of 2024, with the gradual destocking of major laptop manufacturers and favorable conditions for slowing inflation, the forecast index for a recent U.S. interest rate cut has climbed higher. If the market expects that the U.S. Federal Reserve will start cutting interest rates as early as the first half of this year, it will help reduce corporate financing and borrowing costs and increase liquidity levels. Coupled with the generational change of Microsoft operating systems, it promotes system security upgrades for enterprise users, which is expected to drive the demand for replacing old laptops with new ones. Therefore, TrendForce predicts that the notebook market demand will improve quarter by quarter in 2024, and the global notebook computer market will show moderate growth, with an annual growth rate of approximately 3.6%, reaching 172 million units.

In addition, AI PC issues became the focus of the exhibition spotlight at CES 2024. Major chip manufacturers such as Intel and AMD have taken the lead in cooperating with notebook brands to launch a series of new products with built-in AI acceleration engines. The addition of the Neural Processing Unit (NPU) means that personal computers no longer rely solely on the CPU or GPU to display performance, but can also use AI functions to more accurately calculate workloads and share the power consumption of the entire machine. At the same time, it is paired with the Copilot shortcut keys of the Microsoft Windows 11 operating system, giving consumers an efficient and energy-saving experience.

TrendForce believes that the audience for the first generation of AI PCs should be high-end business needs and content creators. After all, with the significant improvement in chip performance and the increase in specification requirements for related components such as memory, batteries, and heat dissipation, terminal selling prices will naturally rise. This year's CES manufacturers are mostly focusing on hardware competition; even if consumers are willing to buy an AI PC for a try at a price that is more than 50% higher than the average selling price of ordinary laptops, however, returning to the practical side, in the absence of AI killer applications, the growth space of AI PC penetration rate in 2024 will still be relatively limited. Relevant software innovation applications are the key to whether AI PC can drive global notebook shipments to grow in the next two to three years.

图、2020-2024年全球笔电出货量预估（单位：百万台）



資料來源：集邦科技(TrendForce)

## (2) Mobile phone industry

Beijing News BKeconomy On April 16, a report released by market research organization Canalys showed that global smartphone shipments in the first quarter of 2024 increased by 11% year-on-year. Driven by Galaxy AI, Samsung returned to the top spot with a 20% market share. Apple ranks second with a market share of 16% and faces challenges in its strategic key markets. Due to the competitive advantage of Xiaomi's new popular model Redmi A3, it ranks third with a market share of 14%. Transsion ranks fourth with a market share of 10%, and OPPO ranks in the top five with a market share of 8%.

### 全球智能手机厂商市场份额

Canalys 智能手机市场初步分析统计数据: 2024 年第一季度

厂商	2024 年 第一季度 市场份额	2023 年 第一季度 市场份额
三星	20%	22%
苹果	16%	21%
小米	14%	11%
传音	10%	6%
OPPO	8%	10%
其他	33%	29%

初步数据：以最终数据为准

注：由于四舍五入，百分比可能无法达到 100%。

OPPO 含一加，小米含 POCO，传音含 Tecno, Infinix 和 iTel。

来源：Canalys 智能手机市场初步分析统计数据(出货量)，2024 年 4 月



Canalys analyst Zhou Lexuan said: "The global smartphone market is off to a good start, with significant improvement compared to the same period last year. Development will be difficult in the first quarter of 2023 due to the economic downturn and inflationary pressures. However, as the economy stabilizes, new products are launched and promotions are stepped up, the market rebounds, providing smartphone manufacturers with an excellent opportunity to revive market growth. Manufacturers are seizing new opportunities by promoting their premium products, such as advanced AI features and services on flagship products, and adopting ecosystem-based product strategies. Apple is likely to announce its AI strategy in 2024, which will provide the brand with opportunities to drive the development of its high-end products and reignite product innovation throughout the ecosystem. "

Zhou Lexuan added: "The market price polarization is becoming increasingly



serious. The entry-level market is already saturated, with both Xiaomi and Transsion launching new products. At the same time, vivo, OPPO and Samsung hope to gain a larger share of the high-end market by investing in marketing and exploring new growth avenues. By continuing to promote Galaxy AI, Samsung has successfully promoted shipments of its S24 series, outperforming the previous generation. Looking ahead, manufacturers are increasing investment in emerging regions such as Latin America and Southeast Asia, which have booming middle classes. Smartphone penetration continues to rise compared to an already saturated market, while preference for high-end models is also rising. "

Canalys research analyst Zhong Xiaolei said: "Although the market is improving, smartphone manufacturers must pay close attention to inventory levels. While the global inflation situation remains unclear, manufacturers are adopting a prudent attitude in inventory management to reduce the risk of oversupply and ensure financial stability. Canalys expects inventory to pull back slightly in the second quarter of 2024. Channels aim to digest the inventory of the past few quarters to make room for new product launches in the second half of this year, thereby achieving more sustainable growth.

### (3) Server industry

According to IDC estimates, the compound growth rate of artificial intelligence investment in the Asia-Pacific market from 2020 to 2025 is as high as 25.2%, and the largest investment is in hardware spending, accounting for 49.8%. Among them, servers accounted for 80% of the largest expenditure, followed by storage, and software expenditures came after hardware, accounting for 31%.



According to Synergy research group surveys and forecasts, the number of large data centers operated by hyperscale providers is close to 900. New data from Synergy Research Group shows that they now account for 37% of all data center capacity worldwide. About half of hyperscale capacity comes from owned data centers and half is in leased facilities. With non-hyperscale hosting accounting for 23% of capacity, on-premises data centers account for only 40% of total capacity. This is in sharp contrast to five years ago, when nearly 60% of data center capacity was in on-premises

facilities. Looking ahead to the next five years, hyperscale operators will account for more than half of all capacity, while on-premise deployments will fall below 30% .

Ten years ago, enterprises spent more than \$80 billion annually on IT hardware and software in their own data centers, while spending on emerging cloud infrastructure services was well under \$10 billion. Now, spending on data center hardware and software is growing at an average of only 2% per year, while spending on cloud services is surging, growing at an average of 42% per year, reaching \$227 billion in 2022. As enterprises fundamentally reshape their IT investments and spend less on their own data centers, leading cloud providers have rapidly built massive global networks of hyperscale data centers. The rapid development of consumer-oriented digital services such as social networks, e-commerce and online games has further fueled the growth of hyperscale operators.

In addition, while enterprise spending on data center equipment has maintained or grown slowly, more and more data center equipment has been pushed to off-site colocation facilities. On-premises data centers are not going away anytime soon, but their scale is increasingly being replaced by hyperscale and colocation. .

#### B. Motor Industry

According to statistics from the China Association of Automobile Manufacturers, in 2023, the country's automobile production and sales will reach 30.161 million and 30.094 million respectively, a year-on-year increase of 11.6% and 12% respectively, with annual production and sales both hitting record highs. In 2023, my country's passenger car production and sales will reach 26.124 million and 26.063 million respectively, a year-on-year increase of 9.6% and 10.6% respectively; commercial vehicle production and sales reached 4.037 million units and 4.031 million units respectively, representing year-on-year increases of 26.8% and 22.1% respectively. New energy vehicles will continue to maintain rapid growth in 2023, with production and sales exceeding 9 million vehicles and a market share of more than 30%, becoming an important force leading the transformation of the global automobile industry. At the same time, automobile exports reached a new high, with annual exports approaching 5 million units, effectively driving the industry as a whole to move forward rapidly and steadily. The Passenger Car Association analyzed the current status of global automobiles in 2023. Data show that world car sales will reach 89.18 million in 2023, a year-on-year increase of 11%; of which new energy vehicle sales will be 14.28 million, and the penetration rate of new energy vehicles will reach 22%. In 2023, China's new energy passenger vehicles will account for 63.5% of the world's new energy.

#### C. Sports Equipment Industry

The Industrial Technology Research Institute estimates that the global sports

technology output value will reach NT\$13.4 trillion in 2030, with a compound growth rate of 7.7% in the next 10 years. The Executive Yuan has also set the sports technology industry as the next trillion-dollar new industry in 2026. Looking forward to the industry prospects, the covid-19 epidemic has certainly spawned sports technology business opportunities, but the metaverse concept has further strengthened the interest and community stickiness of sports.

Zhan Ruiran, an analyst at the Industrial Technology International Strategic Development Institute of the Industrial Technology Research Institute, said that with Taiwan's existing sports and fitness equipment supply chain and the advantages of the information and communication industry, 'No matter in the fields of smart venues, smart sports/fitness, smart training/planning and e-sports', "Taiwan's sports X technology industry ecosystem is very capable of international competitiveness." It is suggested that existing businesses can make good use of this capacity to create new positioning. Including developing needs of different ethnic groups and fields, developing towards intelligent and networked products, and deepening professional knowledge in different fields. Those who want to invest in different industries can further introduce 5G, AI, Internet of Things and other technologies, connect data content, and develop new business models.

With the gradual preparation of 5G infrastructure, AI, Internet of Things and virtual reality integration technology is becoming more and more mature, Taiwan can combine sports science to develop integrated solutions to build an Asia-Pacific sports technology training base, link the global market, and drive the industry to create greater added value.

#### 4. Competitive situation

The Company is a manufacturer specializing in the design and manufacture of metal precision dies and the stamping of hardware precision components and parts. Since its establishment, it has focused on the improvements of die manufacturing, manufacturing procedures and heat-dissipating devices. With the constant change in market demands, the Company has timely adjusted the business and development direction, actively introduced advanced equipment and continued to develop and upgrade processing technology, so it has smoothly turned to single-equipment continuous processing and combination of equipment and manipulator for continuous processing technology from engineering processing. At the same time, in order to comply with customer demands, it has gradually transformed into the assembly and production of components from single product manufacturing. This has further improved the Company's competitiveness and profitability.

Consequently, the Company has the capability to set foot in automotive components and building materials products from the manufacturing of heat sink. In addition, the Company has also conducted market research and surveys, continuously improving its existing production processes, and developing products with higher value-added.

In summary, the Company, relying on excellent die sinking technology and the high sensitivity to market, gradually adjusts its operating strategy in this competitive industry. In the future, it will focus on products with higher added value, such as actively developing with cloud computing and smart device hubs, electric vehicle parts and other fields,

continuous improvement of solderless thermal module technology and vertical integration of thermal module process. Through diversified product lines, the Company also looks forward to reducing the influences of single market competition or declining industry, lessening the impact of competitive imitation of the Company's thermal patent technology and profit compression, and maintaining its market position and competitiveness.

(III) Technology and research & development overview

1. R&D expenses invested in the most recent year and as of Mar. 31, 2024

Unit: NT\$1,000

Item \ Year	2022	2023	As of Mar. 31, 2024
R&D expenses	204,050	210,569	55,641
Net operating revenue	5,984,928	4,664,224	1,182,851
Ratio of R&D expenses to net operating revenue	3.41%	4.51%	4.70%

2. Successfully developed technologies or products

Year	R&D results	Description	Scope of application
2020	Visual inspection device for auto steering wheel parts	This project develops a visual inspection device for auto steering wheel parts. Steering wheel parts are placed behind the track, which then transmits the steering wheel parts to the visual inspection area for a quick inspection. Such an inspection is high in both efficiency and accuracy.	Automotive parts and other products
2020	Fixture for testing buckles	This project develops the fixture for testing buckles to avoid human errors. It can save a lot of costs and improve product competitiveness.	Automotive parts and other products
2020	Bilateral automatic pendulum device	This project provides two sets of automatic pendulum devices connected together through the bottom support plate and sharing a punch for riveting. After the device is turned on, the rivet vibration plate starts to work, and the rivets are screened through the rivet vibration plate to ensure that the rivets are in the required direction. The continuous movement of the rivet vibration plate ensures that there are enough rivets at the beginning of each circle for the sorting of misaligned rivets.	Automotive parts and other products
2020	Automated filtering system for air-bag components	This project develops an automated filtering system for air-bag components to enhance the yield. Save lots of costs and improve market competitiveness.	Automotive parts and other products
2020	One-time die-cut process for multi-slot holes and corresponding mold	This project provides a one-time die-cut process for multi-slot holes, which can save the work steps of the mold and further reduce the material and processing costs of the mold. Thereby, the unit price of the product is reduced. The product is placed on the mold's lower base, and the holes are positioned in the corresponding groove of the lower base; then the top base is driven downward so that the punch structure can directly punch the holes on the product at one time. Waste material is directly discharged through the waste discharge hole of the lower base.	Automotive parts and other products
2020	Felting machine	This project develops a felting machine that enables quick and stable matching of felt and hooks after felt is placed behind the surface area of the inner cavity. This improves productivity and ensures the quality of felt.	Automotive parts and other products

Year	R&D results	Description	Scope of application
2020	Anti-corner bending and cracking mold	This project develops an anti-corner bending and cracking mold which can achieve the desired height of packaging without affecting the strength of the product. This lowers the floating content of the product, speeds up production, and reduces the non-performing risk due to cracking and the inspection thereof, effectively reducing the number of repairs and production costs.	Automotive parts and other products
2020	Automatic testing equipment for automobile engine components	This project develops automatic testing equipment for automobile engine components. After the lettering is completed, a test is conducted directly online for output. This simplifies the process and saves labor costs.	Automotive parts and other products
2021	Riveting die automatic feeding riveting machine	This machine offers automatic feeding, freeing hands, and the efficiency is twice that of traditional manual feeding.	Automotive parts and other products
2021	Machine for improvement of strip float plate in the middle of the mold	This machine is mainly used for molds to produce auto parts. It can not only avoid the problem of holding up the movement of the float plate, but also reduce the damage of the mold and improve the production efficiency with middle strip float plate.	Automotive parts and other products
2021	Riveting mechanical stripping machine	This machine is mainly used for molds for the production of auto parts. The performance of this machine is stable, offering material removal stability of the riveting mold to improve the efficiency of the mold.	Automotive parts and other products
2021	Balanced Structure of Stamping and Stretch Transfer Dies for Automobiles	The structure is mainly used for molds to produce auto parts. Compared with the existing technology, transfer mold is no longer inclined by using the mold balance machine, and the frame mold efficiency is improved.	Automotive parts and other products
2021	A structure of for product ejection, sampling, and hopper transfer	The structure is mainly used for molds for auto parts production, and provides product ejection, sampling and hopper transfer, which can ensure that the product blanking state is regular and uniform, and greatly reduces the direct impact damage of the product to the assembly line.	Automotive parts and other products
2021	Visual Inspection Device for Laser Welded Parts	The device quickly detects the finished welded parts through CCD visual inspection and torque-sensing thread detection technology, which reduces the labor intensity and improves the detection efficiency.	Automotive parts and other products
2021	Structure of continuous die inner nut riveting	The structure provides the nut riveting structure in the continuous die, and the riveting structure is arranged in the rear section of the continuous die, which reduces the cost and improves the production efficiency.	Automotive parts and other products
2021	Machine for in-mold waste interrupting	Mainly used in molds for the production of auto parts, this machine provides scrap interruption in the mold, reducing costs and improving production efficiency.	Automotive parts and other products
2022	0-bit automatic inkjet equipment on the product line	This project provides 0-bit automatic coding equipment for products along the line, which can realize multi-angle and multi-directional coding of	Automotive parts and other products

Year	R&D results	Description	Scope of application
		products, and detect the quality of product coding online, which improves the efficiency of coding.	
2022	Automatic loading and unloading stacking storage equipment	This project provides automatic loading and unloading stacking storage equipment, which uses robots to replace operators for unloading and loading materials, which improves storage efficiency, and transfers materials through transfer vehicles, improving transfer efficiency.	Automotive parts and other products
2022	Nut automatic assembly testing equipment	This project can make the vibrating plate automatically arrange the nuts and send the nuts to the position where the nuts are to be picked up. The output end of the robot's mechanical arm picks up the nuts in turn and waits for the assembly instructions. The operator puts the stamping parts into the product fixing fixture. After that, the robot assembles the nuts to the corresponding positions one by one, and then the CCD camera takes pictures to check whether the stamping parts meet the requirements.	Automotive parts and other products
2022	Automobile seat belt automatic production mold	This project provides an automatic production mold for automobile seat belts, which automatically transfers the connecting belt to the top of the frame. Then carry out punching and riveting operation, so that the positioning of the connecting belt is stable and reliable, and the production efficiency is high.	Automotive parts and other products
2022	Molds for automotive airbag components	This project makes the rivets neatly arranged through the vibrating plate to the exit arrangement mechanism. With the downward movement of the upper mold of the mold, the core plate of the upper mold and the core plate of the lower mold complete the stamping of the product. Afterwards, the riveting punch of the splint element continues to press down to complete the riveting action on the product, and the riveting is completed in one continuous mold, which reduces the production process and improves the production efficiency.	Automotive parts and other products
2022	In-mould press burr mechanism for automobile airbag mold	This project provides an in-mold deburring mechanism for automotive airbag molds, which enables the component shell to be deburred in a continuous mold, reducing costs and improving efficiency.	Automotive parts and other products
2022	Cold heading production process of gas control panel	In this project, the cold heading operation is carried out after the second step of deep drawing, so that the convex shape of the bottom is shaped upwards, so that the material connected between the bottom and the bottom edge of the product is smaller than the thickness of the material, which simplifies the mold structure, reduces the mold cost, and improves the market competitiveness of the enterprise.	Automotive parts and other products
2023	Development of automatic welding production process for automobile seat belt components	The automobile seat belt components and their automatic welding equipment developed in this project can adjust the height of the end seat and the movable rod in the movable groove through the coordination of the elastic adjustment component,	Automotive parts and other products

Year	R&D results	Description	Scope of application
		the end seat and the movable groove for adjusting the height of the entire seat belt webbing. When used by people of different heights, the height of the seat belt can be adjusted freely and is easy to operate.	
2023	Development of on-line inspection process for automatic production of automobile steering parts	The automatic production line inspection device for automobile steering parts developed in this project can automatically locate the product inspection position through the guidance mechanism and realize automatic online inspection. It can detect products in a full range through multiple cameras and light sources, and can automatically sort according to the detection results, which greatly improves detection efficiency and detection quality.	Automotive parts and other products
2023	Development of mold process for automatic production of automobile steering parts	The automatic production mold for automobile steering parts and its production process developed in this project solve the problem in the existing technology that tapping and stamping need to be separated into two work steps, which leads to increased costs and reduced productivity. Production efficiency can be effectively improved.	Automotive parts and other products
2023	Development of deburring process for automotive mold strip area	The deburring process for the strip area of automobile molds developed in this project uses a thinning punch set in the upper die set of the continuous die to stamp the strip of flat strip corresponding to the strip. The parts of the material area are thinned. Production efficiency can be effectively improved.	Automotive parts and other products
2023	Development of new energy vehicle rear wing production process	The new energy vehicle rear wing preform mold developed in this project enables the product to automatically rebound when demolded, reducing the design cost of the mold, greatly shortening product production time and mold adjustment time, and enabling mass production in a short time.	Automotive parts and other products
2023	Development of new energy vehicle shock absorber production process	The continuous molding mold for new energy vehicle shock absorbers developed in this project can realize tooth drilling in the mold, which can solve the technical problems of high product requirements and high scrap rate of product teeth using CNC machining technology. It can reduce the dimensional requirements of the previous stamping process, save processing costs, and improve product stability and reliability.	Automotive parts and other products
2023	Development of automatic production process for automobile seat belt frames	The automatic production process and detection technology of the automobile seat belt frame developed in this project optimizes the structure of the mold and reduces the frequency of maintenance of the convex and concave molds. At the same time, it also ensures the stability of the product's shape and bump size, so that the product can be produced smoothly and meet the requirements, saving maintenance costs and labor costs, and increasing production capacity.	Automotive parts and other products



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

##### Short Term Plan

- 1 Position as a comprehensive manufacturing solution provider with integrated production capabilities capable of producing diversify products for different industry customers.
- 2 Emphasis on the sales and business development of existing or new customers from 3C Industry (Computer, Communication, Consumer Electronics) with focus on Cloud Computing and smart devices, Automotive Industry with focus on Electric Vehicle (EV), Connected Fitness Industry with focus on digital fitness training equipment, and Semiconductor Industry with focus on semiconductor equipment manufacturing.
- 3 Increase the application of robots in production, and gradually change the current production line production method into an automated production line in order to reduce the dependency on labor force, improve production efficiency and product quality, and ensure production sustainability.
4. By investing in and adopting advanced technology and continuous improvement measures, we aim to simplify operations, reduce cost and increase competitiveness. Focuses on developing innovative manufacturing processes, improving supply chain efficiency, and leveraging data analytics to optimize manufacturing processes.
5. Current group revenue is highly dependent on the manufacturing solutions from China and Taiwan. Company needs to start establishing the missing manufacturing footprint in North America and South East Asia in order to cater for the increasing customer demands for manufacturing solutions and business opportunities in these regions as customers raised their concern on increasing logistic cost, supply chains and political risk management. The M&A collaboration with strategic partners will enable company to accelerate its global manufacturing footprint and increase the business opportunities to new customers, new products and new business segment developments and increase business opportunities for the development of new customers, new products and new business.

##### Long Term Plan

1. Combine the resources of all similar business units to provide a common platform to customers with globally standardized services, including the industrialization solutions and the standardization of products delivery.
2. Continuous investment on research and development, innovation technology in order to gradually transform into Tier 1 solution provider whom able to provide product and manufacturing solutions to OEM customers.
3. Achieve sustainability by working with our stakeholders to develop strategy and goals in alignment with the social and environmental challenges to create thriving, healthy, diversity and resilient business operations for our employees and the communities in which we live and work in.
4. Committed to operating in an environmentally and socially responsible manner, and will implement sustainable development programs in the course of operations, including reducing carbon footprint, reducing waste and cooperating with our stakeholders to promote sustainable practices of energy saving and carbon reduction.

## II. Analysis of the Market as Well as Production and Marketing Situation

### (I) Market analysis

#### 1. Sales region(s) of main products

Unit: NT\$1,000; %

Geographical region \ Year	2022		2023	
	Amount	Ratio	Amount	Ratio
Asia	3,263,129	54.52	2,150,432	46.10%
America	2,275,644	38.02	1,920,607	41.18%
Europe	446,155	7.46	593,185	12.72%
Total	5,984,928	100.00	4,664,224	100.00%

#### 2. Market share

The Company's main products include thermal components for mobile phones, notebooks and servers, as well as auto parts and building parts. By now, the Company and its subsidiaries have transformed from the production of thermal fin to the production of complete thermal modules. Our sales targets are multinational corporation customers in the North America, Europe, and Asia, among which the Company and its subsidiaries have a good market share. In addition, the Company and its subsidiaries keep conducting market research and investigations, continue to improve the existing production processes, and are committed to developing products with higher added value, which further improves the Company's competitiveness and profitability, and maintains the Company's market position and share.

#### 3. Supply and demand, growth and competition niche of future market

##### (1) Supply and demand

There are numerous manufacturers of metal stamping products both at home and abroad, with a great difference in production scale and product precision. The Company's current main products can be divided into 3C electronic components, automotive stamping components and other stamping products. 3C electronic components principally are thermal components for mobile phones, notebooks and servers. The market supply and demand are closely related to the downstream industries.

##### (2) Growth

###### A. Information

Canalys' latest research report shows that in the fourth quarter of 2023, global personal computer (PC) market shipments increased by 3% year-on-year, ending seven consecutive quarters of year-on-year decline. Total desktop and notebook shipments increased to 65.3 million units in the fourth quarter. Notebook computers shipped 51.6 million units, an increase of 4% from 2022; desktop computer shipments were 13.7 million, a slight decrease of 1% from the previous year. For the full year of 2023, the total number of personal computer shipments will be 247 million units, a decrease of 13% from 2022. The market is currently poised for growth, and AI PCs will provide additional momentum during the next computer refresh cycle and beyond.

Research firm TrendForce predicts that the total number of global AI servers may

exceed 1.6 million in 2024, a year-on-year increase of up to 40%. According to authoritative media reports, large AI model iterative calculations are getting faster and faster, manufacturers have significantly increased investment in smart computing power, and the demand for high-end AI servers that support storage and training has surged. Many AI server manufacturers' orders for 2023 will focus on high-end AI servers.

## B. Mobile phone

According to Gartner's latest forecast, global shipments of artificial intelligence (AI) personal computers (PCs) and generative artificial intelligence (generative AI) smartphones are expected to grow from 29 million units in 2023 to 2.95 billion units by the end of 2024.

According to Gartner, an AI PC is a computer equipped with dedicated AI accelerators or cores, neural processing units (NPUs), accelerated processing units (APUs) or tensor processing units (TPUs) designed to optimize and accelerate on-device AI tasks. This provides better performance and efficiency, eliminating the need to rely on external servers or cloud services when processing AI and generative AI workloads.

Generative AI smartphones are specially designed for smartphones and are equipped with hardware and software functions to achieve seamless integration and efficient execution of generative AI-driven functions and applications on smartphones. These smartphones can locally run basic or fine-tuned AI models to generate new derivative versions of content, strategies, designs and methods. Some examples include Google's Gemini Nano, Baidu's Wenxin, and OpenAI's GPT-4.

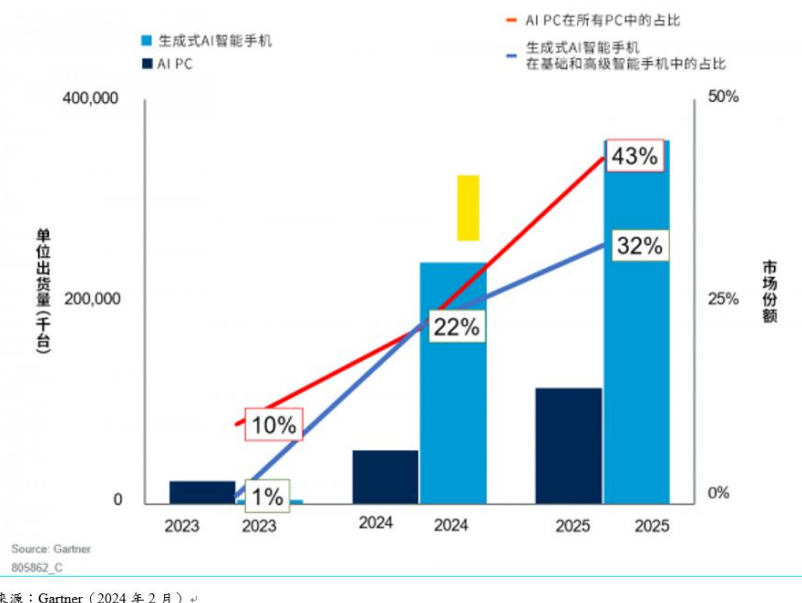
Ranjit Atwal, senior research director at Gartner, said: "Adopting generative AI capabilities and AI processors on devices as quickly as possible will eventually become a standard requirement for technology vendors. As they gain popularity, it will become harder for vendors to differentiate themselves from competitors, creating unique selling points and driving revenue growth."

Gartner predicts that by the end of 2024, the shipments of generative AI smartphones and AI PCs will reach 240 million units and 54.5 million units respectively (see Figure 1). They will account for 22% of basic and high-end smartphone shipments and 22% of PC shipments in 2024 respectively.

Integrating AI into PCs is not expected to increase end-user spending other than expected price increases. Enterprise equipment buyers must have a good reason to buy, and software providers will need time to fully tap the power of on-device AI and prove that it can bring greater advantages.

Figure 1. Global AI PC and generative AI smartphone market share from 2023-2025

Gartner predicts that total PC shipments will reach 250.4 million units in 2024, an increase of 3.5% from 2023.



The PC market returned to growth in the fourth quarter of 2023 after eight consecutive quarters of decline. On-device AI will inject new vitality into PC marketing throughout 2024 and help maintain the current expected replacement cycle, thereby offsetting some of the negative impacts of changes in the socio-economic environment.

The smartphone market will resume growth in 2024, and like AI PCs, generative AI smartphones will not boost smartphone demand until 2027. "While smartphones are evolving the current experience with feature upgrades like camera and voice integration, these are user expectations rather than groundbreaking new features," Atwal said. Users have the same expectations for generative AI capabilities on smartphones. In the absence of any breakthrough applications, users are unlikely to pay extra for a generative AI smartphone. "

The Large Language Model (LLM) has launched a small version specifically tailored for smartphones, which will become a catalyst for the development of user experience. This technological evolution will enable smartphones to more intuitively understand and respond to human language and visual cues, taking the overall user experience to a new level.

The smartphone market returned to growth for the first time in the fourth quarter of 2023 after nine consecutive quarters of decline. It is expected that by 2024, global smartphone shipments will increase by 4.2%, reaching an annual total of 1.2 billion units. Atwal said: "We should not interpret the growth in smartphone shipments as a full-blown recovery, but rather as a stabilization of lower unit numbers, nearly 60 million units lower than in 2022.

### C. Server

According to TrendForce's latest research, the main driver of server shipments this year is still US-based CSPs. However, due to high inflation, corporate financing costs remain high and capital expenditures are reduced, the overall demand has not yet returned to the growth rate before the epidemic. It is estimated that global server shipments in 2024 will be approximately 13.654 million units, with an annual increase

of approximately 2.05%. At the same time, the market still focuses on the deployment of AI servers, with AI server shipments accounting for approximately 12.1%.

Judging from the shipment trends of major ODMs this year, Foxconn has the highest annual growth rate. It is estimated that shipments will increase by about 5~7% annually, including related orders for Dell 16G platform, AWS Graviton 3 and 4, Google Genoa and Microsoft Gen9. In terms of AI server orders, Foxconn has won orders from Oracle this year and has also taken on some AWS ASIC orders.

The company with the second highest growth rate is Inventec, with shipments expected to increase by about 0~3% annually. OEM orders are on the decline this year, while CSP has been supported by orders from AWS Graviton 3 and 4, as well as Google Milan and Genoa, and Google Bergamo is expected to start investment in the second half of this year. In terms of AI servers, in addition to North American CSP demand, Chinese customers such as ByteDance have the strongest demand. It is estimated that Inventec's AI server shipments will have a double-digit annual growth rate this year, accounting for about 10~15%. For Quanta and Supermicro, the annual growth rate of server shipments this year is expected to be flat.

There are several factors that cause uncertainty about Quanta's orders. The most obvious one is that Meta did not significantly increase its general server orders in the first half of this year, and Google also curbed its demand for Intel platforms and focused on increasing AMD's volume. Quanta's AI servers are expected to perform better this year, mainly coming from orders from North American cloud customers such as Microsoft and AWS. The annual growth rate of AI server shipments has also reached double digits.

As for Supermicro, orders this year are focused on the growth of AI servers, and shipments have the opportunity to double. However, general-purpose servers have not rebounded significantly, so overall shipments have been roughly flat. The main customer groups that ship high-end AI servers such as HGX every quarter are mainly second-tier data centers in Europe and the United States, such as CoreWeave and Tesla. In addition, they have also begun to actively expand AI orders from customers such as Apple and Meta.

Overall, in terms of shipments of various ODMs in 2024, AI server shipments will still be relatively strong, mainly driven by orders from North American cloud data center operators. Most expect that the growth rate and proportion of AI server shipments this year are expected to reach Double digits. Regarding shipment types, shipments of models equipped with high-end AI training chips (such as NVIDIA H series or AMD's MI series) will have the opportunity to double this year.

#### D. Automobile

The China Automobile Association predicts that China's total automobile sales will exceed 31 million vehicles in 2024, a year-on-year increase of more than 3%. Among them, passenger car sales were 26.8 million units, a year-on-year increase of 3%; Commercial vehicle sales were 4.2 million, a year-on-year increase of 4%. New energy vehicle sales were 11.5 million and 5.5 million were exported.

S&P Global Mobility released its global automotive market forecast for 2024. The report points out that as the automotive industry continues to recover from the impact

of the epidemic and supply chain shortages, global new car sales will reach 88.3 million in 2024; Global production of light vehicles fell slightly to 89.4 million; global sales of pure electric passenger vehicles increased to 13.3 million.

#### E. Sports Equipment

The global sports technology output value will reach NT\$13.4 trillion in 2030, with a compound growth rate of 7.7% in the next 10 years. The Executive Yuan has also set the sports technology industry as the next trillion new industry in 2026. Looking forward to the industry prospects, although the covid-19 epidemic has given birth to business opportunities in sports technology, the concept of metaverse has strengthened the interest and community stickiness of sports.

### (3) Competitive niches

#### A. Excellent die development and design capabilities

Metal stamping is a process formed by applying external force to the metal relying on the stamping equipment and die. The die design and manufacture are the key to this process. Since the establishment, the Company has been committed to design, R&D and manufacturing of precision die, and has established a special die development department. Through cooperation and exchanges with large die development companies in Europe and the United States, it has continuously improved its die development level. So far, the self-used dies are 100% developed all by itself.

The advanced nature of the Company's die R&D and design is demonstrated in two aspects: The Company conducts analogue analysis for dies to simulate the potential problems in the actual assembly and debugging phase in advance by using PressCAD and Keycreator software in the die design stage. Meantime, in order to promote the standardization of die development and manufacturing, the Company develops the ERP software with a software development company specifically for die development and manufacturing, significantly improving its die development efficiency. For example, the die-sinking time of the thermal module products in the industry is about three weeks. The Company can shorten it to 12 days with the standardization die production process. Automotive mold development is also shortened by 15-20 days. In addition, the Company has advanced die production equipment, such as Japan's OKUMA CNC machining center and Swiss CHARMILLES wire cutting machine and other high-precision die manufacturing equipment, to ensure that the quality and precision of the dies produced are industry-leading.

The large three-plate multi-station concatenation die developed by the Company can complete all forming processes such as ribbing, hole drawing, bending, deburring, bumping and deep drawing only using a set of dies according to the structural characteristics and forming characteristics of the parts. Meanwhile, it has high-precision guidance and accurate distance setting system, and is provided with automatic feeding, automatic ejection and security detection devices for realizing automatic continuous stamping production. Compared with the traditional single-operation stamping production process, the large three-plate multi-station concatenation die improves the work efficiency by more than seven times, and reduces more than 70% of the staffs, and the die can be used for 10 million times and has reached the die

technology level of developed countries.

#### B. Excellent quality control ability

The quality of metal stamping parts directly determines the quality of the complete machine products. Since its establishment, the Company has passed the ISO14001:2015 and ISO / TS16949:2009 quality control system certifications of AFAQ/BsetCERT, Ltd. It conducts quality control and management in strict accordance with quality control system and special customer requirements. Moreover, the Company has purchased three-coordinate measuring machines produced by Hexagon and profilometer and other high-precision product quality measurement High-precision product quality measurement and testing equipment such as cleanliness testers, profilometers, and material testing machines from Germany, Japan, Switzerland and other countries. The Company is equipped with Minitab process analysis software to ensure the effective operation of the quality system and effective control of product quality.

Over the years, the Company has gained recognitions of the customers with its product quality. From 2010 to 2014, it has won the Excellent Supplier Award of AUTOLIV, the world's largest automotive safety system manufacturer for many times, and has won the 2017 Best Cooperation Award and 2016 Quality Excellence Award of BorgWarner, the 2017 General Manager Award of Wuhan Tianhe and many other awards. Over the years, the company's product quality has been recognized and affirmed by customers. From 2010 to 2023, it won the Excellent Supplier Award from Sweden's Autoliv, the world's largest automotive safety system manufacturer, multiple times, and won Bergwarner's 2020 Quality Award. Quality Excellence Award 2023, Quality Excellence Award 2024 ; the company also won ZF's 2020 Best Quality Award, 2021 Excellent Supplier, 203 Global Operational Excellence Award, and 2024 Asia Pacific Operational Excellence Award.

#### C. Rich product structure

The Company has built diversified product lines and customer bases with its excellent die development and design capabilities and precise stamping technology. At present, its products can be used in communications, consumer electronics, home appliance, automotive, construction and medical industries, etc. The Company also has fixed customers in different industries, which is not limited to a single product or a single industry, effectively reducing its operating risks. In addition, the levels of the Company's stamping equipment range from 60t to 800t, meeting the different needs of customers.

#### D. Continuous R&D abilities

The Company is mainly engaged in the R&D, production and sales of precision metal stamping components. Since its establishment, it has focused on the metal stamping and has improved its own technical reserves through continuous R & D and innovation. The Company was recognized as Kunshan science and technology R&D institution by Kunshan Science and Technology Bureau in 2009. Since 2010, it has been recognized as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology,

Department of Finance of Jiangsu Province, State Tax Bureau of Jiangsu Province and Local Tax Bureau of Jiangsu Province. In 2013, it was recognized as a foreign-funded R&D institution in Jiangsu Province by Jiangsu Provincial Department of Science and Technology. In 2018, the R&D center passed the identification of Jiangsu Engineering Technology Center and Jiangsu Enterprise Technology Center.

In the future, the Company will continue to research and develop the technologies for large-scale high-precision progressive dies, 3D complex molding product progressive dies, and mechanical-electrical progressive dies and comprehensively use these technologies in stamping progressive dies, so that traditional mechanical theory and process molding die can become truly intelligent progressive dies with the help of mechanical-electrical integration and win market opportunities with fast and precise die sinking technology. In 2021, it passed the certification of "Jiangsu Province Intelligent Workshop", in 2022 it passed the certification of "Kunshan Harmonious Labor Relations Enterprise", in 2023 it passed the "Jiangsu Province Green Factory", "Jiangsu Province Specialized New Enterprise" and "ISO50001 Energy Management System Certification.

E. Complete employee development system

Since its establishment, the company has always focused on the growth and development of its employees and has formed an effective employee development system, which includes a training system, a promotion system, a performance appraisal system, and a rank system. career plan.

F. Actively fulfill social responsibilities

The company has always upheld the feeling and responsibility of giving back to the society. Every year on the eve of Teachers' Day, we visit the staff of Master Primary School in Zhangpu Town, Kunshan City, and actively participate in public welfare donation activities initiated by Kunshan City every year. In 2022, we won the "Advanced Unit of Public Welfare Assistance to the Disabled in Kunshan City." In the future, the company will continue to research and develop in the direction of large-scale high-precision continuous molds, continuous molds for 3D complex molding products, and the development of mechatronics-integrated continuous molds. By comprehensively utilizing these technologies into stamping continuous molds, molds formed by traditional mechanical theory and processes can become truly smart continuous molds with the assistance of mechatronics, and can seize market opportunities with fast and precise mold opening technology.

4. Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable factors

A. Global layout

In addition to the production base in China, the Company has set up branches in many countries and regions such as Taiwan of China, Mainland China, Thailand, , the United States and the Czech Republic because there is a market plate movement caused by the increasing production costs in China, and the rise of trade barriers in various countries, and the Company intends to provide customers with localized and most immediate production and sales services. Therefore, the Company can make full use of China's



advantageous production environment and effectively meet the domestic demands of China. It also arranges production bases in ASEAN region and arranges sales branches in Europe and the United States in order to meet the needs of customers in real time by nearby service and reduce the impacts of US-China trade war. Therefore, the Company's global layout is an indispensable favorable factor affecting its future development.

**B. Wide range of application of products**

The Company's products are used in many fields such as motor machinery, 3C, automotive electronics, sports equipment, building materials, and medical care industry. Since the metal material has always been an indispensable element in various industries, the overall market of this industry is promising and it is worthy of continuous development. Although the industry has entered a mature stage, the industry's market will be able to grow steadily every year, unless the global economy encounters unfathomable major adverse factors. The Company's products will be applied in more fields benefiting from the scale economies and ever-increasing design capabilities, providing a good environment and innate factors for the Company's sustainable operation and sustainable development. In addition, the company also continues to improve the quality of company management, effectively improve the company's operating efficiency, continue to improve existing technologies, and develop diversified product categories, so that the company's competitive advantages can be maintained. In order to better cooperate with and serve customers, the company set up a factory in Huizhou, China, after the Tianjin factory, and set up a factory in Mexico abroad. Reduce packaging and transportation costs to improve bidding advantages and gain new business and markets.

**C. Economies of scale and advantages of die design capabilities**

The design and manufacture of dies is critical for stamping manufacturing and the purchase quantity of economies of scale is beneficial for reducing raw material procurement costs, which are critical for a company to maintain a competitive edge in the fierce market competition. Since the establishment, the Company has been concentrating on design, R&D and manufacturing of precision dies, and established a special die development department to continuously improve its own die development level. At present, the Company can develop dies all by itself for self-use and sell these dies to other stamping factories. With the high-precision product quality measurement and testing equipment, the entire process of the Company's raw materials, production and shipment are strictly measured and controlled to ensure that the Company's product quality meets certification requirements. In addition, the development and application of continuous dies improved the Company's production efficiency and production capacity, so its business scale continues to grow. The Company's ability to bargain in raw material procurement improves with the increase in economies of scale, making the Company a long-term partner for customers to jointly enhance their competitiveness.

**(2) Unfavorable factors and countermeasures**

**A. Higher risk of enterprise management caused by short product life cycle**

Currently, half of the products of the Company are 3C consumer products which will be replaced frequently, so the efficiency is high in the entire production process. The products are characterized by short development time, more design changes, short production cycle and poor versatility of tailor-made parts without accurate production forecast information provided by the customers.

Countermeasures:

For such parts, the Company takes the initiative to keep in touch with customers to obtain customer information as soon as possible. It also continuously develops 3C new products, diversifies the source of customers to avoid the risk of concentrated sales, and actively develops non-3C electronic stamping components such as auto parts, digital fitness training equipment and semiconductor equipment parts, to strengthen the stability of the Company's product structure and reduce the impact caused by 3C electronic products changing rapidly. In addition, Build-to-Order is preferred in the production schedule, raw materials in special specifications are strictly controlled, and the inventory is cut to decrease the loss of product stockpiling.

B. Many companies in the industry and fierce price competitions

Although there is a large number of companies in the industry in China, most of them have a relatively poor performance in terms of business philosophy, process development, product design, equipment and die and human resources compared with the international advanced companies. The entire stamping industry is facing price competitions, many small and medium-sized enterprises have gradually withdrawn from the market, and the investment in equipment has been less than that of the past.

Countermeasures:

The Company continuously improves technologies and introduces new technologies, shortens die sinking time, increases the application of robots in production, reduces dependence on labor, improves production efficiency and product quality, improves service quality, and maintains close cooperative relations with manufacturers to gain customer trust and stabilize the existing market. In addition, the Company has continued to improve the management quality and effectively improve the operating efficiency. With the continuous improvement of existing technology and the development of diversified products, the Company's competitive advantage can be maintained.

C. Frequent fluctuations of the price of raw materials

The Company's products are widely used in computers, mobile phones, automobiles, building materials and consumer electronics. The materials used include copper, aluminum, iron, stainless steel and special materials. Due to the unsettled market in recent years, the price of raw materials has changed frequently.

Countermeasures:

The Company implements price management of quoted raw materials. When the new product cases are developed, the business personnel will record the quoted raw material price and notify the purchasing staffs. The Purchasing Department will conduct the weighted average for the price of materials purchased each time and the stock price of raw materials in the inventory to obtain the price of raw materials in the inventory.

After comparing and analyzing the quoted raw material price and the price of raw material in the inventory, the Purchasing Department can adjust inventory immediately to reduce the risk of raw material price fluctuations.

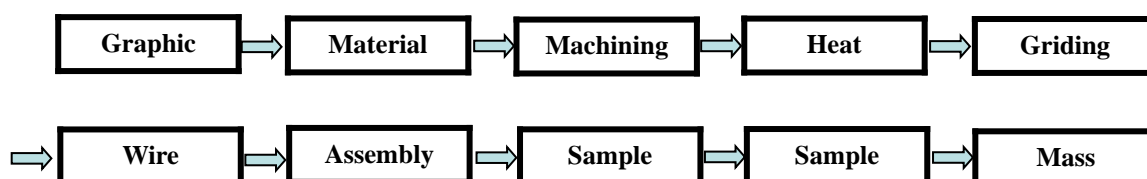
## (II) Main functions and production process of main products

### 1. Major functions

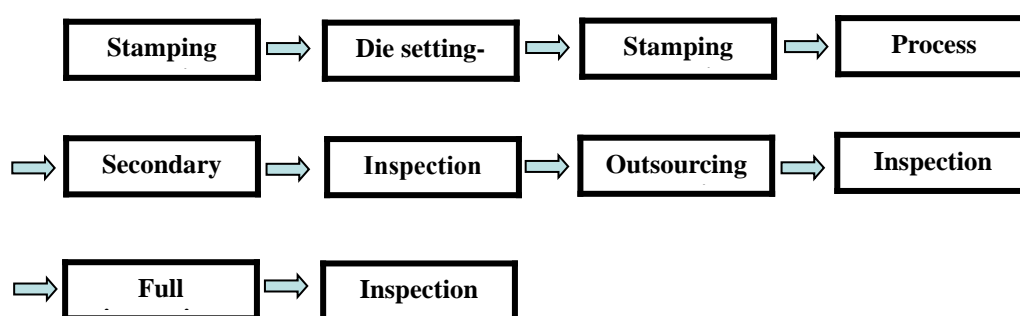
Major products	Products (services) applications
3C electronics segment	Computers, radiators related stamping parts, server slides, cloud computing and intelligence equipment
	Mobile phone internals, vapor chamber
	Metal stamping parts for medical equipment
Vehicle parts segment	Airbags, seat belt buckles, engines, steering systems, skylights, door hinges, seat brackets and other metal parts
Connected Fitness	Digital fitness training equipment assemblies
Tooling and others	Tooling manufacture, semi-conductor equipment manufacture, building material fixed metal tools

### 2. Production process

#### (1) Die production process



#### (2) Production process of stamping products



## (III) Supply of primary raw materials

The Company mainly engages in production and sales of precision metal stamping components, which are widely used in computers, mobile phones, automobiles, building materials and consumer electronics. The materials used include copper, aluminum, iron, stainless steel and special materials. In recent years, the quality of raw materials provided by dealers in mainland China has been improved, and has met the needs of the Company's customers. In consideration of cost and delivery time, the Company mainly purchases raw materials from mainland China, and assesses suppliers' cost, quality and delivery time at

regular intervals to ensure product quality and yield. It also maintains a close partnership with major raw material suppliers, and maintains more than two suppliers providing major materials such as copper, iron and aluminum to ensure the supply of raw materials and reduce the risk of shortage of materials, and the supply of raw materials should be evaluated as being in good conditions.

(IV) A list of any suppliers and customers accounting for 10% or more of the Company's total procurement (sales) in either of the 2 most recent years, the percentage of total procurement (sales), and an explanation of the reason for changes in these figures

1. Names of suppliers who accounted for more than 10% of the gross purchases of the Company in the last two years, and the amount and ratio of purchases:

Unit: NT\$1,000

	2022				2023				Q1 2024			
Item	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
1	Company Y	458,622	12.56	None	Company Y	Note 1	-	-	Company D	71,594	10.74	None
2												
	Others	3,191,554	87.44		Others	2,595,606	100.00		Others	594,885	89.26	
	Net purchase	3,650,176	100.00		Net purchase	2,595,606	100.00		Net purchase	666,479	100.00	

Main change reasons: In 2022, the purchase amount of relevant purchasing manufacturers exceeded 10% due to the preparation and production of fitness equipment products.

Note 1: The purchase amount from this manufacturer did not reach more than 10% of the net purchase amount of the merged company.

2. Name and gross sales of major clients that have accounted for at least 10% of sales in either of the most recent two years, and the percentage against total sales:

Unit: NT\$1,000

	2022				2023				Q1 2024			
Item	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
1	Company J	1,216,924	20.33	None	Company J	579,304	12.42	None	Company J	189,908	16.06	None
2	Company H	716,733	11.98	None	Company H	Note 2	-	None	Company H	Note 2	-	None
	Others	4,051,271	67.69		Others	4,084,920	87.58		Others	992,943	83.94	
	Net sales	5,984,928	100.00		Net sales	4,664,224	100.00		Net sales	1,182,851	100.00	

Main change reasons: due to the adjustment of sales items, the sales ranking has changed.

Note 2: The amount of income from this customer does not reach more than 10% of the combined company's net sales.

## (V) Production value in the most recent two years

Unit: NT\$1,000

Main products	Unit	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
3C electronics segment	1,000 PCS	329,000	289,502	560,457	117,679	112,194	293,407
Vehicle parts segment	1,000 PCS	153,621	138,422	1,699,472	202,469	159,723	2,041,856
Building material segment	1,000 PCS	44,072	1,338	223,682	1,217	1,117	40,243
Sports equipment segment	1,000 PCS	145,287	127,095	1,678,103	33,017	33,017	357,335
Toolings and others	PCS/set	20,506	18,409	725,932	10,289	9,761	264,771
Total		-	-	4,887,646	-	-	2,997,612

## (VI) Sales volume/value in the most recent two years

Unit: NT\$1,000

Primary commodity	Unit	2022				2021			
		Internal sales		External sales		Internal sales		External sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
3C electronics segment	1,000 PCS	6,649	23,822	884,202	1,334,458	83,236	185,298	67,695	1,382,850
Vehicle parts segment	1,000 PCS	1,000	15,277	131,101	2,032,932	-	-	146,872	2,431,903
Building material segment	1,000 PCS	-	-	1,354	50,767	-	-	1,064	41,851
Sports equipment segment	1,000 PCS	1,565	672,274	1,394	1,199,291	-	-	369	467,417
Toolings and others	PCS/set	424,687	116,079	420,178	540,027	-	-	284	154,905
Total		-	827,452	-	5,157,475	-	185,298	-	4,478,926

### III. The Number, Average Year of Services, Average Age, and Educational Background of the Employees in the Most Recent Two Years as of the Publication Date of the Annual Report

Year		2022	2023	As of Apr. 30, 2024
Number of employees	Direct personnel	404	401	471
	Indirect personnel	515	500	505
	Total	919	901	976
Average age		35.51	36.33	35.65
Average year of services		4.51	4.62	4.38
Educational background	PhD	0.22%	0.33%	0.10%
	Master	4.35%	3.88%	3.89%
	Bachelor	39.06%	39.40%	36.89%
	High school	27.86%	24.97%	23.67%
	Below high school	28.51%	31.41%	35.45%

#### IV. Disbursements for Environmental Protection

- (I) In the most recent years as of the publication date of the annual report, the losses due to the environment pollution (including indemnity) and total amount of punishment: All of the Company's expenditures were normal (hazardous waste disposal fee, environmental monitoring fee and domestic garbage disposal fee, etc.), and the total expenditure was NT\$3,590 thousands in 2023.
- (II) Countermeasures in future (including improvement measures) and possible expenditures (including the estimated amount of loss, punishment, and indemnity that may occur if no countermeasure is taken. If it cannot be reasonably estimated, give a reason): It is estimated that the expenditure in 2024 will be about NT\$2,164 thousands. The company will standardize the company's internal management in accordance with the government's requirements to avoid unreasonable expenditures.

#### V. Relation of employer and employee

##### (I) Employee benefit measures

##### 1. Employee benefits

##### (1) Taiwan, China:

- A. Diversified employee benefits include labor insurance, health insurance, labor pension and group insurance, employee meal subsidies, employee health checks, departmental social dining, three-holiday cash gifts and wedding and funeral subsidies.
- B. The communication channel is smooth and the employee complaint system is implemented, which includes a hotline, a suggestion box, an email address for complaint, and a sexual harassment complaint mailbox.
- C. Regularly hold labor-management meetings and conduct employee opinion surveys for the references for executives, internal operations, enhancing employee engagement and improving work input.
- D. Regularly organize various activities, such as employee sports meets, family days, various sporting events and artistic and cultural activities, so that employees can have more leisure and social activities after work.

##### (2) Mainland China:

- A. Vacation: Public leave, annual leave, marriage leave, bereavement leave, maternity leave, parental leave, one-child leave, nursing leave etc. National statutory leave is paid leave.
- B. Insurance: In addition to the social insurance stipulated by laws and regulations, the Company also purchases commercial insurance for some employees in special positions.
- C. Health: The Company provides free physical examinations and follows up re-examination arrangements, reminds the employees every year, and assists them in medical consultation and hospital arrangements.
- D. Benefits on holidays: Distribute festival fees or holiday gifts to all employees on

every national legal holidays such as: Spring Festival, Women's Day, Dragon Boat Festival, Mid-Autumn Festival, etc. In every summer, the Company distributes heatstroke prevention subsidies and cooling items (such as mung bean soup and industrial ice cubes) to outdoor operators or people working indoors with the temperature beyond the law.

E. Marriage, childbirth and birthday: The Personnel Division counts the list of employees for marriage, childbirth and birthday monthly, and issues wedding cash gifts, childbirth cash gifts and birthday cake coupons.

F. Cultural activities:

- a. In order to enhance the understanding and integration between employees, the Company set up a Strategy Planning Office to create a harmonious working environment and a good interpersonal atmosphere for employees. The Strategy Planning Office will organize group activities and various sports activities from time to time, and plan the Welcome Party at the beginning of each year. In the Welcome Party, it will prepare incredible prizes and year-end employee commendations.
- b. The Company will sponsor each unit to organize tourism activities from time to time.
- c. Establish cooperation with the Government Federation of Literary and Art Circles, and hold calligraphy, painting, photography and other public welfare trainings in the Company every year to enrich the spare time of employees.
- d. The Company regularly organizes outward-bound activities for middle-level management to enhance communication and collaboration between departments.

(3) Czech Republic:

- A. Pay social and health insurance for employees, which account for 25% and 9% of total wages, respectively, and conduct regular medical examinations.
- B. 20-day legal holidays + 5-day additional free days.
- C. Meals subsidized by the canteen.
- D. Liability insurance for machine operators.
- E. Free tea and pastries in the workplace.
- F. Summer BBQ and Christmas party.

2. Employees' continuing education and training

- (1) The Company actively develops employees and enhances their professional capabilities. In addition to irregularly organizing internal education and training to enhance employees' skills and irregularly sending employees to participate in external training and studying, it also encourages employees to engage in advanced studies to improve work performance, so that employees can have long-term planning and investment in company services.

- (2) The results of the Company's education and training in the most recent year are as follows:

Course	Total training hours	Fees (NT\$1,000)
Internal training	13,244	4,318
External training	3,625	

- (3) Finance personnel obtaining relevant qualifications specified by the competent authority:

Title	Name	Organizer	Course title	Hours of courses
Financial and Accounting Supervisor	Chien, Yi-Ling	Shih Chien University Continuing Education Center	Training class for principal accounting officers of issuers, securities firms, and securities exchanges	12
Finance Manager	Jed Huang	Accounting Research and Development Foundation	Common internal control management deficiencies in enterprises and analysis of practical cases Recent policy development and internal control management practices related to "ESG sustainability" and "self-compilation of financial reports"	12
Compile financial reports accountants	Lu Zhi-fang		Common deficiencies in corporate financial report preparation and compliance with internal audit and control laws and regulations	6

### 3. Retirement system

#### (1) Taiwan, China:

Subject to "Labor Pension Act", the labor retirement reserve is paid on a monthly basis, and the pension is paid within 6% of the insured salary. The Company has a sound financial system to ensure that employees are allocated and paid with a stable pension.

#### (2) Mainland China:

Employee's pension insurance: The Company pays pension insurance for employees in accordance with the local regulations. As specified by the local social insurance operation method, pension insurance is included in social insurance (including medical, maternity, pension, work injury and unemployment). After going through the formalities for social insurance of new members, the Company will begin to fulfill its obligations to pay pension insurance premiums for its employees.

### 4. Measures for safeguarding labor-management agreements and all employee rights and interests

Establish workers and employees' congress, and select employees' representatives to operate



the congress and handle various employee welfare matters and labor-management relations. The Company's relevant labor-management relations are well handled in accordance with relevant laws, and the implementation situation is good.

The Company has always been committed to maintaining harmonious labor-management relations. So far, no major disputes or losses have occurred. In addition, various employee rights protection measures shall be taken in accordance with the relevant laws and regulations.

(II) List the losses due to labor disputes in the most recent year up to the publication date of this annual report, and disclose the estimated amount arising both at present and in the future and the countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained

1. The Company has always focused on labor-management relations. In the most recent year up to the publication date of this annual report, no labor disputes or losses caused by labor disputes have occurred.
2. The Company has established an open communication channel between the employers and the employees, and the labor-management relations are rational and harmonious. In the future, if there are no other external factors impacting changes in the labor-management relations, no amount loss will occur.

(III) Protection measures and implementation of employee personal safety and working environment:

1. Safety Production Management System AQ/T9006-2010

Externally based on the consequences of safety production accidents and government regulatory requirements, internally based on the people-oriented corporate philosophy and long-term healthy development demands, led by the General Manager's Office to establish "safety first, prevention first, compliance with laws and regulations, implementation of responsibility and sound system supervision and implementation of all staff participating in continuous improvement" safety general policy. In 2017, the company received the AQ/T9006-2010 "Enterprise Safety Production Standardization" certification and the system continues to operate and optimize at present.

The safety production management system is based on the general idea of "safety first, prevention first, and comprehensive management", focusing on personnel safety training, safety risk inspection and control, and safety hazard management, and prevent personnel from false operations, reduce employees' hazards and risks, ensure a safe production environment, and improve employees' safety awareness in systematical ways. Based on good safety management, in 2022, there will be no industrial accidents and occupational injury cases in all departments of the company.

2. Safety hazard investigation and improvement matters

Throughout 2023, we conducted plant-wide safety hazard investigations on time every month, and require all departments to make rectifications exactly. Throughout the year, we inspected and recorded 140 safety hazards and illegal operations, and completed 100% closed-loop improvement. It was beneficial for supervising and promoting the overall safe working environment of the whole plant.

### 3. Safety Education

The company has established an annual safety education and training plan to ensure that supervisors at all levels and all employees receive necessary safety training, so as to achieve the purpose of mastering post safety operation specifications, fire protection knowledge, and improving safety awareness. We ensure that regular workers, labor workers, transfer workers, and interns receive corresponding safety training on the first day of employment, and can only enter the post after passing the assessment. For outsourced contractors entering the factory, they must also undergo corresponding training and audits before they can operate.

At the same time, for risk operators, we ensure that they have received professional government functional training and obtained relevant qualification certificates before arranging operations.

The continuous safety training also corresponds to the "people-oriented" concept, which is the basis for the continuous improvement and progress of the company's safety management.

## VI. Information Security Management :

(I) Describe the information security risk management framework, the information security policy, the concrete management plans and the resources involved in the information security management, etc.:

### 1. Information Security Risk Management Framework

- (1) The information department of the company is responsible for planning, implementing and promoting information security management matters, and promoting information security awareness.
- (2) The audit office of the company is the audit unit of information security supervision. If any defects are found in the audit, it will immediately request the audit unit to propose relevant improvement plans and report it to the board of directors, and regularly track the improvement results to reduce internal information security risks.

### 2. Information Security Policy

- (1) Maintain the continuous operation of various information systems
- (2) Prevent hackers, various viruses from invading and destroying
- (3) Prevention of improper and illegal use with human intent
- (4) Prevent sensitive data from leaking
- (5) Avoid human error
- (6) Maintain physical environment security

### 3. Concrete Management Plans

- (1) The company established an information security committee in July 2021, with the general manager as the chairman, responsible for coordinating the company's information security policies and governance matters. In order to confirm the suitability, adequacy and effectiveness of the information security management system, the general manager reviews

the information security management system once a year. The management review includes the evaluation of whether the information security management system needs to be improved or changed, as well as the evaluation of the security policy and security objectives.

(2) In July 2022, the company's board of directors revised the "Computer Information Cycle" and set up the posts of information security specialist and information security officer to comprehensively manage information security policy promotion and resource scheduling.

(3) The Information Security Management System (ISMS) was certified by a third-party vendor in September 2021 and passed the ISO27001 international standard certification, which improved the information security management policy and related management procedures. For related management policies, please refer to the "Information Security Management Manual".

(4) The company started the TISAX system certification for the automotive industry in July 2022, and passed the certification to obtain an official label. This is a more industry-standard safety system based on ISO27001, combining with the actual situation of the company, determine information security policies and goals, effectively manage information security risks. The company launched the TISAX system certification for the automotive industry in July 2022, and successfully passed the VDA-TISAX-AL3 information security assessment and exchange assessment audit in February 2023, and obtained the VDA-TISAX-AL3 official authorization label, which is a more industry-standard security system based on ISO27001. It ensures that all employees understand and follow the implementation of information security management system documents, and continuously improve the effectiveness of the information security management system to achieve the goal of continuous improvement

(II) List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

## VII. Important Contracts

Nature of contract	Counterparty	Effectiveness and termination/cancellation date	Major contents	Restrictions
Lease contract	Kunshan Jinliang Plastic Electronics Co., Ltd.	2018.06.01 2023.05.31	Building lease contract	None
Lease contract	LCJ Invest, a.s.	2022.02.16 2032.02.15	Building lease contract	None
Lease contract	Kunshan Shengxu Textile Co., Ltd.	2021.07.20 2024.11.30	Building lease contract	None
Lease contract	Jiangsu Baixue Electronics Co., Ltd.	2021.02.01 2026.01.31	Building lease contract	None
Lease contract	Kunshan Hengrunsheng Plastic Technology Co., Ltd.	2024.01.01 2026.12.31	Building lease contract	None
Lease contract	Kunshan Hengrunsheng Plastic Technology Co., Ltd.	2024.01.20 2025.01.19	Building lease contract	None

## Chapter 6 Financial Information

### I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

#### (I) Condensed balance sheets

Unit: NT\$1,000

Item	Year	Financial information for the past five fiscal years					Financial information as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		3,949,666	4,624,287	6,342,799	4,824,744	4,025,917	4,113,142
Property, plant and equipment		1,808,305	1,260,496	1,246,778	1,394,179	1,542,958	1,691,746
Intangible assets		42,204	40,098	32,545	26,476	17,779	16,782
Other assets		425,832	466,838	474,080	1,583,406	1,682,472	1,650,188
Total assets		6,226,007	6,391,719	8,096,202	7,828,805	7,269,126	7,471,858
Current liabilities	After	2,974,160	3,017,894	2,975,792	3,867,741	2,340,392	2,378,545
	Before	3,139,807	3,180,770	3,038,313	3,898,837	2,388,467	NA
Non-current liabilities		1,281,354	781,223	2,024,344	582,069	1,411,940	1,426,158
Total liabilities	After	4,255,514	3,799,117	5,000,136	4,449,810	3,752,332	3,804,703
	Before	4,421,161	3,961,993	5,062,657	4,480,906	3,800,407	NA
Equity attributable to owners of the parent		1,953,321	2,575,969	3,078,096	3,286,446	3,415,020	3,562,071
Share capital		474,720	505,535	625,208	621,928	621,928	621,928
Capital surplus		802,102	1,114,494	1,480,562	1,462,846	1,462,967	1,462,967
Retained earnings	After	744,848	1,004,607	1,054,736	1,215,668	1,389,191	1,394,217
	Before	579,201	841,731	992,215	1,184,572	1,341,116	NA
Other equity interest		(68,349)	(48,667)	(82,410)	(13,996)	(59,066)	82,959
Treasury stock		-	-	-	-	-	-
Non-controlling interests		17,172	16,633	17,970	92,549	101,774	105,084
Total equity	After	1,970,493	2,592,602	3,096,066	3,378,995	3,516,794	3,667,155
	Before	1,804,846	2,429,726	3,033,545	3,347,899	3,468,719	NA

Note 1: The financial information for the past five fiscal years has been audited or reviewed by the CPAs.

Note 2: It is filled in based on the resolution of the shareholders' meeting in the next year. The 2023 annual shareholders' meeting has not yet been convened.

## (II) Condensed statements of comprehensive income

Unit: NT\$1,000

Year Item	Financial information for the past five fiscal years					Financial information as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	5,042,657	5,471,250	6,369,118	5,984,928	4,664,224	1,182,851
Gross profit	1,031,009	1,280,347	1,331,344	1,276,105	1,215,492	267,420
Operating profit (loss)	393,883	685,261	631,834	462,563	328,523	78,606
Non-operating income and expenses	(57,025)	(42,244)	(3,935)	67,904	(28,953)	(8,625)
Net income before tax	336,858	643,017	627,899	530,467	299,570	69,981
Net income from continuing operations	262,339	454,923	467,172	435,154	274,499	53,812
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss)	262,339	454,923	467,172	435,154	274,499	53,812
Other comprehensive income (net, after tax)	(69,514)	20,065	(33,861)	68,615	(49,154)	144,624
Total comprehensive income	192,825	474,988	433,311	503,769	225,345	198,436
Net income attributable to owners of the parent	259,447	455,845	465,717	390,763	260,095	53,101
Net income attributable to non-controlling interests	2,892	(922)	1,455	44,391	14,404	711
Total comprehensive income attributable to owners of the parent	189,723	475,527	431,974	459,177	215,025	195,126
Total comprehensive income attributable to non-controlling interests	3,102	(539)	1,337	44,592	10,320	3,310
Earnings per share	5.47	8.32	7.51	6.27	4.18	0.85

Note: 1. The financial information for the past five fiscal years has been audited or reviewed by the CPAs.

2. Earnings per common share are expressed in yuan, and the effect of transferring earnings to capital increase has been retroactively adjusted.

## (III) Auditor's opinion for the most recent five years

Year	CPA firm	CPA	Audit opinion
2019	Deloitte & Touche	Lee, Li-Huang & Chih, Jui-Chuan	Unqualified opinion
2020	Deloitte & Touche	Lee, Li-Huang & Chih, Jui-Chuan	Unqualified opinion
2021	Deloitte & Touche	Lee, Li-Huang & Chih, Jui-Chuan	Unqualified opinion
2022	Deloitte & Touche	Lee, Li-Huang & Chih, Jui-Chuan	Unqualified opinion
2023	Deloitte & Touche	Xue, Jun-Min & Chih, Jui-Chuan	Unqualified opinion

## II. Financial Analyses for the Past Five Fiscal Years

### (I) Financial analysis

Analysis item \ Year		Financial analysis for the past five fiscal years					Financial analysis as of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Ratio of liabilities to assets	68.35	59.44	61.76	56.93	51.62	50.92
	Ratio of long-term capital to property, plant and equipment	160.43	233.16	372.17	242.36	283.01	267.01
Solvency	Current ratio (%)	132.8	153.23	213.15	124.74	172.02	172.93
	Quick ratio (%)	105.17	128.65	181.58	98.69	133.77	133.01
	Times interest earned ratio	6.72	17.6	30.5	15.41	5.69	5.04
Operating ability	Receivables turnover rate (times)	2.31	2.52	3.06	3.13	2.75	3.07
	Average days for cash receipts	158.06	144.84	119.28	116.68	132.69	119.07
	Inventory turnover rate (times)	4.6	5.68	6.3	4.87	3.64	4.03
	Payables turnover rate (times)	2.6	2.47	3.09	3.69	3.38	3.71
	Average days for sale of goods	79.4	64.28	57.93	74.95	100.19	90.58
	Turnover rate for property, plant and equipment (times)	2.79	4.34	5.11	4.29	3.02	2.80
	Total asset turnover rate (times)	0.81	0.86	0.79	0.76	0.64	0.63
Profitability	Return on assets (%)	5.37	7.7	6.68	5.77	4.41	3.64
	Return on equity (%)	13.65	19.94	16.42	13.44	7.96	5.99
	Ratio of income before tax to paid-in capital (%)	70.96	127.2	100.43	85.29	48.17	45.01
	Profit margin (%)	5.2	8.31	7.33	7.27	5.89	4.55
	Earnings per share (NT\$)	5.47	8.32	7.51	6.27	4.18	0.85
Cash flow	Cash flow ratio (%)	34.28	30.12	20.91	6.22	48.04	-5.00
	Cash flow adequacy ratio (%)	45.27	68.29	87.27	94.00	124.08	110.66
	Cash reinvestment ratio (%)	24.8	18.51	4.85	1.36	20.54	-3.14
Leverage	Operating leverage	1.67	1.39	3.71	1.72	2.14	2.29
	Financial leverage	1.18	1.06	1.03	1.09	1.24	1.28



Description of causes for changes to various financial ratios in the most recent two years: (analysis would not be required if the increase and decrease is within 20%)

1. Increase in current ratio: Mainly due to a larger reduction in current liabilities in 2023 (repayment of corporate bonds payable).
2. Increase in quick ratio: Mainly due to a larger reduction in current liabilities in 2023 (repayment of corporate bonds payable)
3. Decrease in times interest earned ratio: Mainly due to the large increase in interest expenses of long-term borrowing in 2023.
4. Decrease in inventory reduction turnover: Mainly due to the saturated market with materials and customers are digesting their own inventories.
5. Increase in average sales days: Mainly due to the decrease in fitness equipment revenue in 2023, the decrease in accounts receivable turnover rate, and the increase in sales days.
6. Decrease in property, plant and equipment turnover ratio: Mainly due to the overseas expansion of the mainland and Czech subsidiaries and the addition of new factories and fixed assets.
7. Decrease in return on assets ratio: Mainly due to decrease in total assets in 2023 (financial assets measured at public value through profit or loss)
8. Decrease in equity return ratio: Mainly due to the decrease in net profit after tax in 2023.
9. Decrease in the ratio of net income before tax to paid-in capital: Mainly due to the decrease in revenue and pre-tax net income in 2023.
10. Decrease in earnings per share: Mainly due to the decrease in revenue and increase in operating expenses in 2023, resulting in a decrease in net profit attributable to the parent company.
11. Increase in cash flow ratio: Mainly due to the recovery of receivables, which increases the net cash inflow from operating activities, and the repayment of corporate debt payables and reduces current liabilities, resulting in an increase in the cash flow ratio.
12. Increase in cash flow adequacy ratio: Mainly due to the increase in net cash inflow from operating activities.
13. Increase in cash reinvestment ratio: Mainly due to decrease in the net cash inflow from operating activities in the past five years has increased and the amount of cash dividends.
14. Increase in operating leverage: Mainly due to the decrease in operating income from fitness equipment, and thus the decrease in operating profits.

Information Source: Consolidated financial reports audited and certified by accountants for each year

Note : The calculation formulas for the financial analysis ratio are as follow:

1. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net amount of property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenditures) / Current liabilities.
- (3) Times interest earned ratio = Income before income tax and interest expense / Interest expenses for this period.

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable resulting from operations) turnover rate = Net sales / Balance of average receivables (including accounts receivable and notes receivable resulting from operations).
- (2) Average days for cash receipts = 365 / Accounts receivable turnover rate.
- (3) Inventory turnover rate = Cost of goods sold / Average inventory.
- (4) Payables turnover rate (including accounts payable and notes payable resulting from operations) = Cost of goods sold / Balance of average payables (including accounts payable and notes payable resulting from operations).
- (5) Average days for sale of goods = 365 / Inventory turnover ratio.
- (6) Turnover rate for property, plant and equipment = Net sale / Average net property, plant and equipment value.
- (7) Total asset turnover ratio = Net sales / Average total assets.

4. Profitability

- (1) Return on assets = [Net income after tax + Interest expenses \* (1 - Tax rate)] / Average total assets.
- (2) Return on equity = Net income after tax / Average total equity.
- (3) Profit margin = Net income after tax / Net sales.
- (4) Earnings per share (EPS) = (Income attributable to owners of the parent - Dividend for preferred shares) / Weighted average of issued shares.(Note 4)

5. Cash flow

- (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flows from operating activities for the past five fiscal years / (Capital expenditures + Additional inventory sum + Cash dividend) for the past five fiscal years.

(3) Cash re-investment ratio = (Net cash flows from operating activities - Cash dividend) / (Gross amount of property, plant and equipment + Long-term investments + Other non-current assets + Working capital).  
(Note 5)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit  
(Note 6).

(2) Financial leverage = Operating profit / (Operating profit - Interest expenses).

### III. Audit Committee's Audit Report for the Most Recent Fiscal Year's Financial Statements

## Lemtech Holdings Co., Limited

### Audit Report by Audit Committee

The 2023 Business Report, Consolidated Financial Statements, and proposal of annual profit distribution are prepared by the Company's Board of Directors. The CPAs of Deloitte Taiwan, Xue, Jun-Min and Chih, Jui-Chuan, have audited the aforementioned Consolidated Financial Statements and issued the audit report.

The Audit Committee has reviewed the above books and statements submitted by the Board of Directors and has found no deviations. Therefore, pursuant to Article 14-4 of the Securities and Exchanges Act and Article 219 of the Company Act of the Republic of China, the Audit Committee hereby presents the audit report.

Sincerely,

Lemtech Holdings Co., Limited

Convener of the Audit Committee: Yang, Rui-Long

March 4, 2024

- IV. Financial Statements of the Most Recent Fiscal Year, Including a CPA's Report, Two-year Comparative Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes or Schedules: Please refer to pages 142 to 221 in this annual report.
- V. Company's Individual Financial Statements of the Most Recent Fiscal Year Audited and Certified by CPAs: The Company only issues Consolidated Financial Statements of the Parent Company and its Subsidiaries, and thus not applicable.
- VI. The Company Shall Disclose the Impact on Financial Status in Case of Any Financial Difficulties Experienced by the Company and Its Affiliated Companies during the Most Recent Year up to the Publication Date of This Annual Report: None.

## Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

### I. Financial Position

(I) The main reasons for the significant changes in assets, liabilities and equity in the past two years and their impacts

Unit: NT\$1,000

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	4,824,744	4,025,917	(798,827)	(16.56)
Property, plant and equipment	1,394,179	1,542,958	148,779	10.67
Intangible assets	26,476	17,779	(8,697)	(32.85)
Other non-current assets	1,600,353	1,682,472	82,119	5.13
Total assets	7,845,752	7,269,126	(576,626)	(7.35)
Current liabilities	3,867,741	2,340,392	(1,527,349)	(39.49)
Non-current liabilities	599,016	1,411,940	812,924	135.71
Total liabilities	4,466,757	3,752,332	(714,425)	(15.99)
Share capital	621,928	621,928	0	0.00
Capital surplus	1,462,846	1,462,967	121	0.01
Reserved earnings	1,215,668	1,389,191	173,523	14.27
Other equity interest	(13,996)	(59,066)	(45,070)	322.02
Non-controlling interests	92,549	101,774	9,225	9.97
Total shareholder equity	3,378,995	3,516,794	137,799	4.08
<p>If the difference in comparison with the adjacent periods exceeds 20%, and the amount exceeds NT\$10 million, the main reason is analyzed as follows:</p> <ol style="list-style-type: none"> <li>1. Decrease in current liabilities: Mainly due to the decrease in corporate bonds payable due within one year.</li> <li>2. Increase in non-current liabilities: Mainly due to borrowing from long-term bank loans Other equity interest: Mainly due to rotation of special surplus reserve.</li> <li>3. Other equity interest: Mainly due to the reduction in accumulated translation differences from the translation of financial statements of foreign operating institutions.</li> </ol>				

(II) Where the effect is of material significance, the annual report shall disclose the measures to be taken in response: No major impact on the Company's finances and business.

## II. Financial Performance

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

Unit: NT\$1,000

Item \ Year	2022	2023	Amount Of increase (decrease)	Percentage of increase (decrease) (%)
Net operating revenue	5,984,928	4,664,224	(1,320,704)	(22.07)
Operating costs	4,708,823	3,448,732	(1,260,091)	(26.76)
Gross profit	1,276,105	1,215,492	(60,613)	(4.75)
Operating expenses	813,542	886,969	73,427	9.03
Net operating profit	462,563	328,523	(134,040)	(28.98)
Non-operating income and expenses	67,904	(28,953)	(96,857)	(142.64)
Net income before tax	530,467	299,570	(230,897)	(43.53)
Income tax expenses	95,313	25,071	(70,242)	(73.70)
Net profit for this period	435,154	274,499	(160,655)	(36.92)
Other comprehensive income	68,615	(49,154)	(117,769)	(171.64)
Total comprehensive income attributable to owners of the parent	459,177	215,025	(244,152)	(53.17)
Total comprehensive income attributable to non-controlling interests	44,592	10,320	(34,272)	(76.86)
<p>If the difference in comparison with the adjacent periods exceeds 20%, and the amount exceeds NT\$10 million, the main reason is analyzed as follows:</p> <ol style="list-style-type: none"> <li>1. Net income before tax: Operating gross profit decreased with the scale of revenue. In addition, due to the provision of goodwill impairment losses of subsidiaries and subsidiary slide rail litigation compensation losses, non-operating expenses increased compared with the same period last year, resulting in a decrease in pre-tax net profit.</li> <li>2. Net profit for this period: The net profit before tax decreased (for the reasons mentioned above). In addition, the deferred income tax expense was reversed in 2023, the income tax expense decreased, and the net profit for the current period decreased.</li> <li>3. Other comprehensive income: Mainly due to the depreciation of RMB, the exchange difference in conversion expression increased.</li> </ol>				

(II) The expected sales and its basis, the possible impact on the Company's future financial business and the countermeasures: No significant impact on the Company's finance and business.

### III. Cash Flow

#### (I) Analysis on the changes in cash flow in the most recent fiscal year

Units: NT\$1,000; %

Item	2022	2023	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Operating activities	240,593	1,124,424	883,831	367.36
Investing activities	(1,791,981)	(310,369)	1,481,612	(82.68)
Financing activities	(412,137)	(807,851)	(395,714)	96.02
Description about material changes:				
1. Operating activities: Mainly due to the decrease in accounts receivable and inventory at the end of this year, resulting in an increase in net cash inflow from operating activities.				
2. Investing activities: Mainly due to obtaining the land and factory buildings in Zhongli previously, but not in this period.				
3. Financing activities: Mainly due to the repayment of corporate bonds in this period, the net cash outflow from financing activities increased.				

(II) Plan for improving insufficient liquidity: No shortage of cash.

(III) Cash liquidity analysis for the following year

Unit: NT\$1,000

Opening cash balance	Net cash inflow from operating activities throughout the year	Cash flow from investing and financing activities throughout the year	Cash balance (deficit)	Remedial measures for estimated cash deficit	
				Investing plan	Financing plan
1,459,029	339,387	(453,592)	1,344,824	-	-
1. Cash flow change analysis for the following year:					
(1) Net cash inflow from operating activities mainly due to the cash received from operating.					
(2) Cash outflow is mainly due to operating expenses, purchase of machinery and equipment, and distribution of dividends.					
2. Remedial measures for estimated cash deficit and cash liquidity analysis: The Company's cash outflow in the following year is estimated mainly based on future operating needs. In addition to cash inflow from operating activities, bank loans will be used in case of cash deficit.					

### IV. Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

- The new factory building in Kunshan, mainland China, is expected to cost a total of RMB 50 million. Once the factory is completed, production capacity will be further expanded.

2. Currently US\$2.47 million has been invested in Tianjin factory in mainland China in order to open up the market in North China
3. RMB 7 million has been invested in the Guangdong factory in mainland China so far in order to open up the market in South China.

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

(I) The Company's reinvestment policy

The Company is a holding company, and the main profit comes from main businesses of subsidiaries. In addition, there are reinvestments for strategic purposes of industrial or business development. All subsidiaries of the Company's main business are profitable, and companies that make strategic reinvestments are not for profiting.

(II) Main reasons for profits/losses of reinvestment for the most recent year and plan for improving re-investment profitability

Unit: NT\$1,000

Reinvestment company	2023 investment profit (loss)	Main reason for such profit or loss	Improvement plan
Lemtech Global Solution Co. Ltd.	283,785	Mainly caused by recognition of investment gains of Lemtech Precision Materials (China) Co., Ltd.	-
Lemtech International Limited	59,607	Operations are in good condition	-
Lemtech Industrial Services Ltd	2,871	Mainly caused by recognition of investment gains of Lemtech Slide Co.,Ltd	-
LemTech Global Industries Ltd.	30,370	Operations are in good condition	-
Lemtech-Eahwa Precision Technonlogy Co., Ltd.	8,616	Operations are in good condition	
Zhenjiang Emtron Surface Treatment Limited	(14,836)	The main source of operating income is the surface treatment of automobile parts, due to the long period of automobile certification,	Continue to win customer orders, expand business scale to achieve profits



Reinvestment company	2023 investment profit (loss)	Main reason for such profit or loss	Improvement plan
		the revenue has not reached economic scale	
Keycore Technology Corp.	20	R&D center focusing on the development of biometric chips	-
LemTech Precision Material (China) Co., Ltd.	298,091	Operations are in good condition	-
Lemtech Technology Limited	(18,689)	Group policy changed to LIL accepting orders	-
LDC Precision Engineering Co., Ltd.	(44,576)	As the epidemic slows down, orders for home fitness equipment decrease	Continue to win customer orders, expand business scale to achieve profits
Lemtech Precision Material (Czech) s.r.o.	51,011	Operations are in good condition.	-
Lemtech USA Inc.	5	It is for maintaining relationship with US customers and obtaining real-time business information, not for profit	
Aapico Lemtech (Thailand) Co., Ltd.	(5,897)	Operations are in continuous improvement	-
Kunshan Lemtech Slide Technology Co., Ltd.	6,574	Operations are in good condition	-
Kunshan Lemtech Electronics Technology Co., Ltd	(3,137)	Most of the production capacity and manpower were due to organizational changes, resulting in a sharp drop in revenue and losses.	Has been absorbed and merged by Lemtech Electronics Technology (Changshu) Co., Ltd.
Lemtech Electronics Technology (Changshu) Co., Ltd.	(37,226)	With 3C cooling parts as the main source of revenue, losses increased due to weak	Continue to win customer orders, and expand business scale to be profitable.

Reinvestment company	2023 investment profit (loss)	Main reason for such profit or loss	Improvement plan
		market demand.	
Lemtech Energy Solutions Corporation	19,594	Operations are in good condition.	-
Lemtech Precision Engineering (Tianjin) Co.,Ltd	(21,704)	Newly established company and has not yet entered the mass production stage.	After the actual mass production, it should be able to improve the profit.
Lemtech Mexico S.A. de C.V.	(6,142)	Still in the factory construction stage	-

(III) Investment plans for coming year: The Company expects that there is no material investment plan in the following year.

## VI. Risks Items

(I) Impacts of interest rate, fluctuation in exchange and inflation on corporate gains and losses and future countermeasures

### 1. Interest rate movements

#### (1) Impact on the Company's revenue and profit

The interest expense of the Company and its subsidiaries in 2022 and 2023 accounted for 0.62% and 1.37% of the net operating income respectively, with a low proportion. Therefore, the change in interest ratio will not have a significant impact on the profit and loss of the Company and its subsidiaries.

#### (2) Specific countermeasures

The Company's Finance Department adjusts the use of funds in time in light of changes in financial interest rates in response to financial risks caused by changes in interest rates.

### 2. Exchange rate changes

#### (1) Effect of exchange rate changes on the Company's revenue and profit

The Company and its subsidiaries purchase and sell goods in USD and RMB as the main collection currencies. The amount of exchange (losses) gain in 2022 and 2023 was NT\$94,164,000 and NT\$32,294,000 respectively, accounting for 1.57% and 0.69% of the net operating income.

#### (2) Specific countermeasures

In the face of risks arising from exchange rate fluctuations, the group's internal financial professionals have taken the following specific countermeasures:

A. The Company's Business Department has considered the influence of exchange rate fluctuations on the sales price, and adjusted the product price by measuring the changes in the exchange rate in response to the exchange rate fluctuation, ensuring the profits of the Company's products.

B. The financial unit will discuss the exchange rate trend with the foreign exchange unit of the bank, engage external professionals to give hedging advice to the Company's exposed positions, and adopt appropriate hedging strategies at the appropriate time to reduce the risk of exchange rate.

C. In addition to net assets and liabilities for a specific project, foreign exchange

exposed positions arising from routine sales still adopt natural hedging as the main strategy for exchange rate risk control, and adjust foreign currency assets and liabilities at the appropriate time to reduce the risk of exchange rate changes.

3. Inflation: The Company's profits and losses in the past have not exerted a significant impact due to inflation. If the purchase cost increases due to inflation, the Company will also adjust the price appropriately. The Company has continued to monitor market price fluctuations and maintained a positive, interactive relationship with both suppliers and customers. There has been no significant impact caused by inflation.

(II) Policies on high risk, high-leverage investments, loans to other parties, endorsements, guarantees, and derivatives trading, the main reasons for profits or losses generated thereby, and future countermeasures

1. Policies on high risk, high-leverage investments, the main reasons for profits or losses generated thereby, and future countermeasures:

The Company has always adhered to a stable and conservative business strategy. In recent years, it has not engaged in high-risk, high-leverage investment and other transactions, so the risk is limited.

2. Policies on loans to other parties, the main reasons for profits or losses generated thereby, and future countermeasures:

In the most recent year and as of the publication date of the annual report, the Company and its subsidiaries provided loans for each other in consideration of the overall use of funds. The Company and its subsidiaries have set up the "Procedures for Loans to Other Parties" as the basis for relevant operations, and the risk status has been considered and the regulations are implemented carefully.

3. Policies on endorsements and guarantees, the main reasons for profits or losses generated thereby, and future countermeasures:

In the most recent year and as of the publication date of the annual report, the Company and its subsidiaries provided endorsements and guarantees for each other in consideration of the overall use of funds. The Company and its subsidiaries have set up the "Procedures for Endorsement Guarantee Operation" as the basis for relevant operations, and the risk status has been considered and the regulations are implemented carefully.

4. Policies on derivatives trading, the main reasons for profits or losses generated thereby, and future countermeasures:

In the most recent year and as of the publication date of the annual report, the Company did not engage in derivatives trading. In the future, the Company will always take measures subject to the "Investment Cycle" and "Procedures Governing Acquisition and Disposal of Assets" when engaging in derivatives trading due to operational needs.

(III) Future R&D projects and anticipated R&D expenditures to be invested

At present, the group has R&D departments in mainland China and Taiwan. The department in mainland China mainly focuses on the development and process improvement of metal stamping products such as heat dissipation, auto parts, building materials parts, etc. In response to future growth, the Company established the R&D center with mainland higher professional institutions in 2010, and conducted school-enterprise cooperation to cultivate professional and technical talents. The department in Taiwan is actively committed to the development of new hub products and new heat dissipation systems with high added value. In 2020, it established cooperation with universities in mainland China in production, learning and research to realize the technical development of high precision multi-position continuous stamping die. Through a complete upstream and downstream industrial chain

and a close system (which means production, government, college and research department), we can recruit excellent talents and obtain technical information to improve the Company's R&D competitiveness.

In 2023, the Company invested approximately NT\$210,569,000 in research and development of product, production technology innovation and process improvement. In 2024, the Company continued to invest NT\$234,506,000 in research and development. In the future, the Company will continue to invest in research and development of automated production lines and will gradually use robots to replace employees in technical positions to improve production efficiency and quality, and reduce manufacturing costs. Meanwhile, it assesses the rapid growth of China's labor costs, maintains sustainable development and improves horizontal competitiveness.

Item	Introduction	R&D expenses (NT\$10,000)	Expected time to complete
Research and development of tooth rolling process for automotive air suspension shock absorbers	Manufacturing of suspension system parts	1,724	2024-10
Research and development of automatic production line integration for automotive components	Integration of automatic production lines for automobile parts	2,097	2024-11
Research and development of production processes for automotive power system components	Manufacturing of automotive powertrain parts	2,136	2024-12
Research and development of production processes for automotive power system components	Manufacturing of automobile chassis system parts	1,729	2024-12
Research and development of production processes for automotive power system components	Manufacturing of automotive safety system parts	2,031	2024-12
Research and development of production processes for automotive body system components	Manufacturing of automotive body system parts	1,533	2024-12
Research and development of suspended aluminum casing production line	Manufacturing of suspension system parts	1,743	2024-12
Research and development of production processes for consumer electronics parts	Manufacturing of electronic parts	904	2024-12
Research and development of automobile trailer system production technology	Manufacturing of automotive trailer system parts	1,897	2025-05
Total		15,794	

(IV) Changes to local and overseas policies and laws that impact the Company's financial operations and countermeasures

The Company is registered in Cayman Islands and mainly operates in mainland China. Its execution of all business is subject to important domestic and foreign policies and legal regulations, and it keeps abreast of important domestic and foreign policy development trends and law changes so as to respond promptly to changes in the market environment and take appropriate countermeasures. As of now, the Company's finance and business have not been affected by important changes of domestic and foreign policies and laws.

(V) Impact of changes in technology and industry on the Company's financial operations, and countermeasures

The Company takes the initiative to keep in touch with customers to obtain customer

information as soon as possible. It also continuously develops new products, diversifies the source of customers to avoid the risk of concentrated sales, and actively develops automobile parts and building materials parts and other non-3C electronic stamping parts and components to strengthen the stability of the Company's product structure and reduce the impact caused by electronic products changing rapidly. On the whole, the metal stamping parts are in great demand and will not be replaced by other high-tech products in the foreseeable future.

The company established an information security committee in July 2021, with the general manager as the chairman, responsible for coordinating the company's information security policies and governance (including information security risks). The Information Security Management System (ISMS) was certified by a third-party vendor in September 2021 and passed the ISO27001 international standard certification, which improved the information security management policy and related management procedures.

The company has established network and computer-related information security protection measures to ensure their appropriateness and effectiveness by continuously reviewing and evaluating its information security regulations and procedures. Even so, there is still no guarantee that companies will not be affected by new risks and cyberattacks in the ever-changing information security threats. In order to prevent and reduce the damage caused by such attacks, the company implements and continuously updates strict information security measures:

- (1) The company has professionals in charge of dealing with matters related to information system security prevention and crisis management, so as to prevent computer network crimes and crises and maintain information system security.
  - (2) The company has established a computer network system security control mechanism to ensure the security of network transmission data.
  - (3) For cross-company computer network systems, the company especially strengthens network security management, installs anti-virus software internally, and sets up external network firewalls to prevent computer viruses and aggressive malicious software from invading, causing damage to the company network and paralyzing the system.
  - (4) To educate employees on the concept of using legal software correctly, encourage employees to correctly recognize the threat of computer viruses, and further enhance employees' information security vigilance.
- (VI) Impacts of changes in corporate image on corporate crisis management and countermeasures  
Since the establishment, the Company has actively strengthened internal management, improved the management quality, and it is committed to maintaining the corporate image and legal compliance. In the most recent year, there has been no major image change affecting corporate crisis management.
- (VII) The expected benefits and possible risks to engaging in mergers and acquisitions (M&A) and countermeasures: None.

(VIII) Expected benefits and possible risks of plant expansion and countermeasures

Name of company taking expansion	Lemtech Precision Engineering (Tianjin) Co.,Ltd
Purpose of expansion	In response to the request of automobile customers in South China to supply goods nearby, and became their strategic supplier, a new factory was built.
Expected benefits	1.The business of China's automobile OEMs continues to grow, and the establishment of new factories has the opportunity to obtain new project orders from major customers of automobile products. 2.Setting up factories in South China can disperse supply chain risks, such as the impact of epidemic closures and natural disasters.
Possible risks and countermeasures	Because the company's customers are relatively concentrated, if there are changes in orders or customers' own operations, it will have a greater impact on the company. Therefore, in addition to focusing on the industry and providing efficiency and technology, at the same time expand product lines and develop new customers to diversify the risk of excessive concentration.

(IX) Risks resulting from concentration of purchasing or sales operations and countermeasures

In the most recent year of the company and as of the publication date of the annual report, the number one customer has changed with the growth of different businesses. Other than the first largest customer, which accounts for about 19% of the revenue, and the new second largest customer, which accounts for about 11% of the revenue, the rest of the customers account for less than 10% of the revenue. The company continues to actively expand new customer sources and develop new markets, and there is no risk of sales concentration. In the most recent year and as of the publication date of the annual report, the company's largest customer has changed with the growth of different businesses, and the customer's revenue share is less than 10%. The company continues to actively expand new customer sources and develop new markets, and there is no risk of sales concentration.

For procurement from suppliers, in the most recent year and as of the publication date of the annual report, the main suppliers did not exceed 20% of the total purchase amount. Unless specified by the customer, there will be at least two main raw material suppliers with good quality reputation. The Company's main suppliers all keep long-term cooperation with the group, and the source of procurement is still stable.

(X) The impact on the Company, and risks arising from the major exchange or transfer of shares by directors or major shareholders with over 10% of shareholdings, and the countermeasures

In the most recent year and as of the publication date of this annual report, there is no mass transfer or change in shareholding of directors or major shareholders with a shareholding ratio of 10% or more.

(XI) Impact, risk, and response measures related to any change in governance rights

There has been no change in governance rights in the most recent year and as of the publication date of this annual report.

(XII) If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the publication date of this annual report shall be disclosed

On Jun. 26, 2018, the subsidiary of the Company received a civil complaint which King Slide Works Co., Ltd. (hereinafter referred to as King Slide) filed to the Jiangsu Higher People's Court on Jun. 19, 2018, alleging that the slideway products produced, manufactured and sold by Lemtech Precision Material Co., Ltd. and Lemtech Slide Technology Co., Ltd. without the permission of King Slide infringed its patent rights, and claimed RMB100 million, and rights maintenance fee of RMB183,090 and NT\$31,748. It filed a case of patent infringement in Jiangsu Higher People's court. The appointed lawyer said that Lemtech Precision Material Co., Ltd. is mainly engaged in the research and development, production and sales of precision metal stamping parts and dies, and its main products are heat dissipation module, auto part module, die and other parts stamping. It only undertakes stamping parts for slide rail products, not a manufacturer or seller of the slide rail products, so the tort liability in this case shall not be involved. According to the preliminary judgment of the appointed lawyer, all the slide products produced by Lemtech Slide Technology Co., Ltd. have relevant patents (some of which are still under application), which are different from that of King Slide. And the basis for King Slide to claim compensation is insufficient, so the possibility of compensation is not high. The case was first heard on Jan. 25, 2019, and it is still in the process of the first instance, so it is impossible to predict the result of the case.

The basis for King Slide claim for compensation is insufficient, so the possibility of compensation is low. The case was heard for the first time on January 25, 2019. The merged company received the first-instance judgment of the Jiangsu Provincial Higher People's Court on August 23, 2021; Lemtech Slide Technology Co., Ltd. must immediately stop manufacturing and selling the products mentioned in the judgment and compensate Chuanhu Company RMB 3,000,000 and pay some lawyer and litigation fees of RMB 450,000. The compensation amount decided by the Jiangsu Provincial Higher People's Court has no significant impact on the merged company's finances. In addition, since the merged company's slide rail product revenue does not account for a high amount of the merged company's overall revenue, it has no significant impact on the merged company's business. The lawsuit between Lemtech Slide Technology Co., Ltd., a subsidiary of the merged company, and King Slide received the second instance judgment in December 2023, and the Supreme People's Court of the People's Republic of China judged that Lemtech Slide Technology Co., Ltd. will compensate King Slide for RMB 3,000,000 and pay part of the lawyer and litigation fees of RMB 482,000. The merged company has been estimated and included in the accounts.

(XIII) Other important risks and response measures: The Company has no other important risk events in the most recent year and as of the date of publication of the annual report.



## VII. Other Important Matters

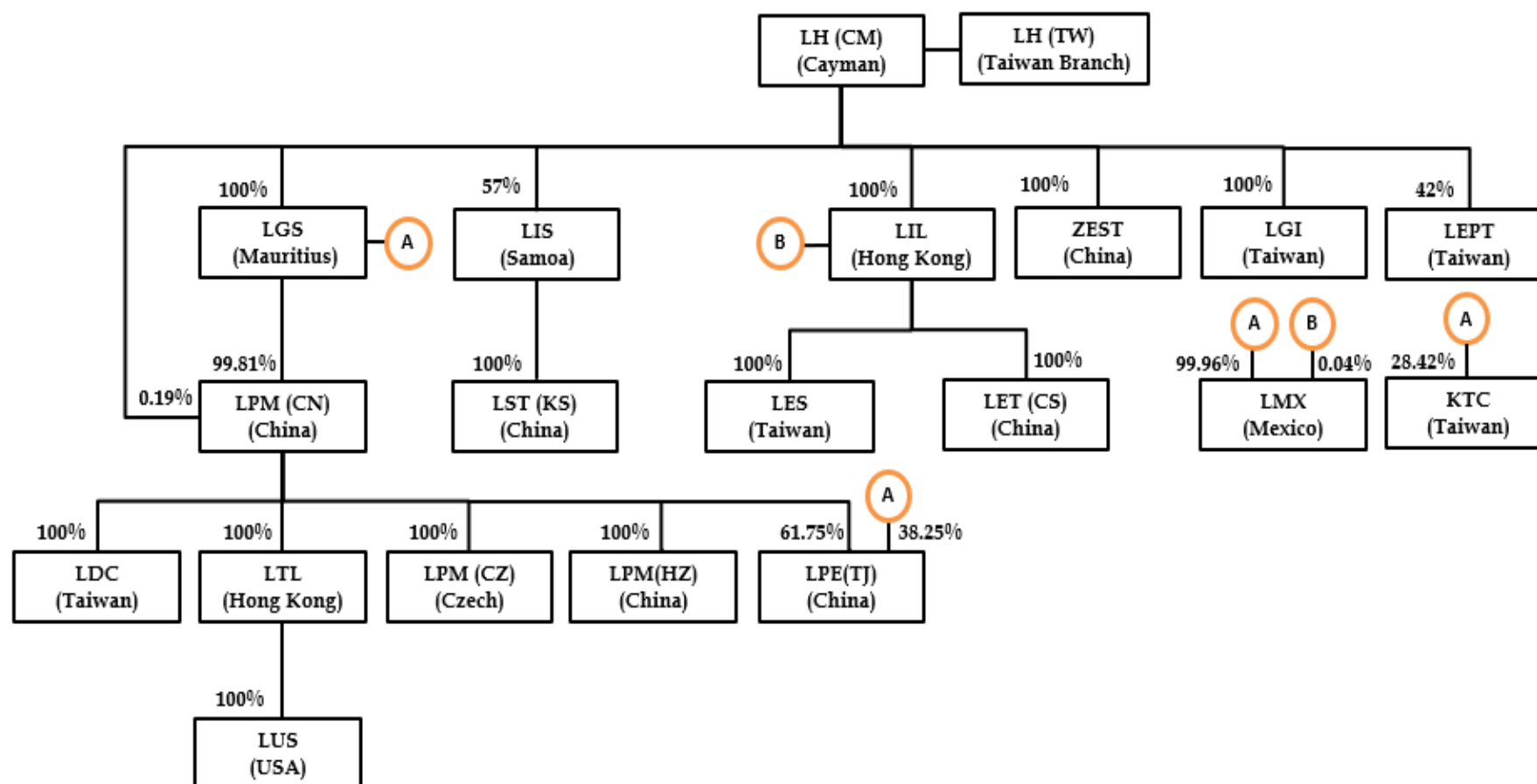
The Company was registered in the British Cayman Islands, which is only the registered place of the group, and operates in mainland China, Taiwan, China and Hong Kong, China. Changes in the overall economic and political environment of the registered place and operation places and fluctuations in the exchange rate will affect the operation of the group. There are many different provisions between the company law of the British Cayman Islands and the company law of Taiwan, China. Although the Company has amended its Articles of Association in accordance with the Taiwan Stock Exchange's "Checklist for Protection of Shareholders' Rights and Interests in the Registered Place of Foreign Issuers", there are still many differences between the two laws and regulations on the operation of the company. Investors still need to know and consult experts about the risks of investment.

## Chapter 8 Special Disclosure

### I. Information on the Company Affiliates

#### (I) Profiles and status of affiliates

April. 30, 2024



## (II) Basic information of all affiliates

Dec. 31, 2020 Unit: NT\$1,000

Short name of company	Company	Date of incorporation	Address	Actual paid-in capital	Scope of business or production
LGS	Lemtech Global Solution Co. Ltd.	2003.01	3rd Floor, Standard Chartered Tower, Cybercity, Ebene 72201, Mauritius	US\$2,500	Investment holding companies
LPM(CN)	LemTech Precision Material (China) Co., Ltd.	2003.03	No. 128, Weita Road, Zhangpu Town, Kunshan City, Jiangsu Province	RMB66,000	Production and design of new electronic components such as computers, mobile terminals, materials for servers, materials for automobiles, various fine blanking dies, die-casting dies, non-metallic dies, computer connectors, and computer thermal modules; and sales of self-produced products
LDC	LDC Precision Engineering Co., Ltd.	2010.05	Building E032, No. 1, Weiwang Street, Shulin District, New Taipei City	NT\$9,524	Manufacturing and wholesale of electrical appliances, audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision machinery
AL(TH)	Aapico Lemtech (Thailand) Co., Ltd.	2013.03	161 Moo.1, Tambol Banlane, Amphur Bang-Pa-In Phranakhornsri Ayutthaya 13160	THB40,000	R&D, production, manufacturing and assembly of automotive, electronics and computer peripheral parts
LUS	Lemtech USA INC.	2013.06	185 Estancia Dr, Suite 117, San Jose, CA 95134	US\$50	U.S. business development, business information collection, provision of market intelligence and industry information
LTL	Lemtech Technology Limited	2014.04	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$20	Sales of automotive, electronics and computer peripheral parts
LIS	Lemtech Industrial Services Ltd	2015.12	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$2,500	Sales of electronics and computer peripheral components
LST(KS)	Kunshan Lemtech Slide Technology Co., Ltd.	2016.07	Factory Building No. 11, No. 486, Yangguang West Road, Zhangpu Town, Kunshan City, Jiangsu Province	RMB15,000	Design and production of slide rails, spindles and related accessories, and sales of self-produced products
LPM(CZ)	Lemtech Precision Material (Czech) s.r.o.	2016.09	Logistické Centrum Jihlava LCJ/Jipocar Hala B, 588 11 Stráž u Jihlavy 3, Czech	CZK152,000	Production of automotive components (sunroofs, brakes and seat belts, SRS, etc.) and assembly parts (steering wheel transmission shafts, etc.), and supply of

Short name of company	Company	Date of incorporation	Address	Actual paid-in capital	Scope of business or production
					consumer electronic parts and server products
LES	Lemtech Energy Solutions Corporation	2015.04	No. 39, Ruiyuan Street, Bade District, Taoyuan City	NT\$30,000	Manufacturing and wholesale of mechanical equipment, dies, electrical appliances and audio-visual products, other motors and electronic mechanical equipment, automobiles and their parts, and other optical and precision equipment
ZEST	Zhenjiang Emtron Surface Treatment Limited	2015.08	No. 199, Yuehe Street, Dagang Town, Zhenjiang New Area, Jiangsu Province	USD 2,160	Surface treatment of mechanical, electronic and automotive components
LIL	Lemtech International Limited (Lemtech Cooling System Limited was renamed on July 13, 2022.)	2019.06	Flat/Rm A 12/F, Kiu Fu Commercial Bldg, 300 Lockhart Road, Wan Chai, Hong Kong	US\$ 7,000	Investment holding company
LET(KS)	Kunshan Lemtech Slide Technology Co., Ltd.	2019.10	Factory Building No. 11, No. 486, Yangguang West Road, Zhangpu Town, Kunshan City, Jiangsu Province	US\$ 2,000	R&D, manufacturing of electronic components, special electronic materials, and thermal modules, sales of self-produced products, and wholesale, import and export of products similar to those produced by the company and their raw materials and mechanical equipment
LET(CS)	Lemtech Electronics Technology Co., Ltd. (Changshu)(China)	2020.09	Building A2, No. 8, Baixuexin Road, Shajiabang Town, Changshu City, Jiangsu Province	US\$5,000	Manufacturing & wholesale of electronic components, manufacturing/sales/R&D of special electronic materials, manufacturing & sales of lighting equipment, manufacturing of automotive parts and accessories, manufacturing & sales of solar energy equipment and components, manufacturing of computer software and hardware, and sales of communication equipment
LGI	LemTech Global Industries Ltd.	2021.05	No. 109, Dazhu Road, Luzhu District, Taoyuan City	NT\$ 30,000	Manufacturing and wholesale of electrical appliances, audio-visual electronic products, other electrical and

Short name of company	Company	Date of incorporation	Address	Actual paid-in capital	Scope of business or production
					electronic machinery equipment, automobiles and their parts, and other optical and precision machinery
LPE(TJ)	Lemtech Precision Engineering (Tianjin) Co.,Ltd (China)	2022.02	Building No.4, No.28, Saida Wuzhi Road, XiQing Economic and Technological Development Zone, Tianjin City, China	US\$ 3,000	Manufacturing of auto parts and accessories; mold manufacturing; manufacturing of metal parts for construction; manufacturing of mobile terminal equipment; manufacturing of communication equipment; Manufacturing of computer hardware and software and peripheral equipment; manufacturing of electronic components; sales of mechanical parts and components; sales of molds; retailing of electronic components; sales of metal accessories for construction
LMX	Lemtech Mexico, S.A. DE C.V.	2023.03	Calle 2, 135/5, Benito Juárez, 76120, Querétaro, Querétaro, Querétaro, México	US\$ 5,000	Manufacturing of auto parts and accessories; mold manufacturing; manufacturing of metal parts for construction; manufacturing of mobile terminal equipment; manufacturing of communication equipment; Manufacturing of computer hardware and software and peripheral equipment; manufacturing of electronic components; sales of mechanical parts and components; sales of molds; retailing of electronic components; sales of metal accessories for construction
LEPT	Lemtech-Eahwa Precision Technonlogy Co., Ltd. (Taiwan)	2022.03	No. 191-47, Shigu Rd., Shengang Township, Changhua County, Taiwan	NT\$ 25,000	Machinery and equipment manufacturing, other machinery manufacturing, electronic components manufacturing
KTC	Keycore Technology Corp	2016.03	6th Floor, No. 87-5, Guangming 6th Road, Zhubei City, Hsinchu County	NT\$102,044	Electronic component manufacturing, general instrument manufacturing, energy technology services, biotechnology

Short name of company	Company	Date of incorporation	Address	Actual paid-in capital	Scope of business or production
					services and research and development services, etc.

(III) Shareholders in common of the Company and its subsidiaries with deemed control relationship and subordination: None.

(IV) Information on directors, supervisors, and General Manager of all affiliates

Dec. 31, 2022 Unit: Share; %

Name of affiliate	Title	Name or representative	Shareholding	
			Shares	Shareholding percentage
Lemtech Global Solution Co. Ltd.	Director	Hsu, Chi-Feng	-	-
	Director	Ye, Hang	-	-
LemTech Precision Material (China) Co., Ltd.	Chairman	Hsu, Chi-Feng	-	-
	Director	Ye, Hang	-	-
	Director	Tan, Yong	-	-
	Director	Tsai, Wen-Lung	-	-
	Director and General Manager	Li, Pei-Yu	-	-
LDC Precision Engineering Co., Ltd.	Chairman	Hsu, Chi-Feng	-	-
Aapico Lemtech (Thailand) Co., Ltd.	Director	Hsu, Chi-Feng	-	-
	Director	Eu, Ricky	-	-
	Director	Yeap Swee Chuan	-	-
	Director	Teo Lee Ngo	-	-
	Director	Kawee Wasaruchareekul	-	-
Lemtech USA INC.	Director	Hsu, Chi-Feng	-	-
	Director	D Murali Nair	-	-
Lemtech Technology Limited	Director	Hsu, Chi-Feng	-	-
Lemtech Industrial Services Ltd	Director	Hsu, Chi-Feng	-	-
Kunshan Lemtech Slide Technology Co., Ltd.	Chairman	Hsu, Chi-Feng	-	-
	General Manager	Chay Chin Tat	-	-
Lemtech Precision Material (Czech) s.r.o.	Director	Hsu, Chi-Feng	-	-
	Director	Ye, Hang	-	-
	General Manager	Stanislav Stepanek	-	-

Name of affiliate	Title	Name or representative	Shareholding	
			Shares	Shareholding percentage
Lemtech Energy Solutions Corporation	Chairman	Hsu, Chi-Feng	-	-
	Supervisor	Eu, Ricky	-	-
	General Manager	Liao, Feng-shi		
Zhenjiang Emtron Surface Treatment Limited	Chairman	Hsu, Chi-Feng	-	-
	Director	Li, Pei-Yu	-	-
	Director	Di, Cheng-Tao		
	Director	Ling, Tai-Qiang	-	-
Lemtech International Limited (Former Lemtech Cooling System Limited. Name changed at July, 13 2022)	Director	Hsu, Chi-Feng	-	-
	Director	Ye, Hang	-	-
Kunshan Lemtech Electronics Technology Co., Ltd.	Chairman	Tsai, Wen-Lung	-	-
	Supervisor	Ling, Zhu	-	-
Lemtech Electronics Technology (Changshu) Co., Ltd.	Chairman	Hsu, Chi-Feng	-	-
	Director	Tsai, Wen-Lung	-	-
	Director	Ye, Hang	-	-
	General Manager	Tsai, Wen-Lung	-	-
LemTech Global Industries Ltd.	Chairman	Hsu, Chi-Feng		
	Supervisor	Eu, Ricky		
Lemtech-Eahwa Precision Technonlogy Co., Ltd.	Chairman	Yao Zhen-jie	50,000	2.00%
	Supervisor	Shi Jin-long	50,000	2.00%
	Supervisor	Huang Meng-qing	50,000	2.00%
	Director	Zheng Yao-zong		
	Director	Xu Wei-yu		
Lemtech Precision Engineering (Tianjin) Co.,Ltd	Chairman	Hsu, Chi-Feng		
	Director	Tsai, Wen-Lung		
	Director	Li, Pei-Yu		
	Supervisor	Zhao Wei-bin		
Keycore Technology Corp	Chairman	Zeng Shi-Xiu	300,000	2.94%
	Director	Xiao Jian-Ren	680,000	6.66%
	Director	Liu Zhong-Zan	190,476	1.87%
	Director	Tsai, Shan-Ze	400,000	3.92%

Name of affiliate	Title	Name or representative	Shareholding	
			Shares	Shareholding percentage
	Director	Deng Jie-Ren	1,578,000	15.46%
	Supervisor	Huang Tai-Hao	266,280	2.61%
Lemtech Mexico S.A. de C.V.	Director	Hsu, Chi-Feng	-	-



(V) Operation of affiliates

Dec. 31, 2023 Unit: NT\$1,000

Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit or loss (after tax)	Earnings per share (after tax)
Lemtech Global Solution Co. Ltd.	112,397	3,839,732	184,901	3,654,830	0	0	283,785	113.52
LemTech Precision Material (China) Co., Ltd.	286,242	4,679,963	1,041,302	3,638,661	2,307,240	295,190	298,091	4.52
LDC Precision Engineering Co., Ltd.	9,524	455,739	30,661	425,077	126,970	(54,493)	(44,576)	(Note1)
Lemtech Technology Limited	597	695,685	98,119	597,567	528,670	(33,575)	(18,689)	(Note1)
Lemtech Precision Material (Czech) s.r.o.	195,984	530,565	341,308	189,256	593,185	62,981	51,011	(Note1)
Lemtech USA INC.	1,502	612	0	612	6,743	5	5	(Note1)
Lemtech Industrial Services Ltd	82,091	172,822	21,754	151,069	0	(2,015)	5,037	2.00
Kunshan Lemtech Slide Technology Co., Ltd.	69,758	329,980	168,919	161,061	344,003	22,969	6,574	(Note1)
Lemtech International Limited	214,320	681,491	310,806	370,686	912,068	76,544	59,607	29.74
Lemtech Energy Solutions Corporation	30,000	187,717	119,730	67,988	392,245	17,742	19,594	6.53
Kunshan Lemtech Electronics Technology Co., Ltd.	60,990	98,417	2,269	96,148	5,298	(3,788)	(3,137)	(Note1)
Lemtech Electronics Technology (Changshu) Co., Ltd.	307,715	225,723	62,280	163,443	166,514	(37,490)	(37,226)	(Note1)
Zhenjiang Emtron Surface Treatment Limited	65,043	114,130	221,531	(107,401)	94,510	(7,785)	(14,836)	(Note1)
Lemtech Precision Engineering (Tianjin) Co.,Ltd	88,868	101,624	47,963	53,660	18,540	(21,626)	(21,705)	(Note1)
Lemtech-Eahwa Precision Technonlogy Co., Ltd.	25,000	99,594	36,121	63,473	145,830	26,407	21,370	0.85
Lemtech Mexico S.A. de C.V.	158,645	162,432	8,309	154,124	0	(3,777)	(6,333)	(Note1)
LemTech Global Industries Ltd.	30,000	544,039	357,280	186,759	495,430	44,798	30,370	10.12

Note 1: Not a shares limited company; hence EPS is not applicable.

(VI) Consolidated financial statements of the affiliates: Same as the Consolidated Financial Statements of the Parent Company and Subsidiaries. Please refer to pages 142 to 221.

(VII) Reports of the affiliates: Not applicable.

II. In the Most Recent Year as of the Publication Date of the Annual Report, Any Private Placement of Securities: None.

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Year as of the Publication Date of the Annual Report: None.

IV. Other Necessary Additional Information: None.

V. Any Material Differences from the Rules of Taiwan, China in Relation to the Protection of Shareholders' Equity

Important Matters for the Protection of Shareholders' Rights and Interests	Related articles of 《Company Act》 or 《Securities and Exchange Act》	Article of Association	Regulations & Difference
II. Convening Procedures and Resolutions of Shareholders' Meetings			
<p>1. Regular meeting of shareholders should be held at least once every year. The regular meeting of shareholders referred to in the preceding Paragraph shall be convened within six months after close of each fiscal year. A shareholders meeting shall be convened by the Board of Directors.</p> <p>2. A company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</p> <p>3. In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</p> <p>4. The shareholder meeting shall be held via visual conference, and the company shall comply with the conditions, operating procedures, and other matters to be complied with in accordance with the Securities Act of ROC.</p> <p>5. The physical shareholder meeting of the company shall be held within the territory of the Republic of China. If a physical shareholder meeting is held outside the Republic of China, it shall report to the stock exchange for approval within two days after the resolution of the board of directors or the shareholder obtains the permission to convene from the authority.</p>	<p>1. Company Act Article 170</p> <p>2. Company Act Article 172-2</p> <p>3. Company Act Article 172-1</p> <p>4. Company Act Article 173-1 &amp; 2, 173-1</p> <p>5. Company Act Article 172 and Securities and Exchange Act 26-1 &amp; 43-6</p>	<p>Article 23</p> <p>Article 25</p> <p>Article 26</p> <p>Article 29</p> <p>Article 32</p> <p>Article 33</p>	<p>The revision of the Company Act this time didn't add "The shareholder meeting shall be held via visual conference, and the company shall comply with the conditions, operating procedures, and other matters to be complied with in accordance with the Securities Act of ROC." And "The physical shareholder meeting of the company shall be held within the territory of the Republic of China. If a physical shareholder meeting is held outside the Republic of China, it shall report to the stock exchange for approval within two days after the resolution of the board of directors or the shareholder obtains the permission to</p>

<p>6. Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting via written or electronic form. Unless where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders, shareholders who propose hold less than 1% of the shares, where the said proposal is submitted on a day beyond the deadline fixed and announced by the company for accepting shareholders' proposals, where the said proposal containing more than 300 words or more than one matters in a single proposal, the board of directors of the company shall include the proposal submitted by a shareholder in the list of proposals to be discussed. A shareholder proposal proposed under Paragraph One for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.</p> <p>7. Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders.</p> <p style="padding-left: 40px;">If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.</p> <p>8. Shareholders continuously holding 50% or more of the total number of outstanding</p>			<p>convene from the authority" is revised.</p> <p>The article wasn't added that the shareholder meeting shall be held via visual conference, and the company shall comply with the conditions, operating procedures, and other matters to be complied with in accordance with the Securities Act of ROC because if the shareholders' meeting is held by video conference, the company shall abide by the Securities and Exchange Act, and must meet the relevant conditions, operating procedures and other matters to be complied with before holding a video conference of shareholders. This obligation of compliance does not have to be expressly stated otherwise in the Articles of Association, the company shall abide by the relevant laws and regulations. In other words, Relevant laws and regulations should not be separately stipulated in the</p>
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<p>shares of a company for a period of three months or a longer time may convene a special shareholders' meeting. The calculation of the holding period and holding number of shares in the preceding paragraph shall be based on the holding at the time of share transfer suspension date.</p> <p>9. The following matters shall be specified in the notice of a general meeting with the description of their major content, and shall not be proposed as ad hoc motions; the major content may be posted on the website designated by the Commission, the TPEx or the TWSE or the Company, and such website shall be indicated in the above notice:</p> <ul style="list-style-type: none"> <li>(a) election or discharge of Directors &amp; Supervisors.</li> <li>(b) amendments to the Memorandum of Association and/or these Articles;</li> <li>(c) capital reduction;</li> <li>(d) application for the approval of ceasing the Shares to be publicly offered;</li> <li>(e) winding-up, Merger/Consolidation or Spin-off of the Company;</li> <li>(f) entering into, amendment to, or termination of any contract for lease, management by others, or regular joint operation with others of its business in whole;</li> <li>(g) the transfer of the whole or any material part of its business or assets; and</li> <li>(h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;</li> <li>(i) carrying out a Private Placement of equity securities;</li> <li>(j) granting a waiver to the Director's non-competition obligation;</li> <li>(k) distributing part or all of its dividends or bonus by way of issuance of new Shares; and</li> <li>(l) capitalization of the Legal Reserves and capitalization of the Capital Reserve of the Company, the Share Premium Account of the Company and/or the income from</li> </ul>			<p>articles of Company Act. Therefore, the revision of the Company Act this time didn't add "The shareholder meeting shall be held via visual conference, and the company shall comply with the conditions, operating procedures, and other matters to be complied with in accordance with the Securities Act of ROC." There is no risk of conflict with the protection of shareholders' rights and interests.</p> <p>As for unrevised part "The physical shareholder meeting" due to regulation in Article 25 of Company Act of the Company that during listing, all shareholder meetings of the Company shall be held within the territory of the Republic of China. If board of directors resolve a physical shareholder meeting is held outside the Republic of China, the Company shall report to the stock exchange for approval within two days after the</p>
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<p>endowments received by the Company as Capital Reserve, by issuing new Shares or cash to</p> <p>(m) its existing Members in proportion to the number of Shares being held by each of them.</p>		<p>resolution of the board of directors or the shareholder obtains the permission to convene from the authority according to Article 26. From the Article, whether the company convenes a shareholders' meeting in a physical, video, or video-assisted way, in principle, it should be held within the territory of the Republic of China. When exceptionally holding a shareholders' meeting outside the Republic of China, regardless of whether it is held in a physical, video, or video-assisted way, it must be approved by the competent authority before it can be held. This Article is stricter than 111 Annual Review Checklist for Amendments to the Protection of Shareholders' Rights and Interests of Foreign Issuers. Since the Article has included the content of 111 Annual Review Checklist for Amendments to the Protection of Shareholders' Rights</p>
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			<p>and Interests of Foreign Issuers, there is no risk of conflict with the protection of shareholders' rights and interests.</p> <p>To sum up, there is no discrepancy between the content of the company's amendments to the Articles of Association and the protection of shareholders' rights and interests.</p>
<ol style="list-style-type: none"> <li>1. The shareholders' meeting shall adopt the electronic transmission as one of the methods for exercising the voting power. °</li> <li>2. The company whose shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person , but shall be deemed to have waived his/her/its voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.</li> <li>3. In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, his/her/its declaration of intention shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention</li> </ol>	<ol style="list-style-type: none"> <li>1. Company Act Article 173-1</li> <li>2. Company Act Article 173-2</li> </ol>	<p>Article 46</p> <p>Article 47</p> <p>Article 47-1</p> <p>Article 48</p> <p>Article 54</p>	<p>In full compliance with Checklist for the Protection of Shareholders' Rights and Interests of Registration of Foreign Issuers in the Country after revision</p>

<p>are served to the company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later. In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail.</p> <p>4. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.</p> <p>5. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.</p>			
<p>1. This Company shall announce meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or</p>	<p>1.Regulations Governing Content and Compliance Requirements</p>	<p>Article 28 Article 31</p>	<p>In full compliance with Checklist for the Protection of Shareholders' Rights and Interests of</p>



<p>the election or dismissal of directors or supervisors before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting.</p> <p>2. If the shareholders' meeting of the company adopts the written way of voting rights, the above-mentioned materials and the written paper shall be sent to the shareholders together.</p> <p>3. The Company shall prepare the shareholders meeting agenda and supplemental meeting materials and announce before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the Company has the paid-in capital of NT\$2 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting.</p>	<p>for Shareholders' Meeting Agenda Handbooks of Public Companies Article 5</p> <p>2.Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies Article 6</p>		<p>Registration of Foreign Issuers in the Country after revision</p>
<p>1. When a shareholders' meeting resolves any of the following matters, dissenting shareholders shall have the right to request the company to purchase their shares:</p> <p>(a) The company's split, merger, acquisition, or share exchange;</p> <p>(b) The company enters into, modifies, or terminates contracts regarding the lease of all business operations, the entrustment of business management, or joint operation with others, the transfer of all or a substantial part of business or assets, or the acquisition of all business or assets from another that significantly impacts the company's operations.</p> <p>2. Shareholders requesting the above must submit their request in writing within</p>	<p>1. Company Act Article 317 &amp; 186</p> <p>2. Business Mergers and Acquisitions Act Article 12</p>	<p>Article 40</p>	<p>In accordance with the Taiwan Stock Exchange's amendment announced on January 9, 2023, under reference No. 1111704301, of the 'Checklist for Shareholder Rights Protection Matters of Foreign Issuers' Home Countries,' adjustments have been made accordingly. After the amendment, the</p>

<p>twenty days from the date of the shareholders' resolution, specifying the requested purchase price. If the shareholders and the company reach an agreement on the purchase price, the company shall pay the amount within ninety days from the date of the shareholders' resolution. If no agreement is reached, the company shall pay the amount it deems fair within ninety days from the resolution date to the shareholders who did not reach an agreement; if the company fails to make the payment, it is deemed to have agreed to the shareholders' requested purchase price.</p> <p>3. Shareholders who voted against or waived their voting rights at the shareholders' meeting and request the company to purchase their shares under the reason specified in subparagraph 1 of paragraph 1, if no agreement on the purchase price is reached within sixty days from the date of the shareholders' resolution, the company shall, within thirty days after the period, apply to the court for a price determination with all dissenting shareholders as counterparts and may designate the Taiwan Taipei District Court as the court of first instance.</p> <p>4. The number of shares for which voting rights are waived shall not be counted towards the total number of voting rights of the shareholders present.</p>			<p>provisions comply with the revised regulations listed on the left side of the Checklist for Shareholder Rights Protection Matters of Foreign Issuers' Home Countries.</p>
<p>III. Powers and Responsibilities of Directors</p>			
<p>1. When a company director has a personal interest in matters discussed at a board meeting, they must disclose the key aspects of their personal interest at the meeting. In the case of company mergers and acquisitions, directors must explain the key aspects of their personal interest in the transaction as well as their reasons for supporting or opposing the merger resolution to both the board and the shareholders' meeting. The company must</p>	<p>1.Company Act Article 206-2、206-3、206-4 2.Business Mergers and Acquisitions Act Article 3 &amp;4</p>	<p>Article 84</p>	<p>In accordance with the Taiwan Stock Exchange's amendment announced on January 9, 2023, under reference No. 1111704301, of the 'Checklist for Shareholder Rights Protection Matters of</p>

<p>also include the directors' personal interests and reasons for their support or opposition to the merger resolution in the meeting notice, which can be posted on the website designated by the securities regulatory authority of the Republic of China or the company. The website address must be included in the notice.</p> <p>2. If a director's spouse, relatives within the second degree of kinship, or a company in a subordinate relationship with the director has an interest in the matters discussed at the aforementioned meeting, the director is deemed to have a personal interest in the matter.</p> <p>3. When a company director has a personal interest in matters discussed at a board meeting that could harm the company's interests, the director must abstain from voting and cannot exercise the voting rights on behalf of other directors. The resolution of the board meeting does not count the votes of directors who are prohibited from exercising their voting rights under these regulations in the total number of votes of directors present.</p>			<p>Foreign Issuers' Home Countries,' adjustments have been made accordingly. After the amendment, the provisions comply with the revised regulations listed on the left side of the Checklist for Shareholder Rights Protection Matters of Foreign Issuers' Home Countries.</p>
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VI. In the most recent year and up to the date of publication of the annual report, if there has been an event that has a significant impact on shareholders' equity or securities prices as stipulated in Subparagraph 2, Article 36, Paragraph 2 of the Securities and Exchange Act: None.

**Lemtech Holdings Co., Limited**



**Chairman : Hsu, Chi-Feng**

