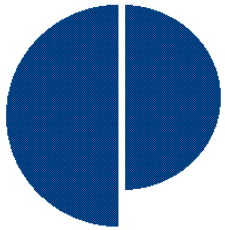


Stock Code: 2328

Availability of this Annual Report

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

Company Website:<http://www.panpi.com.tw>



# Pan-International Industrial Corp.

## Annual Report 2025

**Publication Date:**

**April 10, 2026**

**-For the convenience of readers and for information purpose only, the annual report has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version, or any difference in the interpretation between the two versions, the Chinese language annual report shall prevail.**

## **I. Spokesperson and Acting Spokesperson**

	<u>Spokesperson</u>	<u>Acting Spokesperson</u>
Name:	Kuo, Shih-Hua	Yu, Wen-Ling
Title:	Assistant Vice President, Investor Relations Department	Investor Relations Specialist
Telephone:	(02)2211-3066	(02)2211-3066
E-mail:	john.kuo@panpi.com.tw	winnia@panpi.com.tw

## **II. Address and telephone number of the corporate headquarters, branches, and factories**

Corporate Headquarter:

6F., No. 200, Jian8th Rd., Zhonghe Dist., New Taipei City (02)2211-3066 (02)2211-3066

Factory:

No. 97 Anxing Rd., Xindian, New Taipei City (02)2211-3066 (02)2211-3066

## **III. Share Registrar and Transfer Agent:**

Name: Grand Fortune Securities

Address: 6F, No. 6, Zhongxiao West Road, Section 1, Zhongzheng District, Taipei City

Website: [www.gfortune.com.tw](http://www.gfortune.com.tw)

Telephone: (02)2371-1658

## **IV. Independent Auditors of financial statements in the most recent year**

Name of CPAs: Wu, Jen-Chieh, Hsu, Ching-Ru

CPA Firm Name: PwC Taiwan

Address: Address: 27F, No. 333, Keelung Road, Section 1, Xinyi District, Taipei

Website: [www.pwc.tw](http://www.pwc.tw)

Telephone: (02)2729-6666

## **V. Name of the overseas securities exchanges where the Company's securities are listed and methods for accessing related information: None.**

## **VI. Company Website**

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

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## I. Report to Shareholders

Dear Shareholders:

Benefiting from the launch of new-generation consumer products and strong demand for other products, along with the contribution from new network communication orders, the revenue in the first half of 2025 showed significant growth. However, in the second half of the year, due to the impact of equivalent tariffs in the United States and geopolitical factors, customer sentiment became more conservative, and competition in the Chinese automotive market did not ease. This led to a revenue decline, and the total annual revenue was approximately the same as in 2024. In recent years, the Company has consistently focused on operating profit as a key business objective, striving to improve processes, reduce material costs, and control expenses. As a result, the annual gross margin and operating profit have been maintained. However, with the substantial appreciation of the New Taiwan Dollar (NTD) leading to foreign exchange losses, increased taxation due to the repatriation of earnings from mainland China, resulting in non-operating losses and higher income taxes, the annual net income experienced a significant decline compared to last year.

### Financial Performance for the Past Three Years

Item	2023	2024	2025
Annual Consolidated Revenue (NT\$ hundred million)	256.34	218.21	217.71
Gross Margin (%)	12.39%	13.51%	12.22%
Net Profit Margin (%)	5.81%	5.51%	4.07%
Return on Assets (%)	6.18%	4.88%	3.69%
Return on Equity (%)	9.89%	7.29%	5.14%
Earnings Per Share (NT\$)	2.42	2.00	1.56
Debt Ratio (%)	37.09%	33.09%	28.28%
Annual Consolidated Cash Inflow (Outflow) (NT\$ hundred million)	(2.73)	3.15	(4.14)

In response to the challenges of the operating environment, the Company has adopted a proactive approach, leveraging annual strategic initiatives to shape the future and create new opportunities. The new factory in China, which was invested in to improve production efficiency and reduce costs, has started construction on schedule and will be relocated and put into production in the second quarter of this year. In Malaysia, the acquisition of a new plant has been completed to meet the needs of new customers for production line setup. The order from the new cryptocurrency customer in the United States has been produced and delivered on schedule after trial production and verification approval. The investment in the Belgian electrical company Magnax has also been approved by the Board of Directors, and the integration process has begun. Finally, the future development strategy will be focused on key components of humanoid robots as the main direction of development. The Company

will actively strive to enter new niche markets and explore new business opportunities while making prudent investments and careful decisions to protect the Company's interests, increase revenue and profitability, and share the operational achievements with all stakeholders.

### **Operational Strategy for 2026:**

To regain growth momentum and enhance profitability, the focus of the year's operations will be on venturing into new fields, actively acquiring customers and orders, continually improving the product mix, increasing profits, strengthening R&D capabilities, and maintaining operational resilience in key areas. The related operating plans are explained as follows:

#### **Expand the customer base and secure new orders**

Existing ICT product clients have reached a plateau in product development, making high growth opportunities difficult. Additionally, due to factors such as US-China competition, the implementation of equivalent US tariffs, and geopolitical competition, existing clients face a dilemma in arranging their orders, leading to difficulties in increasing order volumes. The rapid advancement of AI technology has made AI server-related products the mainstream in the market, with companies competing fiercely. The resulting terminal application—humanoid robots—is an industry with significant growth potential and is a battleground for market leaders. In order to seize future business opportunities, Pan-International has actively invested in the networking and robotics industries, striving to secure new customer orders through corporate cooperation, and investing in the acquisition of relevant technologies and production equipment to lay the foundation for future revenue growth. In addition, the Company will continue to explore extended business opportunities, expand the breadth of the product line to meet customer needs, and promote revenue and profit growth.

#### **Investing in new technologies and enhancing R&D capacity**

Through the investment in the Belgian company Magnax, the company acquired the patents and technology of AFM motors, which can first be applied to industrial-related products and lay the foundation for the development of key components for future humanoid robots. The company will continue to collaborate with customers to explore market trends and identify technology development directions, actively searching for suitable targets. Through mergers and acquisitions, alliances, and strategic cooperation, the company aims to quickly acquire the new technologies and product rights needed by customers and align with the production planning for launching new products. In addition, the Company will continue to inventory patents, trademarks, trade secrets, and other assets, eliminating weaker ones, strategically establishing new patents, and managing them effectively to reduce infringement risks, protect the Company's interests, and enhance overall competitiveness.

#### **Improve financial structure and maintain business resilience.**

The current business environment presents significant challenges, with opportunities transforming rapidly, increasing the complexity of decision-making. The management team will carefully assess the profitability of orders and thoroughly consider various investment decisions to

maintain positive investment returns. Simultaneously, they will review the financial quality, optimize the financial structure, and strictly control various expenses and costs, to ensure the normalization of operations. Additionally, the promotion of the concept of integrity will continue, corruption will be strictly prohibited, and the whistle-blowing system will be improved to maintain an ethical and honest corporate culture.

### **R&D development investment**

The R&D expense in 2025 was NT\$424 million, accounting for 1.95% of consolidated revenue, roughly the same as last year. The company's R&D investment primarily focuses on meeting customers' actual production needs, improving processes, and reducing costs. The wiring harnesses, PCBs, and components developed in coordination with customers' EV, unmanned guided vehicles, medical surgical lines, robotic arms, automation equipment, network communication equipment, and consumer products have all been verified by customers and are now in mass production. In the future, the Company will continue to invest more R&D resources in humanoid robot motor products, power modules, and key components to master key technologies and patents, laying a solid foundation for securing business opportunities in humanoid robots. R&D expenses are expected to continue to rise, reaching over NTD 600-700 million (approximately 2.5-3% of the annual consolidated revenue Percentage).

### **Impacts from the competitive environment, regulatory environment and general business environment:**

Observing the global economic environment and trends, under the intertwining influences of strong leadership rise in various governments, the mainstream of protectionism and national security issues, the complementary and check-and-balance relationship between economic growth and inflation control, and the continuous breakthroughs in AI technology which change current production models and product launches, business challenges and opportunities will transform more rapidly and become more complex. In addition, the frequent occurrence of extreme climates affects logistics and supply chain disruptions, and the requirements and audits of emission reduction and carbon neutrality regulations by governments in various regions will also pose new challenges to the group's operations in different areas. Pan-International will actively face various challenges while continuously upholding its corporate culture of pragmatism and innovation, formulating sustainable development policies and strategies, and leveraging the competitiveness of its global operating locations and talent. Through mergers and acquisitions, strategic alliances, and other means, the company aims to enhance its technological capabilities and increase the group's influence. By entering new niche markets, the company sets its operational goals on increasing revenue and profitability to reduce the impact of various new challenges on the company's normal operations and transform them into a new driving force for the company's continuous growth.

### **Sustainable development**

Our efforts in sustainable development have gradually gained external recognition recently. In

addition to the steady rise in related sustainability ratings, our Taipei headquarters received the Fitwel three-star certification, attesting to our commitment to a sustainable workplace. In terms of employee career development, we have been honored to be selected as one of the Business Weekly 2025 Top 100 All-Age-Friendly Companies. We embrace external encouragement and internalize it into action, and will continue our efforts to refine and improve policies in all aspects, including operational risk management, the protection and safeguarding of human rights, the promotion of ESG items in the supply chain, the planning and implementation of net-zero emissions, waste reduction certification, and enhancement of corporate governance. We aim to gradually complete the sustainable development puzzle, laying the foundation for a century-old enterprise with sustainable development. Despite a challenging macroeconomic environment and intensifying competition, bringing ever more new challenges, all members of the Company will continue to work hand in hand to overcome difficulties, enhance operational efficiency, and strive to achieve our budget targets, sharing the results of our operations with all stakeholders. Hereby, we would like to express our sincere gratitude to all shareholders and extend our best wishes.

We wish all shareholders

good health and every success

Chairperson: Lee, Kuang-Yao

## II. Corporate Governance Report

### (I) Profiles of the Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of the functions and branches.

#### 1. Profiles of the Directors

##### Profiles of the Directors (I)

March 29, 2026

Title	Nationality or Place of Registration	Name	Gender/Age	Date of Election (or Appointment)	Tenure	Date of initial term to office	Quantity of shareholding at the time of election to office		Number of shares held at present		Holding of shares at present by spouse, underage children.		Holding of shares in the name of a third party		Major experience (education)	Additional posts of the Company and other companies at present	Another officer, Director, or Supervisor who is spouse or kin within the 2nd degree		
							Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding			Title	Name	Relationship
Chairperson	Republic of China	Lee, Kuang-Yao	Male 61~70 years old	June 9, 2023	3 years	June 9, 2023	0	0	173,000	0.03	-	-	-	-	Foxconn Technology Co., Ltd. Chairperson MBA, Soochow University MBA	Hon Hai Precision Industry Co., Ltd. C Business Group President	-	-	-
Director	Republic of China	Huang Feng-An	Male 61~70 years old	June 9, 2023	3 years	June 10, 2002	35,000	0.01	35,000	0.01	-	-	-	-	Hon Hai Precision Industry Co., Ltd. Manager Feng Chia University Bachelor, Department of Accounting	Pan-International Industrial Corp. Vice General Manager (Note)	-	-	-
Director	Republic of China	Huang, Ying-Shih	Male 51~60 years old	June 9, 2023	3 years	June 9, 2023	4,610	0.00	4,610	0.00	-	-	-	-	HP Taiwan Information Technology Ltd. Assistant Vice President SYSTEX Corporation Assistant Vice President National Chung Cheng University Master of Accounting	Hon Hai Precision Industry Co., Ltd. Senior Director	-	-	-
Independent Director	Republic of China	Cheng, Wen-Jung	Male 51~60 years old	June 9, 2023	3 years	June 12, 2020	0	0	0	0	-	-	-	-	Fubo Accounting Firm Managing Partner National Taiwan University Master's Degree in Accounting	Supervisor, Top Food Industrial Corporation SOE Co., Ltd. Independent Director	-	-	-
Independent Director	Republic of China	Lin, Ching-Wei	Female 51~60 years old	June 9, 2023	3 years	June 14, 2017	0	0	0	0	-	-	-	-	Director of CyberTAN Technology Inc. Director Arrow Cinematic Group, Inc. Chief Finance Officer National Chengchi University Master of Accounting	Director, Great Dream Pictures Inc.	-	-	-
Independent Director	Republic of China	Kuo Ming-Yi	Female 51~60 years old	June 9, 2023	3 years	June 9, 2023	0	0	0	0	-	-	-	-	China Development Industrial Bank Chief Legal Officer Head of Compliance Columbia University, New York Master of Laws	KGI Bank Co., Ltd. Independent Director Consultant, Lexcel Law Offices	-	-	-

Title	Nationality or Place of Registration	Name	Gender/Age	Date of Election (or Appointment)	Tenure	Date of initial term to office	Quantity of shareholding at the time of election to office		Number of shares held at present		Holding of shares at present by spouse, underage children.		Holding of shares in the name of a third party		Major experience (education)	Additional posts of the Company and other companies at present	Another officer, Director, or Supervisor who is spouse or kin within the 2nd degree		
							Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding	Number of Shares	Ratio of shareholding			Title	Name	Relationship
Independent Director	Republic of China	Chen, Chih-Keng	Male 61~70 years old	June 9, 2023	3 years	June 9, 2023	0	0	0	0	-	-	-	-	Associate Dean, College of Mechanical and Electrical Engineering, National Taipei University of Technology Automotive Research & Testing Center (ARTC) Technical Consultant Case Western Reserve University, USA Ph.D. in Systems and Control Engineering	National Taipei University of Technology Department of Vehicle Engineering Professor	-	-	-

Note: There is no situation where the Chairman and the General Manager are the same person.

Director Huang, Feng-An retired in September 2024 and no longer serves concurrently as Vice General Manager of the Company.

**Major Shareholders of Institutional Shareholders**

March 29, 2026

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
None.	None.

**Where the major shareholder of an institutional shareholder is a legal entity, its major shareholders**

March 29, 2026

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
None.	None.

Note: Only the names of shareholders holding more than 10% of the shares issued by the Company or among the top 10 by ratio of shareholding will be mentioned.

Information on Directors (II)

1. Disclosure of Directors' and Supervisors' Professional Qualifications and Independence of Independent Directors:

Name	Criteria Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Director Serves as an Independent Director
Lee, Kuang-Yao	Chairperson Lee has extensive experience in research and development as well as management in emerging industries such as electric vehicles and robotics, and has previously served as the chairman of a listed company. He is well positioned to formulate winning strategies and objectives for the Company's future development in the electric vehicle and robotics sectors, leading the team to enhance business performance and achieve outstanding results.	Not applicable	0
Huang Feng-An	Director Huang previously served as an accounting and management manager at the Ching Feng Group and Hon Hai Group, with over 40 years of experience. He has extensive expertise in financial reporting management, cost control, and listed company operations, and is well positioned to assist the Company in strengthening its accounting management and internal audit and control systems.	Not applicable	0
Huang, Ying-Shih	Director Huang has held management positions in technology companies and consulting firms, with extensive experience in industry analysis, cost control, organizational operations, and investment in emerging technologies. He is well positioned	Not applicable	0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Director Serves as an Independent Director
	to effectively oversee the management team and provide comprehensive operational advice.		
Cheng, Wen-Jung	Independent Director Cheng is a certified public accountant. He is currently a Managing Partner of Fubo Accounting Firm. He is proficient in international accounting standards, financial statement auditing, and tax planning, and can provide valuable advice on the Company's financial reporting, regulatory compliance, and internal control management, thereby fulfilling his supervisory duties.	Independent Director Cheng (including his spouse and relatives within the second degree of kinship) does not serve as a director, supervisor, or employee of the Company, its affiliates, or any specific related companies. He has not received any remuneration for services provided within the past two years. He meets the independence requirements for independent directors.	1
Lin, Ching-Wei	Independent Director Lin is certified as a certified public accountant and has experience in practical operation of the Company, as well as extensive experience in financial operations and account management. He will be able to effectively supervise the Company's financial operations and provide comprehensive accounting advice.	Independent Director Lin (and his spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. He has not received any remuneration for his services in the last two years. He meets the independence requirements for independent directors.	0
Kuo, Ming-Yi	Independent Director Kuo is a qualified lawyer and has extensive practical experience in legal compliance affairs of law firms and banks. She will be able to effectively supervise and provide comprehensive suggestions on legal issues related to the Company's operations.	Independent Director Kuo (and her spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. She has not	1

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Director Serves as an Independent Director
		received any remuneration for her services in the last two years. He meets the independence requirements for independent directors.	
Chen, Chih-Keng	Independent Director Chen holds a doctoral degree and is currently a professor in the Department of Vehicle Engineering at National Taipei University of Technology. He has comprehensive technical expertise and knowledge related to the automotive industry and extensive industry connections, enabling him to provide professional supervision and advice on the Company's development in the automotive industry and to recommend relevant talent.	Independent Director Chen (and his spouse and relatives within the second degree of kinship) has not served as a director, supervisor, or employee of the Company, related companies, or companies with specific relationships. He has not received any remuneration for his services in the last two years. He meets the independence requirements for independent directors.	0

Note: All of the Company's directors have none of circumstances set forth in Article 30 of the Company Act.

2. Diversity and independence of the board of directors:

(1) Diversity of the board of directors:

According to the Company's Corporate Governance Best Practice Principles, the Board shall collectively possess the following capabilities to achieve the objectives of corporate governance:

- |                                     |  |                                    |                                  |
|-------------------------------------|--|------------------------------------|----------------------------------|
| 1. Operational judgment capability. | 2. Accounting and financial analysis capability. | 3. Business management capability. | 4. Crisis management capability. |
| 5. Industry knowledge.              | 6. International market perspective.             | 7. Leadership capability.          | 8. Decision-making capacity.     |

In addition to the above competencies, the Company has formulated a strategy for board diversity and seeks to identify directors with extensive experience, practical expertise, and strategic planning capabilities in various fields such as industry experience, financial and accounting operations, regulatory compliance, strategic planning, and risk

management. The Company also takes into account the principle of gender equality to increase opportunities for individuals of different genders to participate in decision-making and management. It aims to have directors of any gender account for at least one-third of the Board seats, and to compile a list of qualified candidates for submission to the shareholders for election.

The current board members have the professional skills shown in the table below:

Director	Title	Tenure of Independent Directors		Core competencies required of the Board								Concurrent position as an employee of the Company
		Less than 3 years	Over 3 years	Operational judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspective	Leadership capacity	Decision-making capacity	
Lee, Kuang-Yao	Chairperson			√		√	√	√	√	√	√	
Huang Feng-An	Director			√	√	√	√		√	√	√	
Huang, Ying-Shih	Director			√	√	√	√	√	√	√	√	
Cheng, Wen-Jung	Independent Director		√	√	√	√	√	√	√	√	√	
Lin, Ching-Wei	Independent Director	√		√	√	√	√		√	√	√	
Kuo, Ming-Yi	Independent Director	√		√		√	√		√		√	
Chen, Chih-Keng	Independent Director	√		√		√	√	√	√		√	

The Company has established seven Board seats in accordance with its Articles of Incorporation, including four Independent Directors, with a term of three years. The election of Directors adopts a candidate nomination system, whereby Directors are elected by the Shareholders' Meeting from the list of nominees. Directors may be re-elected and serve consecutive terms. The Company has procured liability insurance for all Directors to cover the performance of their duties.

The members of the current Board of Directors were elected at the shareholders' meeting held in June 2023, and the term of office is from June 9, 2023 to June 8, 2026. The proportion of directors who are also employees is 0%, while the proportion of independent directors, constituting a majority of the Board, is 57%. Three independent directors have held the position for less than 3 years, and one has served for between three and six years. Currently, four directors are under the age of 60, accounting for 57%, meeting the objective of maintaining a relatively younger Board. The proportion of female directors is 29%, also meeting the Company's gender diversity target. The Board

of Directors is composed of professionals including CPAs, lawyers, university professors, and senior industry professionals. They will contribute to the Company's future development and oversight. The nominations for this re-election were based on indicators, such as gender equality, diversity, cross-industry fields, and business development strategies. Two qualified female and five male candidates were nominated, and all the director candidates were successfully elected. The nominations for the 2026 re-election will place emphasis on achieving at least one-third representation of either gender on the Board as an important indicator. Taking into account the Company's future industry development needs and ESG expertise, qualified director candidates will be nominated.

(2) Independence of the board of directors:

There are four independent directors on the Company's Board of Directors, constituting a majority at 57%; none of the directors concurrently serve as employees of the Company (0%). According to the directors' declarations and the Company's review results, there are no spousal relationships or relationships within the second degree of kinship among the directors; therefore, the Board maintains its independence.

The Company's independent directors have been reviewed based on their declarations and the Company's qualification assessment at the time of election. All four independent directors meet the relevant independence requirements and are qualified to serve as independent directors of the Company.

2. Profiles of the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

March 29, 2026

Title	Nationality	Name	Gender	Date of Election (or Appointment)	Shareholding		Shareholding held by spouse and minor children		Shareholding held through nominees		Principal experience (education and work experience)	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship
President	Republic of China	Tsai, Ming-Feng	Male	June 9, 2023	280,227	0.05	0	0	0	0	Graduate from graduate school Pan-International Industrial Corp. Vice President	None	-	-	-
Assistant Vice President and Chief Financial Officer	Republic of China	Liu, Yu-Keng	Male	Aug.14, 2024	0	0.00	0	0	0	0	Master's degree Hon Hai Precision Industry Co., Ltd. Director of Finance	None	-	-	-
Assistant Vice President and Head of Accounting / Corporate Governance Officer	Republic of China	Tai, Chih-Hao	Male	Aug, 08, 2023	0	0.00	0	0	0	0	Master's degree Pan-International Industrial Corp. Manager	None	-	-	-

(II) Remunerations of Directors, the General Manager, and Vice General Managers for the most recent year

1. Remuneration to the Directors (the Company had no after-tax losses, no insufficient shareholding by Directors, and no Directors pledged their shares over the most recent two years)

Unit: NT\$ thousand

Title	Name	Remuneration to the Directors								Remuneration to Directors who are also employees								The sum of A, B, C, D, E, F and G and its percentage of net income after tax		Any remuneration from investees other than subsidiaries			
		Remuneration (A)		Pension and severance pay (B)		Directors' remuneration (C)		Business execution expenses (D)		Salaries, bonuses, and allowances (E)		Pension and severance pay (F)		Employees' compensation (G)				The Company	All companies included in the financial statements				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Cash Compensation	Share-based Compensation	Cash Compensation	Share-based Compensation						
Director	Lee, Kuang-Yao	0	0	0	0	2,547	2,547	0	0	2,547	2,547	0	0	0	0	0	0	0	2,547	2,547	0.32%	0.32%	None
	Huang Feng-An																						
	Huang, Ying-Shih																						
Independent Director	Cheng, Wen-Jung	1,440	1,440	0	0	2,547	2,547	0	0	3,987	3,987	0	0	0	0	0	0	0	3,987	3,987	0.49%	0.49%	None
	Lin, Ching-Wei																						
	Kuo, Ming-Yi																						
	Chen, Chih-Keng																						

The policy, system, standards, and structure of remuneration for Independent Directors, and the relationship between the amount of remuneration and factors such as duties performed, risks assumed, and time devoted:

Independent directors receive a fixed monthly remuneration as compensation for services rendered. The payment is determined based on their attendance at meetings of the Board of Directors, Audit Committee, Remuneration Committee, and Nominating Committee, as well as their participation in discussions, recommendations, and resolutions at such meetings. The Articles of Incorporation stipulate that, in a profitable year, the Company shall appropriate at least 5% of its earnings as employees' compensation and no more than 0.5% as directors' remuneration, so that the Directors and employees may share in the Company's operating results. The Company also reviews the linkage between directors' performance evaluation and the remuneration system each year, and submits the results to the Remuneration Committee for discussion, so that the responsibilities and risks assumed by the directors can be commensurate with the remuneration they receive.

\*In addition to the disclosures in the above table, any remuneration received by Directors for providing services to entities included in the financial statements in the most recent year (such as serving as non-employee consultants): None.

Note: 1. Pension and severance pay represent expensed appropriations.

### Remuneration Bracket Table

Remuneration Brackets for Directors of the Company	Name of Director			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements I	The Company	All companies included in the financial statements J
Less than NTD1,000,000	Lee, Kuang-Yao, Huang, Ying-Shih, Huang, Feng-An, Lin, Ching-Wei, Cheng, Wen-Jung, Kuo, Ming-Yi, Chen, Chih-Keng	Lee, Kuang-Yao, Huang, Ying-Shih, Huang, Feng-An, Lin, Ching-Wei, Cheng, Wen-Jung, Kuo, Ming-Yi, Chen, Chih-Keng	Lee, Kuang-Yao, Huang, Ying-Shih, Huang, Feng-An, Lin, Ching-Wei, Cheng, Wen-Jung, Kuo, Ming-Yi, Chen, Chih-Keng	Lee, Kuang-Yao, Huang, Ying-Shih, Huang, Feng-An, Lin, Ching-Wei, Cheng, Wen-Jung, Kuo, Ming-Yi, Chen, Chih-Keng
NT\$1,000,000 (inclusive) ~ NT\$2,000,000	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	-	-	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	-	-	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	-	-	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	7	7	7	7

The remuneration disclosed in this table differs from the definition of income under the Income Tax Act and is for disclosure purposes only and not for taxation purposes.

2. Remuneration to the President and the Chief Financial Officer and Chief Accounting Officer

Unit: NT\$ Thousand

Title	Name	Salaries (A)		Pension and severance pay (B)		Bonuses and allowances (C)		Employees' compensation (D)				The sum of A, B, C, and D and its percentage of net income after tax (%)		Any remuneration from investees other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Compensation	Share-based Compensation	Cash Compensation	Share-based Compensation			
President	Tsai, Ming-Feng	5,344	5,344	276 (appropriated amount)	276 (appropriated amount)	3,052	3,052	5,520	0	5,520	0	14,192 1.14%	14,192 1.14%	None
Assistant Vice President and Chief Financial Officer	Liu, Yu-Keng													
Assistant Vice President and Head of Accounting/ Corporate Governance Officer	Tai, Chih-Hao													

Remuneration Bracket Table

Remuneration Brackets for the President and Vice Presidents of the Company	Names of President and Vice Presidents	
	The Company	All companies included in the financial statements E
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	Tai, Chih-Hao	Tai, Chih-Hao
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	Liu, Yu-Keng	Liu, Yu-Keng
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	Tsai, Ming-Feng	Tsai, Ming-Feng
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-
More than NT\$100,000,000	-	-
Total	3	3

\* The remuneration disclosed in this table differs from the definition of income under the Income Tax Act and is provided for disclosure purposes only, not for taxation purposes.

### 3. Names of Managers Receiving Employees' Compensation and Distribution Details

April 10, 2026

	Title	Name	Share-based Compensation (NT\$ Thousand)	Cash Compensation (NT\$ Thousand)	Total (NT\$ Thousand)	Total amount as a percentage of net income after tax (%)
Managers	President	Tsai, Ming-Feng	0	5,520	5,520	0.54%
	Assistant Vice President and Chief Financial Officer	Liu, Yu-Keng				
	Assistant Vice President and Head of Accounting / Corporate Governance Officer	Tai, Chih-Hao				

### 4. Analysis of the ratio of total remuneration paid to the Company's Directors, President, and Vice Presidents to net income after tax over the most recent two years:

	2024		2025	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Directors	1.20%	1.20%	0.81%	0.81%
President and Vice Presidents	1.14%	1.14%	1.14%	1.14%

- (1) This year, due to the Company's decline in revenue and profitability, the remuneration to directors decreased accordingly. Therefore, the proportion to net income after tax in 2025 was lower than that in 2024. The unchanged proportion for the President and Vice Presidents was due to an increase in the number of individuals from two to three.
- (2) Remuneration to the President and the Chief Financial Officer and Chief Accounting Officer is divided into three components: salaries, bonuses, and employees' compensation. The Company determines such remuneration based on its internal policies and regulations, taking into account the salary levels for comparable positions in the industry, while also evaluating the scope of duties and responsibilities and the position's contribution to the Company's operational objectives. The remuneration policy is established with reference to the Company's overall operating performance, individual performance achievement, and contribution to the Company, with remuneration determined at a reasonable level. The annual KPIs for managers include financial indicators such as revenue growth rate, net income after tax, and budget achievement rate, and performance indicators such as departmental OKR achievement rate, efficiency improvement, project completion rate,

and innovation capability. The Remuneration Committee will review the annual bonus and employees' compensation based on the extent to which managers achieve their KPIs. In addition, the Remuneration Committee will regularly review various aspects, including the performance evaluation system for managers, the linkage between compensation and performance, and the salary levels of industry peers, in order to make timely adjustments to the Company's compensation policies and systems for managers and to retain outstanding talent. The newly amended "Regulations Governing the Compensation of Managers" was approved at the first Board meeting in 2025 and serves as the basis for the assessment and distribution of managers' remuneration.

### **Sustainability and Succession Planning**

To facilitate the continuity of management experience, cultivate outstanding talent, and establish a foundation for the Company's sustainable development, the Company has formulated succession plans for Directors and senior management:

- Directors: A Nominating Committee has been established to periodically review the Independent Director talent database and to maintain a roster of qualified director candidates in preparation for future Board re-elections. The Company has also engaged an external independent institution (Taiwan Investor Relations Institute) to conduct performance evaluations of the Board of Directors and provide recommendations for improvement, with a view to enhancing the capabilities and effectiveness of the Directors, the Board, and its functional committees in areas such as strategic planning, risk oversight, and ESG matters, and to strengthening overall Board leadership in preparation for Directors' reappointment.
- Senior Management: Historically, the Presidents of the Company have been promoted from within, having developed through various functional roles and gained comprehensive experience across manufacturing, sales, research and development, and management. This enables them to make sound decisions and actively contribute to the Company's operations and development. The Company will continue this practice by cultivating candidates for the President position from among current first-line managers. In addition to internal professional knowledge and management training, candidates are also required to undertake external training in areas such as economic trends, risk management, leadership, and ESG-related topics, in order to broaden both the depth and breadth of succession candidates. At the same time, the Company has established a first-line manager acting system and adopts a mentorship approach to facilitate knowledge transfer and practical experience, thereby building a strong talent pool, promoting outstanding individuals, and establishing a transparent and structured succession planning mechanism.

### (III) Corporate Governance Implementation

#### 1. Board of Directors Operations:

- (1) In the most recent fiscal year (2025), the Board of Directors convened 6 meetings. The attendance of directors is as follows:

Title	Name	Actual Attendance	Proxy Attendance	Attendance Rate (%)	Note
Chairperson	Lee, Kuang-Yao	6	0	100%	
Director	Huang Feng-An	6	0	100%	
Director	Huang, Ying-Shih	6	0	100%	
Independent Director	Cheng, Wen-Jung	6	0	100%	
Independent Director	Lin, Ching-Wei	5	1	83%	
Independent Director	Kuo, Ming-Yi	6	0	100%	
Independent Director	Chen, Chih-Keng	6	0	100%	

Additional information:

- I. If any of the following circumstances occur in the operation of the Board of Directors, the Company shall specify the meeting date, session, content of the proposals, opinions of the Independent Directors, and the Company's response to such opinions:
- (I) According to Article 14-3 of the Securities and Exchange Act:
- Approved at the 1st Board meeting in 2025 held on March 11, 2025:
    - Evaluation of the independence of the CPAs and their appointment.
    - Approval of the lifting of restrictions on Directors' non-compete obligations.
  - Approved at the 2nd Board meeting in 2025 held on May 13, 2025:
    - Approval of the urban renewal planning project for the Company's land located in the Anhe Section, Xindian District, New Taipei City.
  - Approved at the 3rd Board meeting in 2025 held on June 12, 2025:
    - Proposal to acquire plant assets in Malaysia in response to customer demand.  
(Approved the authorization of the Chairperson to sign a letter of intent. Following negotiations and confirmation with both parties, the matter will be submitted for further deliberation)
  - Passed at the 4th Board Meeting of 2025 on August 13, 2025:
    - Approval of the capital increase of Malaysia subsidiary GGCI.
  - Approved at the 6th Board meeting in 2025 held on December 30, 2025:
    - Approval of the agreement for the acquisition of plant assets from Sharp North Malaysia (SNM).  
(All Independent Directors present expressed their consent and the above proposals were approved as proposed.)
- (II) In addition to the aforementioned matters, there were no Board resolutions to which Independent Directors expressed dissenting or qualified opinions with recorded or written statements.
- II. With respect to Directors' recusal due to conflicts of interest, the Company shall specify the names of the Directors, the content of the proposals, the reasons for recusal, and their

participation in voting: No such circumstances occurred during the year.

- III. Companies listed on the TWSE or TPEX shall disclose information regarding the frequency of self-evaluation (or peer evaluation) of the Board, the evaluation period, the scope and method of evaluation, and related information, and shall complete Table 2(2): Implementation of Board Evaluation; please refer to the table below.
- IV. Objectives to strengthen the functions of the Board of Directors in the current year and the most recent year (e.g., establishment of an Audit Committee, improvement of information transparency, etc.), and evaluation of implementation: The Company has established an Audit and Risk Management Committee, a Remuneration Committee, and a Sustainable Development and Nominating Committee. These committees operate independently and perform their supervisory duties in accordance with their respective charters to strengthen the functions of the Board of Directors.

(2) The implementation of Board evaluation:

The Company approved the “Regulations Governing Board Evaluation” at the 3rd Board meeting in 2019, and completed the annual evaluation of the Board, Directors, and functional committees for 2025 in February 2026. The implementation is as follows:

Frequency of evaluation	Period for evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Conducted once annually	January 1, 2025 to December 31, 2025	Board of Directors	Self-Evaluation of the Board	<ul style="list-style-type: none"> <li>A. Degree of participation in the Company's operations</li> <li>B. Enhancement of the quality of Board decision-making</li> <li>C. Composition and structure of the Board</li> <li>D. Election of Directors and continuing education</li> <li>E. E. Internal Control</li> </ul>
		Directors	Self-evaluation of the Directors	<ul style="list-style-type: none"> <li>A. Understanding of the Company's objectives and missions</li> <li>B. Understanding of the duties of Directors</li> <li>C. Degree of participation in the Company's operations</li> <li>D. Internal communication and relationship management</li> <li>E. Professional expertise of Directors and continuing education</li> <li>F. F. Internal Control</li> </ul>
		Audit and Risk Management Committee	Self-evaluation of the Committee	<ul style="list-style-type: none"> <li>A. Degree of participation in the Company's operations</li> <li>B. Enhancement of the quality of Committee decision-making</li> <li>C. Understanding of the duties of the Committee</li> <li>D. Composition of the Committee and appointment of its members</li> <li>E. Internal Control</li> </ul>
		Remuneration Committee / Sustainable Development and Nominating Committee	Self-evaluation of the Committee	<ul style="list-style-type: none"> <li>A. Degree of participation in the Company's operations</li> <li>B. Enhancement of the quality of Committee decision-making</li> <li>C. Understanding of the duties of the Committee</li> <li>D. Composition of the Committee and appointment of its members</li> </ul>

Based on the self-evaluation questionnaires completed by directors and committee members, the results of the self-evaluation of the Board of Directors, directors, Audit and Risk Management

Committee, Remuneration Committee, and Sustainable Development and Nominating Committee were all rated as excellent. Moreover, the evaluation results have been reported to the first Board meeting in 2026 as a reference for remuneration determination and reappointment nominations.

In order to enhance the quality of evaluations, the Board of Directors approved amendments to certain provisions of the Regulations Governing Board Evaluation on August 14, 2024. The performance evaluation of the Company's Board of Directors and functional committees shall be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years. The Company commissioned the Taiwan Investor Relations Institute to conduct an external performance evaluation of the Board of Directors and its functional committees for 2023, covering the period from July 1, 2023 to June 30, 2024. The institution and the evaluation experts had no business dealings with the Company and were therefore considered independent. The independent evaluators conducted questionnaire surveys and on-site interviews to assess the performance of the Board of Directors and its functional committees across five key dimensions: goals, organization, professionalism, operational participation, and internal control. The evaluation report was completed in December 2024. A summary of the recommendations set forth in the evaluation report is as follows:

1. Advance planning to achieve one-third female representation on the Board: The Company will plan the slate of director candidates in 2026 in accordance with this recommendation.
2. Oversight of risk management by the Audit Committee or a Board-level functional committee: The Company will establish an Audit and Risk Management Committee in 2025 to oversee risk management.
3. Establishing a succession plan for Board members and key management: A first-line manager acting system has been established to cultivate acting managers as succession candidates, and outstanding Board candidates are being identified.
4. Amendment to the Corporate Governance Best Practice Principles to prohibit directors from trading shares during the closed period prior to financial report releases: The relevant amendments will be completed in 2025.
5. Preparation of an English version of the sustainability report: The English version of the 2023 Sustainability Report has been completed and uploaded to the MOPS and the Company's website for stakeholders' access.
6. Holding at least two institutional investor conferences annually: The Company complies with this recommendation and will gradually increase the frequency of investor conferences to enhance information transparency.
7. Actively promoting environmental and social governance: The Company will further strengthen its engagement in environmental initiatives by setting and striving to achieve emission reduction targets, assessing the impacts of climate change, identifying related opportunities and risks, and increasing volunteer efforts and resource allocation to give back to society, fulfill its social responsibilities, and advance ESG governance across all dimensions.

The external evaluation report and its implementation status were presented to the first Board meeting of 2025 on March 11, 2025.

2. Operation of the Audit and Risk Management Committee:

On August 13, 2025, the Nominating Committee and the Board of Directors approved the amendment to the “Audit Committee Charter,” renaming it as the “Audit and Risk Management Committee Charter,” expanding its responsibilities to include oversight of risk management, and adopting the “Risk Management Policies and Procedures.”

In the most recent fiscal year (2025), the Audit and Risk Management Committee held six meetings, and the attendance of independent directors is as follows:

Title	Name	Actual Attendance	Proxy Attendance	Attendance Rate (%)	Note
Independent Director	Cheng, Wen-Jung	6	0	100%	Reelected to office
Independent Director	Lin, Ching-Wei	5	1	83%	Newly Appointed
Independent Director	Kuo, Ming-Yi	6	0	100%	Newly Appointed
Independent Director	Chen, Chih-Keng	6	0	100%	Newly Appointed

Other Matters to be Disclosed:

I. Where any of the following circumstances occur in the operation of the Audit and Risk Management Committee, the Company shall disclose the meeting date, session, agenda items, any dissenting or qualified opinions or significant recommendations raised by independent directors, the resolutions of the Audit and Risk Management Committee, and the Company’s handling of the Committee’s opinions:

(I) Matters set forth under Article 14-5 of the Securities and Exchange Act:

Meeting Date	Agenda Items	Dissenting or Qualified Opinions or Significant Recommendations from Independent Directors	Resolutions	Company’s Response to the Committee’s Opinions
8th Meeting of the 3rd Term March 11, 2025	1. 2024 Financial Statements. 2. Approval of the 2024 Internal Control System Statement. 3. Evaluation of the independence of the attesting CPAs and their appointment.	None	Approved by all attending committee members	Approved by all attending directors
9th Meeting of the 3rd Term May 13, 2025	1. Approval of the urban renewal planning project for the Company’s land located in the Anhe Section, Xindian District, New Taipei City.	None	Approved by all attending committee members	Approved by all attending directors
10th Meeting of the 3rd Term June 12, 2025	1. Proposal to acquire plant assets in Malaysia in response to customer demand. 2. (Approved the authorization of the Chairperson to sign a letter of intent. Following negotiations and confirmation with both parties, the matter will be submitted for further deliberation)	None	Approved by all attending committee members	Approved by all attending directors
The 11th meeting of the 3rd term August 13, 2025	1. Capital increase of the Malaysian subsidiary, GGCI.	None	Approved by all attending committee members	Approved by all attending directors
12th Meeting of the 3rd Term November 12, 2025	1. Adoption of internal control procedures for reviewing the definition of entry-level employees.	None	Approved by all attending committee members	Approved by all attending directors
13th Meeting of the 3rd Term December 30, 2025	1. Approval of the agreement for the acquisition of plant assets from Sharp North Malaysia (SNM).	None	Approved by all attending committee members	Approved by all attending directors

(II) Other matters resolved by more than two-thirds of all directors without approval of the Audit Committee: None.

- II. With respect to independent directors' recusal due to conflicts of interest, the names of the directors, the content of the proposals, the reasons for recusal, and their participation in voting shall be specified. No such recusal due to conflicts of interest occurred during the current year.
- III. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs (including communications on material aspects of finance and business operations, as well as the methods and results thereof):
1. The Auditing Committee convened six times this year. The Chief Internal Auditor attended all meetings and reported on the implementation of the audit plan and the status of corrective actions. The Chief Internal Auditor also provided detailed responses to the independent directors' inquiries, supported by relevant reference materials, ensuring sufficient and effective communication. In addition, audit reports and follow-up reports are regularly provided at the end of each month to independent directors for review, and questions from directors are responded to immediately.
  2. Summary of the communication between the Independent Directors and the CPAs:
    - (1) Audit Committee meeting on March 11, 2025
      - The CPAs elaborated the content of the audited consolidated financial statements of 2024 and the Auditors' Report in the meeting.
      - The CPAs responded to the questions of the Independent Directors with explanations, discussion and communication.
    - (2) Audit Committee meeting on May 13, 2025
      - The CPAs explained the content of the reviewed consolidated financial statements of Q1 2025 and the Review Report in writing for communication.
    - (3) Audit Committee meeting on August 13, 2025
      - The CPAs elaborated on the content of the reviewed consolidated financial statements for the 2nd quarter of 2025 and the Review Report in the meeting.
      - The CPAs responded to the questions of the Independent Directors with explanations, discussions, and communications.
    - (4) Audit Committee meeting on November 12, 2025
      - The CPAs explained the content of the reviewed consolidated financial statements of Q3 2025 and the Review Report in writing for communication.
    - (5) Governance unit communication meeting on December 3, 2025
      - CPAs conducted a separate video conference to explain and communicate with all independent directors on issues such as 2025 audit planning, the CPAs' responsibilities and independence, the firm's quality management system, and the preparation of financial statements.
- IV. Main points of the work of the Audit and Risk Management Committee of the year and the operation:
- (I) Main points of the work of the year
    1. The review of the financial statements of the Company and routine interaction with the independent auditors on the audit findings.
    2. Communication with the Chief Internal Auditor on the audit findings at regular intervals and review of the annual audit plan.
    3. The evaluation of the effectiveness of the internal control system.
    4. Amendment to the procedures for material financial and business activities, including the acquisition and disposal of assets, derivative transactions, lending of funds to others, and endorsements and guarantees.
    5. The transactions involving major assets or derivatives.
    6. Major loans of funds, endorsements, or guarantees.
    7. Raising funds, issuance, or private placement of securities with equity

characteristics.

8. The appointment, dismissal or remuneration of the independent auditors.
9. The appointment or dismissal of the Financial Officer, Accounting officer, or Chief Internal Auditor.
10. Reviewing risk management policies, procedures, and framework, and regularly assess their applicability and effectiveness; approve risk appetite (risk tolerance) to guide resource allocation; ensure that the risk management mechanism can adequately address the risks faced by the company and integrate it into daily operational processes; approve the prioritization and categorization of risk control; review the status of implementation of risk management, provide necessary improvement suggestions, and report to the Board of Directors regularly (at least once a year); assist the Board of Directors in overseeing the effectiveness of the company's risk management.
11. Other material matters as required by the Company or the competent authorities.

(II) Operation

Meeting Date	Agenda Items	Resolution of the Auditing Committee	Company's Response to the Committee's Opinions
8th Meeting of the 3rd Term March 11, 2025	<ol style="list-style-type: none"> <li>1. 2024 Financial Statements.</li> <li>2. 2024 Earnings Distribution Proposal.</li> <li>3. Cash Dividend Distribution Proposal.</li> <li>4. Review of the effectiveness of the 2024 Internal Control System and the Statement.</li> <li>5. Evaluation of the independence and competence of the attesting CPAs and their appointment.</li> </ol>	Approved by all attending committee members	Approved by all attending directors
9th Meeting of the 3rd Term May 13, 2025	<ol style="list-style-type: none"> <li>1. 2025 1st Quarter Financial Report.</li> <li>2. Approved the urban renewal planning project for the land at Anhe Section, Xindian District, New Taipei City owned by the Company.</li> </ol>	Approved by all attending committee members	Approved by all attending directors
10th Meeting of the 3rd Term June 12, 2025	<ol style="list-style-type: none"> <li>1. Proposal to acquire plant assets in Malaysia in response to customer demand.</li> </ol>	Approved by all attending committee members	Approved by all attending directors
11th Meeting of the 3rd Term August 13, 2025	<ol style="list-style-type: none"> <li>1. 2025 2nd Quarter Financial Report.</li> <li>2. Amendment to certain provisions of the "Audit Committee Charter".</li> <li>3. Formulation of the Company's Risk Management Policy and Procedures.</li> <li>4. Capital increase of the Malaysian subsidiary, GGCI.</li> </ol>	Approved by all attending committee members	Approved by all attending directors
12th Meeting of the 3rd Term November 12, 2025	<ol style="list-style-type: none"> <li>1. 2023 3rd Quarter Financial Report.</li> <li>2. Review of the 2026 Audit Plan.</li> <li>3. Establishment of the guidelines for the Company's risk appetite, levels, and response methods.</li> <li>4. It is proposed to grant prior approval for PwC Taiwan and its affiliates to provide non-assurance services to the Company and its subsidiaries.</li> <li>5. It is proposed to establish internal control procedures for reviewing the definition of frontline employees.</li> </ol>	Approved by all attending committee members	Approved by all attending directors
13th Meeting of the 3rd Term December 30, 2025	<ol style="list-style-type: none"> <li>1. Agreement for the acquisition of the plant assets of Sharp North Malaysia (SNM).</li> </ol>	Approved by all attending committee members	Approved by all attending directors

3. Status of corporate governance practices and any deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefor.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
I. Whether the Company has established and disclosed its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has adopted the "Corporate Governance Best Practice Principles" as approved by the Board of Directors. On May 13, 2025, at the second Board meeting of 2025, certain provisions were amended to establish a closed period for share trading prior to financial report announcements and to formulate plans for enhancing corporate value, thereby strengthening the prevention of insider trading and enhancing the disclosure of operational strategies and information transparency. For related principles and implementation results, please visit the Company's website.	No significant difference.
II. The Company's Equity Structure and Shareholders' Equity				
(I) Has the Company established internal operating procedures for responding to the suggestions, queries, disputes, and legal actions of the shareholders, and implemented them in accordance with the procedures?	V		(I) The Company has established the Investor Relations Department to handle the suggestions and questions of shareholders. If there is a shareholder dispute or lawsuit, the office shall coordinate with the legal unit to handle the case according to the procedures.	No significant difference.
(II) Has the Company kept under control the list of major shareholders exercising de facto control over the Company and their ultimate beneficial owners?	V		(II) The Company maintains a list of major shareholders and their ultimate beneficial owners and makes the required filings and disclosures in accordance with regulations.	No significant difference.
(III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates?	V		(III) Through the "Regulations Governing the Monitoring and Control of Subsidiaries," and the procedures and internal control systems related to the acquisition and disposal of assets, endorsements and guarantees, and lending of funds to others, the head office strictly controls transactions between related companies to	No significant difference.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed material information in the market for the trading of securities?	V		<p>prevent risks that may arise from irregular transactions. In its fourth meeting of 2025, the Board of Directors also approved the "Guidelines for Financial and Business Operations Among Related Parties". The significant transaction amounts between related parties for the year are to be approved in advance by the Board of Directors, and the actual transactions with related parties from the previous year are to be reported to the shareholders' meeting of the current year, thereby enhancing information transparency and risk control.</p> <p>(IV) The Company has established the "Procedures for the Prevention of Insider Trading and Points of Control" and "Procedures for Ethical Management and Guidelines for Conduct" to prevent insiders from using undisclosed information to trade securities and has set a blackout period for stock trading related to financial announcements. After the Board of Directors meeting, legal awareness sessions are arranged for directors and managers.</p>	No significant difference.
<p>III. The Organization and Functions of the Board</p> <p>(I) Has the board of directors formulated a diversity policy, specific management objectives, and implemented them for its members?</p>	V		<p>(I) The Company has developed a diversity policy and performance evaluation measures for board members according to the "Corporate Governance Best Practice Principles." The directors elected for the current term have relevant backgrounds and work experience in industry, finance and accounting, legal compliance, strategic planning, and risk</p>	No significant difference.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			management, which is in line with the diversity policy. In addition, two female directors have been elected to strengthen the goal of gender equality. Please refer to pages 8, 10, and 12 for directors' professional qualifications, diversity, independence, and assessment results.	
(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and audit committee?	V		(II) To enhance the Board of Directors' functions in formulating and supervising the implementation of policies related to risk management and sustainable development, and to strengthen the Board's functions, the amendment of the committee charters was approved to establish the "Audit and Risk Management Committee" and the "Sustainable Development and Nominating Committee." The Company has elevated the discussion of operational risk control and ESG-related issues to the Board of Directors level, and ensures the implementation of the plans through the oversight of the committee.	No significant difference.
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, and has it conducted performance evaluation on a regular annual basis? And reported the results of the performance evaluation to the Board as reference for deciding the remuneration of individual Directors and their nomination for reappointment?	V		(III) The Company's 3rd Board meeting in 2019 approved the establishment of the "Regulations Governing the Board Evaluation" to conduct performance evaluation annually. In addition, the 3rd Board meeting in 2024 approved the amendment to the "Regulations Governing the Board Evaluation", stipulating that "the Board of Directors and functional committees shall be evaluated by an external independent professional organization at least once every three years". According to the revised Regulations, the Company	No significant difference.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
(IV) Has the Company assessed the independence of the CPAs on a regular basis?	V		<p>appointed the Taiwan Investor Relations Institute to conduct the performance evaluation of the Board of Directors and functional committees for 2023. In addition, the 2025 performance evaluations of the Board of Directors, directors, and committees were completed in February 2026, and the evaluation report was presented to the Board of Directors on March 11, 2026. For the related implementation status, please refer to page 23.</p> <p>(IV) The Accounting Department compiles a 13-item evaluation table based on the professional ability, audit experience, business relationships and interests with the Company, shareholding, independence, and impartiality of the CPAs (see Article 47 of the Certified Public Accountant Act) to evaluate the independence and suitability of the CPAs. Each independent auditor has provided a curriculum vitae and a declaration of independence (confirming no violation of Statement No. 10 of the Code of Professional Ethics) and the firm's "Audit Quality Indicators (AQIs)". The relevant information is provided to the Audit Committee and the Board of Directors for discussion. The evaluation for the 2026 fiscal year was submitted and approved by the first Board meeting in 2026.</p>	No significant difference.
IV. Has the Company listed on the TWSE/TPEX appointed an adequate number of qualified corporate governance personnel and designated a corporate governance officer responsible for corporate governance affairs (including but	V		On November 6, 2020, the Company's Board of Directors appointed Assistant Vice President Tai from the Accounting Department as the Corporate Governance Officer. Manager Tai has over 10 years of experience as a finance and accounting supervisor and is	No significant difference.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
not limited to providing information for the Directors and Supervisors in performing their duties, assisting the Directors and Supervisors in legal compliance, convening meetings of the Board of Directors and shareholders' meetings and handling related matters, and preparing the minutes of meetings of the Board of Directors and shareholders' meetings)?			qualified for this position. The Corporate Governance Officer is responsible for handling the matters of the Board of Directors and shareholders' meetings, providing the Directors with information on laws and regulations, assisting the Directors in legal compliance, preparing the minutes of the Board and shareholders' meetings, and responding to the questions of the Directors and shareholders, while coordinating with relevant departments to provide professional assistance and implement corporate governance.	
			<p>Key business points for 2025 are listed as follows:</p> <ol style="list-style-type: none"> <li>1. Convened six meetings of the Board of Directors, six Audit Committee meetings, five Remuneration Committee meetings, and three Nominating Committee meetings, with minutes prepared within the regulatory timeframe.</li> <li>2. The annual general meeting of shareholders was held on May 26, and the meeting notice, meeting handbook, annual report, and minutes were prepared. The relevant tasks were executed in accordance with the resolutions of the shareholders' meeting.</li> <li>3. Promotion of insider trading prevention information and assist directors in arranging continuing education programs.</li> <li>4. Arrange communication meetings between independent directors, CPAs, and the Chief Internal Auditor.</li> <li>5. Assist directors and managers in understanding updates to relevant laws and regulations.</li> <li>6. Arrange liability insurance for directors and report the coverage details to the Board of Directors.</li> </ol>	

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			Please refer to page 36 for the continuing education of the Corporate Governance Officer.	
V. Has the Company established channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a dedicated stakeholder section on its official website to appropriately respond to key corporate social responsibility issues of concern to stakeholders?	V		The Company's website has established a Sustainability section to disclose stakeholder concerns, communication channels and frequency, as well as the Company's responses and implementation results for various issues. It also provides contact information for the spokesperson and relevant business units to facilitate stakeholder communication and complaints. For related information, please refer to the Company's website and annual Sustainability Report.	No significant difference.
VI. Has the Company appointed a professional shareholder services agent for handling matters pertaining to the shareholders' meeting?	V		The Company has commissioned "Grand Fortune Securities Co., Ltd. (Shareholder Services Department)" to handle the shareholder services and matters related to the shareholders' meeting.	No significant difference.
VII. Disclosure of Information (I) Has the Company established a website to disclose information on its financial position and operations, as well as corporate governance?	V		(I) The Company has established a corporate website to disclose financial, operational, and corporate governance information. Website <a href="http://www.panpi.com.tw">www.panpi.com.tw</a> 。	No significant difference.
(II) Has the Company adopted any other means for disclosing information (such as the establishment of an English-language website, designation of personnel responsible for the collection and disclosure of information on the Company, the implementation of a spokesperson system, and placing the records of institutional investor conferences on the official website)?	V		(II) The Company has set up a Chinese and English website, and the Investor Relations Department collects the Company's information; the spokesperson's contact information, as well as English financial reports, investor conference videos, shareholders' meeting information, and ESG-related information, are disclosed on the Company's website.	No significant difference.
(III) Has the Company disclosed and declared the financial statements within 2 months after the end of the fiscal year, and announced and declared the financial statements covering Q1, Q2, and Q3, and the	V		(III) The Company has declared and announced the annual and quarterly financial statements by the deadline as required. The Company aims to make announcements well before the deadline and plans its	No significant difference.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
monthly operating results before the deadline?			operations in advance so that investors can promptly understand the Company's operating results.	
VIII. Is there any other essential information that would help in understanding the implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the Directors and Supervisors, the implementation of risk management policies and risk assessment standards, the implementation of customer policies, and liability insurance coverage for the Directors and Supervisors)?	V		<p><u>Employee Rights</u>: The Company actively safeguards employees' rights and interests. All relevant employee regulations comply with the Labor Standards Act and applicable local laws and regulations at each plant. Grievance channels are provided, and malpractices are rigorously investigated, with no incidents of employee rights violations reported. In addition, the Company regularly reviews its compensation structure and has established a profit-sharing system to enable employees to share in the Company's operating results, thereby fostering harmonious labor-management relations.</p> <p><u>Employee Care</u>: The Company's Employee Welfare Committee improves various welfare systems and subsidy activities in response to evolving social trends, with a focus on supporting employees' daily lives.</p> <p><u>Investor Relations</u>: The Company has established a spokesperson as the primary contact for investors and holds investor conferences to communicate its operational performance, enhance information transparency, and maintain strong relationships with investors.</p> <p><u>Supplier Relations</u>: The Company maintains smooth communication channels and strong relationships with suppliers, regularly holds supply chain conferences, and collaborates with parties to develop a green supply chain.</p> <p><u>Stakeholders' Rights</u>: The Company has established a Sustainable Development section on its website to disclose the implementation results of various initiatives and provide corresponding contact points to respond to suggestions</p>	No significant difference.

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			<p>and inquiries, thereby safeguarding the rights of stakeholders.</p> <p><u>Continuing Education for Directors:</u> The Company assists directors in obtaining the necessary information and relevant training programs. Please refer to the following for details of their continuing education.</p> <p><u>Implementation of Risk Management Policies and Standards:</u> The Company has established an Audit and Risk Management Committee, which formulates risk management policies and procedures as the basis for the corporate governance team of the Sustainability Committee to evaluate risk issues and develop risk management strategies. The implementation status is reported to the Board of Directors annually, enhancing the supervisory mechanism.</p> <p><u>The Implementation of Customer Policy:</u> The Company effectively implements and maintains good interactions with customers.</p> <p><u>Directors' Liability Insurance:</u> The Company purchases liability insurance for all Directors on an annual basis and reports the coverage to the Board of Directors.</p>	
<p>IX. The status of improvements made in response to the corporate governance evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and issues requiring further improvement, along with priority actions and measures, for the most recent year.</p> <ol style="list-style-type: none"> <li>Whether the Company has established internal policies prohibiting directors, employees, and other insiders from trading securities using non-public information, and disclosed such policies on its website, including (but not limited to) restrictions prohibiting directors from trading their shares during the closed period of 30 days prior to the announcement of annual financial reports and 15 days prior to the announcement of quarterly financial reports, as well as the implementation status: The Company has revised its Corporate Governance Best Practice Principles to include provisions on closed periods for trading prior to financial report announcements and has strengthened communication and awareness among directors and insiders.</li> <li>Has the Company established written regulations related to financial and business operations among related parties, including management procedures for transactions such as purchase and sell of goods, acquiring or disposing of assets, and significant transactions that should be submitted for resolution by the Board of Directors and reported to, or approved by, the shareholders' meeting? The "Guidelines for Financial and Business Operations Among Related Parties" have been established, and significant</li> </ol>				

Assessment Items	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary Description	
			<p>transaction amounts between related parties for the year are to be approved in advance by the Board of Directors, with the actual transactions with related parties from the previous year reported to the shareholders' meeting of the current year.</p> <p>3. Has the Company established an Audit and Risk Management Committee, and does it supervise risk management through the Audit Committee or a functional committee at the Board level (such as a Risk Management Committee), while establishing risk management policies and procedures approved by the Board, disclosing the risk management organizational structure, procedures, and operational status, and reporting to the Board at least once a year? An Audit and Risk Management Committee has been established, and risk management policies and procedures have been approved, with the status of risk management implementation reported to the Board once a year.</p> <p>5. Has the Company established an intellectual property management plan linked to its operational goals, and disclosed the implementation status on the Company's website or in its annual report, with reports to the Board of Directors at least once a year? An intellectual property management plan has been established, and the status of implementation is reported to the Board of Directors at least once a year.</p> <p>6. Has the Company established a cybersecurity risk management framework, set a cybersecurity policy, developed specific management plans, and allocated resources to cybersecurity management, and disclosed them on the Company's website or in its annual report? A cybersecurity risk management framework has been established, a cybersecurity policy has been set, and the status of implementation is disclosed on the Company's website and in its annual report.</p>	

Directors' Continuing Education:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Chairperson	Lee, Kuang-Yao	August 6, 2025	Accounting Research and Development Foundation, Republic of China	Internal Audit and Internal Control Practices for Employee Compensation Systems	6 hours
Directors	Huang Feng-An	July 7, 2025	Accounting Research and Development Foundation, Republic of China	Analyzing Key Financial Indicators to Enhance Early Risk Detection	6 hours
Directors	Huang, Ying-Shih	August 15, 2025	Business Council for Sustainable Development, Taiwan, R.O.C.	Corporate Governance and Securities Regulations	3 hours
				Challenges and Strategies for Taiwanese Businesses under the New Trump Administration	3 hours
		January 8, 2025	Securities Association of the Republic of China	Trends in Corporate Governance and Corporate Sustainability	3 hours
Independent Director	Cheng, Wen-Jung	July 25, 2025	Securities and Future Institute	2025 Seminar on Legal Compliance for Insider Equity Transactions	3 hours
		July 4, 2025	National Federation of Certified Public Accountants Associations of the Republic of China	Analysis of the Differences between Enterprise Accounting Standards Bulletins and the latest International Financial Reporting Standards approved by the Financial Supervisory Commission	3 hours
				The Anti-Money Laundering Act from the Perspective of Judicial Practice	3 hours
Independent Director	Lin, Ching-Wei	October 15, 2025	BCSD	Towards a Global Circular Vision: GCP Framework and the Path of Practice in Taiwan's Industry	3 hours
		September 25, 2025	Securities and Future Institute	Digital Finance Revolution: Stablecoin Fundamentals and Blockchain Asset Trends	3 hours
		August 13, 2025	SinoPac Securities & SinoPac Investment Advisory	"Green and Transition Finance: Policies, Practices, and the Future of Green Securities" Forum	2 hours
Independent Director	Kuo, Ming-Yi	July 9, 2025	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	6 hours
Independent Director	Chen, Chih-Keng	December 26, 2025	Securities and Future Institute	Taiwan Industry Strategies and Outlook for the First Half of 2026 amid Geopolitical Risks	3 hours
		July 9, 2025	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	3 hours

Continuing Education of the Corporate Governance Officer:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Corporate Governance Officer	Tai, Chih-Hao	October 21, 2025	Securities and Future Institute	Improving Financial and Management Reporting to Drive Operational Performance	6 hours
		June 25, 2025		Sustainability Information, Standards, and Reporting for Listed Companies: An Introduction	6 hours
		May 16, 2025		2025 Seminar on Insider Trading Prevention	3 hours
		February 21, 2025	Business Council for Sustainable Development, Taiwan, R.O.C.	Corporate Governance and Securities Regulations Sustainability Development Policies in Taiwan and Relevant Securities Regulations	3 hours

4. Remuneration Committee

(1) Information on Remuneration Committee Members

April 10, 2026

Category	Name	Criteria	Independence Status	The number of public companies where the person also holds positions in their remuneration committees.
		Professional Qualifications and Experience		
Independent Director (Convener)	Lin, Ching-Wei	Independent Director Lin is a certified public accountant and has experience in corporate operations, as well as extensive experience in financial operations and accounting management. She will be able to effectively supervise the Company's financial operations and provide professional accounting advice.	Please refer to pages 8–12, Table 1: Directors' Information, for information on the independence of independent directors.	None
Independent Director	Kuo, Ming-Yi	Independent Director Kuo is a qualified lawyer and has extensive practical experience in legal compliance affairs of law firms and banks. She will be able to effectively supervise and provide comprehensive suggestions on legal issues related to the Company's operations.	Please refer to pages 8–12, Table 1: Directors' Information, for information on the independence of independent directors.	None
Independent Director	Chen, Chih-Keng	Independent Director Chen holds a doctoral degree and currently serves as a professor and department chair of the Department of Vehicle Engineering, National Taipei University of Technology. He possesses comprehensive technical expertise and knowledge in the automotive industry, as well as extensive industry connections, enabling him to provide professional supervision and advice for the Company's development in the automotive sector and to recommend relevant talent.	Please refer to pages 8–12, Table 1: Directors' Information, for information on the independence of independent directors.	None

(2) Information on the Remuneration Committee in operation

A. The Remuneration Committee of the Company contains 3 members.

B. The tenure of the committee members: from June 9, 2023, to June 8, 2026. The Remuneration committee convened 5 times in the most recent year. The qualification requirement and attendance of the members is shown below:

Title	Name	Actual Attendance	Proxy Attendance	Attendance Rate (%)	Note
Convener	Lin, Ching-Wei	5	0	100%	Newly Appointed
Members	Kuo, Ming-Yi	5	0	100%	Newly Appointed
Members	Chen, Chih-Keng	5	0	100%	Newly Appointed

Other Matters to be Disclosed:

I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, the meeting date, session, content of the agenda item, resolutions of the Board, and the Company's response to the opinions of the Remuneration Committee shall be specified (if the remuneration approved by the Board is more favorable than that recommended by the Remuneration Committee, the differences and the reasons therefor shall be specified): Not applicable.

II. If any member of the Remuneration Committee has dissenting or qualified opinions on the resolutions of the Remuneration Committee, as recorded or stated in writing, the meeting date, session, content of the agenda item, opinions of all members, and the Company's response to such opinions shall be specified: Not applicable.

III. Matters for discussion and resolutions of the Remuneration Committee, and the Company's response to members' opinions:

Date	Matters for Discussion	Resolutions	The Company's Response to Members' Opinions The response to the opinions.
January 10, 2025 10th Meeting of the 5th Term	1. Report on the distribution of the 2024 performance bonus for the General Manager. 2. Report on the distribution of the 2024 performance bonus for the Accounting and Corporate Governance Officer, Tai, Chih-Hao. 3. Report on the distribution of the 2024 performance bonus for the Chief Financial Officer, Liu, Yu-Keng.	Approved	No comment, Not applicable.
March 11, 2025 11th Meeting of the 5th Term	1. Proposal for allocation of 2024 employee compensation and directors' remuneration. 2. Proposal for amendments to certain provisions of the Regulations Governing the Compensation of Managers.	Approved	No comment, Not applicable
May 13, 2024 12th Meeting of the 5th Term	Distribution of 2024 director remuneration.	Approved	No comment, Not applicable.
September 12, 2025 13th Meeting of the 5th Term	Proposal for the allocation of 2024 employee compensation to managers.	Approved	No comment, Not applicable.
November 12, 2025 14th Meeting of the 5th Term	Proposal to establish an employee shareholding trust plan.	Approved	No comment, Not applicable.

(3) Duties of the Remuneration Committee

A. Regularly review the Remuneration Committee Charter and propose amendments.

B. Formulate and regularly review the policies, systems, standards and structures of the performance and remuneration of the Company's directors and managers.

C. Regularly evaluate the achievement of performance targets and the remuneration of the Company's directors and managers.

5. Sustainable Development and Nominating Committee

On November 12, 2025, the Nominating Committee and the Board of Directors approved the amendment to the "Nominating Committee Charter," renaming it the "Sustainable Development and Nominating Committee Charter," and expanding its responsibilities to include oversight of sustainable development.

(1) Information on Members of the Sustainable Development and Nominating Committee

April 10, 2026

Category	Name	Criteria	Professional Qualifications and Experience	Independence Status	Number of Public Companies Where the Individual Also Serves on Nominating Committees
Independent Director (Convener)	Cheng, Wen-Jung		Independent Director Cheng is a certified public accountant. He is currently a Managing Partner of Fubo Accounting Firm. He is proficient in international accounting standards, financial statement auditing, and tax planning, and can provide valuable advice on the Company's financial reporting, regulatory compliance, and internal control management, thereby fulfilling his supervisory duties.	Please refer to pages 8–12, Table 1: Directors' Information, for information on the independence of independent directors.	None
Independent Director	Chen, Chih-Keng		Independent Director Chen holds a doctoral degree and currently serves as a professor and department chair of the Department of Vehicle Engineering, National Taipei University of Technology. He possesses comprehensive technical expertise and knowledge in the automotive industry, as well as extensive industry connections, enabling him to provide professional supervision and advice for the Company's development in the automotive sector and to recommend relevant talent.	Please refer to pages 8–12, Table 1: Directors' Information, for information on the independence of independent directors.	None
Directors	Huang Feng-An		Director Huang previously served as an accounting and management manager at the Ching Feng Group and Hon Hai Group, with over 40 years of experience. He has extensive expertise in financial reporting management, cost control, and listed company operations, and is well positioned to assist the Company in strengthening its accounting management and internal audit and control systems.	Please refer to pages 8–12, Table 1: Directors' Information, for information on the independence of independent directors.	None

(2) Information on the operation of the Sustainable Development and Nominating Committee

- A. The Company's Sustainable Development and Nominating Committee consists of 3 members.
- B. The tenure of the committee members: from June 9, 2023, to June 8, 2026. The Sustainable Development and Nominating Committee convened three times in the most recent year. The qualifications requirement and attendance of the members is shown below:

Title	Name	Actual Attendance	Proxy Attendance	Attendance Rate (%)	Note
Convener	Cheng, Wen-Jung	3	0	100%	Re-elected
Member	Chen, Chih-Keng	3	0	100%	Newly Appointed
Member	Huang, Feng-An	3	0	100%	Re-elected

Other Matters to be Disclosed:

- I. The Board of Directors does not adopt or revise the recommendations of the Nominating Committee: No such case.
- II. Decisions of the Nominating Committee to which any member has expressed dissenting or qualified opinions, as recorded or stated in writing: None.
- III. Matters for discussion and resolutions of the Nominating Committee, and the Company's response to members' opinions:

Date	Matters for Discussion	Resolutions	The Company's Response to the Nominating Committee's Opinions
May 13, 2025 3rd Meeting of the 2nd Term	Amendments to certain provisions of the Corporate Governance Best Practice Principles.	Approved	Submitted to the Board of Directors and approved by all attending directors.
August 13, 2025 4th Meeting of the 2nd Term	Submitted to the Board of Directors and approved by all attending directors.	Approved	Submitted to the Board of Directors and approved by all attending directors.
November 12, 2025 5th Meeting of the 2nd Term	Amendments to certain provisions of the Procedures for Ethical Management and Guidelines for Conduct. Amendments to certain provisions of the Nominating Committee Charter.	Approved	Submitted to the Board of Directors and approved by all attending directors.

(3) Duties of the Nominating Committee

- A. Nominate the Company's director candidates and review their qualifications.
- B. Establish the organizational structure of each functional committee under the Board of Directors, and review the establishment and amendments to the charters of each functional committee.
- C. Review the establishment and amendments to regulations related to the operation of the Board of Directors.
- D. Review the Company's Corporate Governance Best Practice Principles.
- E. Formulate and review the company's sustainable development policies, strategies, and goals.
- F. Supervise and review the implementation status and effectiveness of sustainable development.
- G. Review the Sustainability Report and related information disclosures.
- H. Other matters as instructed by the Board of Directors.

6. Sustainable Development Implementation Status and Reasons for Deviation from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Has the Company established a governance structure to promote sustainable development, set up a dedicated (full-time or part-time) unit, authorized senior management by the Board of Directors to handle such matters, and how does the Board of Directors exercise its oversight?	V		<p>The Company has established a Sustainable Development Committee as a dedicated organization to promote the Company's sustainable development. The Chairman serves as the Chair of the Committee, leading its operations, and the President serves as Vice Chair to drive execution. The Committee includes three task forces focusing on environmental protection, social inclusion, and corporate governance. Relevant department heads participate as members to deliberate on development strategies, short- and long-term indicators, major issues, and annual plans. Regional business units have also formed ESG implementation teams, which develop and execute plans based on annual indicators to achieve the established targets. The implementation results are reported to the Board of Directors on a quarterly basis, and strategic plans and implementation proposals are adjusted based on the Board's guidance and suggestions. In addition, the "Sustainable Development and Nominating Committee" has been established, consisting of three independent directors, responsible for supervising the formulation of sustainability strategies and objectives, as well as the progress and improvement of implementation plans. The 2024 Sustainability Report has been assured by PwC Taiwan. After being submitted to and approved by the third Board meeting of 2025, it was publicly disclosed in accordance with regulations.</p>	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
II. Does the Company follow the principle of materiality in assessing environmental, social, and corporate governance (ESG) risks related to its operations, and establish related risk management policies or strategies?	V		The Company has established an "Audit and Risk Management Committee" and formulated "Risk Management Policies and Procedures." The corporate governance team of the Sustainability Committee follows this procedure to assess the environmental, social, and corporate governance risk issues that the annual operations will face, and formulates countermeasures for subsidiaries in various regions to develop control plans and contingency plans, reducing potential harm and losses. The assessment boundary includes the Taiwan headquarters, mainland China, and U.S. subsidiaries, and the risk assessment boundary is the same as the disclosure boundary and the boundary disclosed in the Sustainability Report. The Annual Business Risk Assessment Report has been submitted to the fifth Board meeting of 2025. Please refer to page 50 and the Company's website for related information.	No significant difference.
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industry characteristics?	V		The Company's products span the consumer electronics, medical, communications, industrial control, automotive, and robotics industries. The Company's facilities are located in Taiwan, Mainland China, Malaysia, Thailand, and the United States. Considering international environmental protection trends, environmental management systems, regulations, and customer requirements in each region, the Company has obtained third-party certifications, including ISO 14001, IECQ QC 080000, ISO 50001, and ISO 14064-1. Honghuasheng Precision Electronics (Yantai) Co., Ltd.'s plant has also obtained UL 2799 Zero Waste to Landfill Platinum Certification. Please	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			refer to the Company's Sustainability Report and website for relevant information.	
(II) Does the Company strive to improve energy efficiency and use environmentally friendly renewable materials?	V		The energy efficiency policy primarily adopts measures such as replacing old equipment with new energy-saving devices, process improvements for energy saving, equipment upgrades for energy efficiency, and increasing the use of renewable energy, while regularly tracking performance outcomes. To effectively improve energy efficiency, the high-energy-consuming Honghuasheng (Yantai) plant has prioritized the implementation of the ISO 50001 Energy Management System and plans to encourage other plants to follow suit. The use of recycled materials also aligns with customer needs, with the Company actively working with the supply chain to review alternative raw material options, production efficiency, and cost differences. Please refer to pages 64-81 of the Environmental Friendliness section of the Company's 2024 Sustainability Report and the Company's website for relevant implementation details.	No significant difference.
(III) Does the Company assess the potential risks and opportunities of climate change on its current and future operations, and take relevant response measures?	V		In response to international trends and the demands of regulations, investors, supply chains, and consumers regarding climate issues, the Sustainability Committee has introduced climate-related financial disclosures (TCFD) to identify risks and opportunities, measure their financial impacts, and develop strategies to address significant issues. It also sets indicators and targets to actively reduce the impact on daily operations, and conducts reassessment every two years to continuously enhance climate governance. Please refer to pages 42-48 of the Corporate Governance section of the Company's	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(IV) Has the Company kept statistics on greenhouse gas emissions, water consumption, and total waste generated over the last two years, and established policies for reducing greenhouse gas emissions, water consumption, and waste generation?	V		<p>2024 Sustainability Report and website information for relevant details.</p> <p>The Company's data on greenhouse gas emissions, water consumption, and total waste generated for the past two years, as well as the aforementioned three policies and results, are disclosed in the annual Sustainability Report. The scope includes the Taiwan headquarters and all plants of subsidiaries in the United States and China.</p> <p>The greenhouse gas reduction targets for 2024 have all been achieved. Each plant is actively implementing the ISO 50001 Energy Management System to improve energy management and efficiency, increase the use of renewable energy, and reduce total energy consumption. The target for water withdrawal reduction is a 1% annual decrease, achieving a cumulative reduction of 14.18% compared with the baseline year. Waste management targets have also been established, including waste reduction, overall recycling rate, and zero non-compliance. All annual targets have been achieved, with waste reduced by 28.24% and the overall recycling rate significantly increased to 81.04%. In addition, the Honghuasheng (Yantai) plant has obtained UL 2799 Zero Waste to Landfill Platinum Certification, and Jiangxi Xinhaiyang has obtained the Global Recycled Standard (GRS) certification.</p> <p>Please refer to the Environmental Friendliness section of the Company's 2024 Sustainability Report and the Company's website for related information.</p> <p>No significant difference.</p>	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
IV. Social Issues (I) Has the Company established relevant management policies and procedures in accordance with applicable regulations and international human rights conventions?	V		The Company has formulated labor policies, personnel regulations, and an employee handbook with reference to the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, ensuring that all employees understand their rights and the means to protect them. At the same time, the Company has established employee grievance channels to properly handle complaints and prevent the recurrence of misconduct. In addition, the Company has strengthened communication on employee rights-related issues. In 2025, a total of 8,523 training sessions were conducted, with a cumulative duration of 6,303 hours.	No significant difference.
(II) Has the Company established and implemented reasonable employee welfare policies (including remuneration, holidays, and other benefits), and appropriately reflected operating performance in employee remuneration?	V		The Company's employee welfare system includes employee trips, health checkups, festival bonuses, childbirth subsidies, and group insurance. The salary structure is reviewed annually and adjusted appropriately, with no less than 5% of the annual profit allocated as remuneration to employees as stipulated in the Articles of Incorporation, of which no less than 20% is distributed to entry-level employees, allowing all employees to share the fruits of their hard work and efforts. Please refer to the Happy Workplace section of the 2024 Sustainability Report and the information disclosed on the Company's website for related information.	No significant difference.
(III) Has the Company provided a safe and healthy working environment and conducted regular occupational safety and health training for employees?	V		The Company aims for zero occupational accidents and promotes occupational safety policies. There were no fire incidents throughout the year. In the event of an accident, the Company immediately conducts reviews and implements corrective actions, and carries out targeted awareness programs	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			to enhance employees' risk awareness and protect their safety. In 2025, there were zero cases of serious occupational injuries. A total of 54,160 participants attended occupational safety and health training, with a cumulative duration of 72,807 hours. Each plant has also progressively obtained ISO 45001 certification in accordance with the plan. Please refer to the Happy Workplace section of the 2024 Sustainability Report for detailed information.	
(IV) Has the Company established an effective employee career development and training plan?	V		To strengthen employees' professional capabilities and career growth, the Company has formulated career development plans and pathways, promoting systematic training and development programs. Through diversified career development pathways and both on-the-job and off-the-job development methods, employees are equipped with professional skills, management competencies, and cross-functional capabilities required for their current and next positions. Please refer to pages 124-126 of the Happy Workplace section of the 2024 Sustainability Report and the Company's website information for detailed information.	No significant difference.
(V) Has the Company complied with applicable laws and regulations and international standards regarding customer health and safety, customer privacy, marketing, and product labeling, and established policies for the protection of consumer rights and complaint handling procedures?	V		The Company places great importance on protecting customer rights and has obtained international standard certifications, such as ISO 9001, ISO 13485, IATF 16949, and IECQ QC 080000, in accordance with customer and product requirements. It also protects customers' confidential business information and has established grievance channels related to process, quality, integrity, and internal audit to maintain smooth communication. At the same time, liability insurance has been obtained to	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			mitigate risks. Please refer to page 52 of the 2024 Sustainability Report for Other information.	
(VI) Has the Company established a supplier management policy requiring suppliers to comply with applicable regulations related to environmental protection, occupational safety and health, and labor rights, and what is the status of its implementation?	V		The Company adopts a grading system (A–D, four levels) for supplier management. Only suppliers holding certifications such as ISO 9001/14001 and IATF 16949, and with no records of environmental pollution, bribery, or occupational safety and health incidents, are qualified as suppliers. Routine management reviews supplier performance through monthly and annual performance evaluations. As customers and investors attach more importance to ESG considerations, the evaluation criteria have also been expanded to include assessments of the production environment and employee rights. The 2025 evaluation will also include human rights-related indicators. For items that do not meet the requirements in the monthly evaluation, a preliminary warning will be issued and a deadline for improvement will be set. Suppliers that are unable to meet the requirements during the annual evaluation or audit will be downgraded to Grade C and included in the phase-out list. In addition, in the event of a material breach by a supplier, the Company will immediately terminate the procurement contract and seek compensation for any resulting losses. Please refer to the Sustainable Supply section of the 2024 Sustainability Report for detailed information.	No significant difference.
V. Has the Company referred to internationally recognized reporting standards or guidelines in preparing reports such as corporate social responsibility reports to disclose the Company's non-financial information? Is the aforementioned report subject to third-party assurance	V		The Company's Sustainability Report is prepared based on the Chinese version of the GRI Sustainability Reporting Standards translated and compiled by the Business Council for Sustainable Development, Taiwan (BCSD Taiwan), the SASB Standards for the Electronic Components Manufacturing industry	No significant difference.

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
or verification?			issued by the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB), and incorporates the United Nations Sustainable Development Goals (SDGs). The report has also obtained limited assurance from PwC Taiwan.	
<p>VI. If the Company has established its own corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please specify the implementation status and any differences therefrom: No difference.</p>				
<p>VII. Other important information that helps in understanding the implementation of sustainable development initiatives:</p> <p>Environmental: Upholding the philosophy of "corporate growth in harmony with the environment," we actively implement various environmental management systems and encourage subsidiaries with production facilities to obtain international certifications. Additionally, we are actively investing in energy conservation, carbon reduction, and green transformation by optimizing processes, enhancing equipment efficiency, installing solar facilities, and purchasing renewable energy certificates (RECs) to increase the proportion of green electricity usage and improve the efficiency of renewable energy utilization. Regarding Environmental Issues such as greenhouse gas reduction, energy efficiency improvement, circular economy promotion, and ecological resource protection, we have formulated environmental strategies and action plans. By adopting best practices, fostering innovative research and development, and collaborating with stakeholders, we accelerate the achievement of sustainable goals. At the same time, the Task Force on Climate-Related Financial Disclosures (TCFD) framework has been adopted to strengthen the Company's climate risk management mechanism.</p> <p>Social: Adhering to the philosophy of caring for the disadvantaged and supporting local education, the Company continues to make regular donations to disadvantaged groups and schools in the community. The following are the relevant community engagement activities for 2025.</p> <ol style="list-style-type: none"> <li>1. Sponsorship of NT\$400,000 for the National Taipei University of Technology Formula Racing Team to build electric racing cars and participate in competitions in Taiwan and Australia.</li> <li>2. Sponsorship of NT\$200,000 for the Team FRC 8806 of Our Lady of Providence High School to participate in the 2025 FIRST Robotics Competition in the United States.</li> <li>3. Donation of NT\$250,000 to the Digital Humanitarian Association to support remote healthcare programs and services for rural communities in New Taipei City.</li> <li>4. Sponsorship of NT\$30,000 for fish fry release and beach cleanup activities on Keelung Islet, supporting marine biodiversity through both funding and action.</li> <li>5. Donation of NT\$20,000 to the Taipei Chaoyang Social Care Association to meet the needs of the poor and the disadvantaged for resources.</li> <li>6. Sponsorship of NT\$66,000 to the Baby Care Social Welfare Association of the Republic of China to participate in the Safe Fruits and Vegetables Program and support underprivileged communities.</li> <li>7. Every month, each plant site arranges and organizes employees to participate in community clean-up activities, visit nursing homes and orphanages, engage in volunteer services, or donate blood to give back to society. There are more than 100 participants on average every month.</li> </ol> <p>Corporate governance: For the current Board, independent directors held four of the seven Board seats, or</p>				

Implementation Items	Status of implementation			Reasons for Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			57%. No employee of the Company concurrently served as a director, ensuring the independence of the Board. Female directors held two of the seven seats, or 29%, which improves the gender ratio. Moreover, the current Board is composed of directors with diverse expertise, achieving the goal of board diversity. Establish the Audit and Risk Management Committee and the Sustainable Development and Nominating Committee to enhance the functions of risk management and supervision of sustainable development. The Board of Directors has appointed a new General Manager, with the Chairman no longer serving concurrently, thereby establishing the separation of supervision and management powers to ensure alignment of authority and responsibility. At the same time, succession plans are organized to train senior executives and establish promotion paths, laying the foundation for sustainable operation.	

The Corporate Governance Team of the Sustainability Committee follows the Company's "Risk Management Policies and Procedures" to assess the various risks affecting the Company's operations and proposes the following response measures:

Risks	Issues of impact	Countermeasures
Environmental protection	Issues of carbon neutrality	<ul style="list-style-type: none"> <li>Establish a regular mechanism for carbon inventory and verification to ensure data transparency and accuracy, and consider gradually incorporating supply chain carbon reduction initiatives to expand the impact.</li> <li>Formulate a carbon neutrality roadmap, set annual carbon reduction targets, and actively achieve them.</li> <li>Replace old energy-consuming equipment, improve processes, and increase the use rate of green electricity to reduce carbon emissions.</li> <li>DExplore carbon pricing mechanisms to prepare for future disclosures.</li> </ul>
	Responsibility and management of the supply chain	<ul style="list-style-type: none"> <li>Conduct a survey of supplier ESG indicators items to understand the current implementation status and provide improvement suggestions for suppliers that do not meet the required standards.</li> <li>Establish non-economic indicators such as carbon reduction, human rights, labor rights, and prohibition of conflict minerals, requiring suppliers to comply with relevant standards and strengthening ESG accountability across the supply chain.</li> <li>Establish a supplier review (quality, integrity, human rights, environment) and grading system to regularly evaluate supplier performance, incorporating the results into procurement decisions and cooperation considerations to strengthen sustainable supply chain management.</li> <li>Strengthen chemical management and reduction measures.</li> </ul>
Social aspects	Key talent attrition	<ul style="list-style-type: none"> <li>Track the retention status of key personnel monthly.</li> <li>Strengthen talent retention mechanisms (such as career development and compensation and benefits systems).</li> <li>Establish succession planning and knowledge transfer processes.</li> </ul>
	Workplace safety and employee psychological health risks	<ul style="list-style-type: none"> <li>Conduct employee satisfaction and stress surveys annually.</li> <li>Set up grievance channels and psychological counseling resources.</li> <li>Promote a healthy workplace culture and management training programs.</li> </ul>
Corporate governance	Cybersecurity attack risks	<ul style="list-style-type: none"> <li>Strengthening network segmentation, vulnerability scanning, and cybersecurity awareness training.</li> </ul>
	Risk of service interruption	<ul style="list-style-type: none"> <li>Strengthen system monitoring, alert mechanisms, and automated failover systems.</li> </ul>
	Market changes and industry competition	<ul style="list-style-type: none"> <li>Engage in marketing research and analyze economic, customer, and industry trends.</li> <li>Evaluate the Company's pricing strategy based on competitors' products and their pricing.</li> </ul>
	Risks of outdated systems	<ul style="list-style-type: none"> <li>Evaluate replacement plans, extend system lifespan through virtualization, and allocate budgets annually.</li> </ul>
	Supply chain material shortages and cost control.	<ul style="list-style-type: none"> <li>Establish alternative suppliers: Regularly evaluate and screen suppliers to build an approved backup supplier pool, ensuring the ability to quickly adjust suppliers in emergency situations, thereby reducing the risk of delayed deliveries.</li> <li>Establish inventory reserves: Based on market demand and price fluctuations, maintain an appropriate level of inventory reserves to address the risk of rising material prices.</li> <li>Strengthen supply chain management: Establish long-term cooperation relations with suppliers, enhance communication and collaboration to jointly resolve potential issues in the supply chain, and reduce procurement risks.</li> <li>Enhance supplier supervision: Conduct regular assessments and monitoring of suppliers to identify and address potential issues in a timely manner, ensuring a smooth procurement process.</li> </ul>

## Climate related information

### 1. Implementation of climate-related information

Item	Status of implementation
1. Describe the Board of Directors' oversight of climate-related risks and opportunities, including governance by senior management.	The Company adopted the Task Force on Climate-Related Financial Disclosures (TCFD) framework in 2022 and continues to promote climate governance through the Sustainability Committee to achieve low-carbon operations and environmental sustainability. It was reported to the fourth Board meeting of 2024, with future response strategies formulated. The climate risks and response measures faced by the Company were reported to the Board of Directors, allowing the Board to fully oversee climate-related risks, thereby deciding on relevant management policies and reviewing the implementation results. In 2023, the Company cooperated with Weathernews Taiwan Ltd. to conduct a flood risk analysis for two key plants (at higher risk), and formulated future countermeasures based on the potential climate-related financial risks that these plants may bear, which was disclosed in the ESG Report. In 2024, the Sustainability Committee re-examined the TCFD-related items. Given that the overall structure has not changed much, it was decided to maintain the original identified topics for planning.
2. Describe how the identified climate risks and opportunities will affect the Company's business, strategy, and financial performance in the short, medium, and long term.	Relevant information will be disclosed on the Company's website, ESG Report, and next year's annual report. It is based on the four core aspects of TCFD disclosures: "Governance," "Strategy," "Risk Management," and "Metrics and Targets." Establish a risk framework to identify material risks and opportunities that may impact operations, and propose relevant response strategies. Integrate climate change with corporate governance, business strategy, and risk management. Support corporate climate risk and opportunity decisions with information, and guide the allocation of capital toward low-carbon economic development. Ultimate goal - to enhance competitiveness during the low-carbon transition.
3. Describe the financial impacts of extreme climate events and transition actions.	Based on the TCFD framework, the Company regularly assesses the financial impact of extreme climate events and its transition actions, and reports to the Board of Directors for subsequent oversight and governance.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Pan-International has introduced a climate-related risk and opportunity identification mechanism in 2022, which has been continuously implemented. It is reviewed every two years thereafter, analyzing the likelihood of occurrence and impact on operations based on different time horizons. Additionally, a financial flood risk analysis for two key (higher-risk) plants has been incorporated. Through a climate risk and opportunity matrix, the Company conducts a comprehensive identification and assessment of the impacts of climate risks and opportunities on its operations.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts should be disclosed.	Currently, Business as Usual (BAU) and Net Zero scenarios are adopted for assessment.
6. If there is a transition plan for managing climate-related risks, describe the plan's content and the indicators and goals used to identify and manage physical risks and transition risks.	The Company regularly assesses whether a transition plan should be implemented and formulates corresponding indicators and targets. Relevant information is disclosed on the Company's website, ESG Report, and annual report.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be disclosed.	Not applicable.

8. If climate-related goals are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress achieved each year should be disclosed. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits or RECs should be specified.	Relevant information is disclosed on the Company's website and ESG Report. In 2025, the Company has installed rooftop solar systems at two subsidiaries in mainland China. Two subsidiaries have begun purchasing renewable energy certificates (RECs), and one is engaged in selling surplus solar power to the grid. The data is currently being compiled. Relevant information will be disclosed on the Company's website and ESG Report. Regarding the emission reduction targets, the annual carbon reduction targets for 2024 (completed) and 2025 (preliminary estimate) have been achieved.
9. Greenhouse gas inventory and assurance status.	As shown in the table below.

### 1-1 Greenhouse gas inventory and assurance status

<p>Basic Information of the Company</p> <p><input type="checkbox"/> Companies with paid-in capital of NT\$10 billion or more, or companies in the iron and steel or cement industries</p> <p><input checked="" type="checkbox"/> Companies with paid-in capital of NT\$5 billion or more but less than NT\$10 billion</p> <p><input type="checkbox"/> Companies with paid-in capital of less than NT\$5 billion</p>	<p>At a minimum, disclosures shall be made in accordance with the Sustainable Development Roadmap for TWSE/TPEX-listed companies</p> <p><input checked="" type="checkbox"/> Parent Company (Individual) Inventory</p> <p><input checked="" type="checkbox"/> Subsidiaries Included in the Consolidated Financial Statements Inventory</p> <p><input checked="" type="checkbox"/> Parent Company (Individual) Assurance</p> <p><input type="checkbox"/> Subsidiaries Included in the Consolidated Financial Statements Assurance</p>
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A. Inventory Information							
Inventory Year	Data Coverage	Boundary	Scope 1 Total Emissions (Metric ton CO2e)	Scope 2 Total Emissions (Metric ton CO2e)	Scopes 1 & 2 Total Emissions (Metric ton CO2e)	Emission Intensity (Metric ton CO2e per NT\$ million)	Scope 3 (Significance) (Metric ton CO2e)
2023	Parent Company and Four Plants in Mainland China	Parent Company	4.2687	52.0005	56.269	0.0061	Not inventory conducted
		Subsidiary Dongguan Plant	126.7471	2643.7125	2770.460	1.7244	Not inventory conducted
		Subsidiary Yantai Plant	1295.6259	65527.6125	66823.238	14.8574	Not inventory conducted
		Subsidiary Jiangxi Plant	373.6847	3461.6982	3835.383	3.2085	Not inventory conducted
		Subsidiary Wuhu Plant	59.8430	2063.3021	2123.145	0.4191	Not inventory conducted
Total			1860.1694	73748.3258	75608.495	3.4963	NA
Inventory Year	Data Coverage	Boundary	Scope 1 Total Emissions (Metric ton CO2e)	Scope 2 Total Emissions (Metric ton CO2e)	Scopes 1 & 2 Total Emissions (Metric ton CO2e)	Emission Intensity (Metric ton CO2e per NT\$ million)	Scope 3 (Significance) (Metric ton CO2e)
2024	Parent Company and Four Plants in Mainland China	Parent Company	2.1148	67.0980	69.213	0.0085	19.5203
		Subsidiary Dongguan Plant	89.5352	2,436.6717	2,526.207	1.6983	12,328.6270
		Subsidiary Yantai Plant	1,574.2300	60,104.0365	61,678.267	17.1761	46,117.8418
		Subsidiary Jiangxi	241.5545	3,591.2524	3,832.807	2.9041	717.6719

		Plant					
		Subsidiary Wuhu Plant	324.6836	1,298.3654	1,623.049	0.3848	1,593.3525
Total			2,232.1181	67,497.4240	69,729.542	3.6624	60,777.0135
2025	The parent company and all subsidiaries included in the consolidated financial statements	Parent company (preliminary date)	0.0000	156.1103	156.110	0.0176	46.3506
		12 subsidiaries in Mainland China	Data is still being collected. Due to the large amount of data, it has not been fully consolidated, and the confirmation work has not been completed (data remains subject to change). It will be disclosed in the Sustainability Report after the data is confirmed and verified.				
		1 subsidiary in Taiwan					
		2 other overseas subsidiaries					
		PIB Group					

Note: The parent company relocated from the Xindian Plant to the Zhonghe Plant on November 25, 2024. The 2025 boundary includes both the Zhonghe Plant and the Xindian Plant (electricity consumption during the transition period after decommissioning). Due to overlapping calculation ranges and different operational sites, emissions for the current year have shown an increasing trend.

**B. Assurance information**

2023: Subsidiaries, the Yantai Plant and the Jiangxi Plant, have obtained ISO 14064-1 organizational-level greenhouse gas inventory verification certificates.

2024: The parent company, along with the Dongguan Plant, Yantai Plant, Jiangxi Plant, and Wuhu Plant, has obtained ISO 14064-1 organizational-level greenhouse gas inventory verification.

2025: The parent company's greenhouse gas statement has obtained assurance, and pre-assurance has been conducted for the greenhouse gas statements of the Dongguan Plant, Yantai Plant, Jiangxi Plant, and Wuhu Plant. The ISO 14064-1 verification for the Yantai Plant and Jiangxi Plant is in progress, and the certificates are expected to be obtained in July–August 2026.

**C. Reduction targets**

The Group adopts 2022 as the baseline year\*. Target: Emission intensity reduction; short-term target: a 1.5% annual reduction (under the same conditions); medium-term target: a cumulative reduction of 7.5% over five years; long-term target: net-zero emissions by 2050.

The short-term target was achieved in 2024, and data for 2025 is still being collected and will be disclosed in the ESG Report.

\*Baseline year (2022) boundary includes the following locations: the parent company in Taipei, and mainland China subsidiaries: Dongguan Plant (Dongguan Pan-International Precision Electronics Co., Ltd.), Jiangxi Plant (New Ocean Precision Component (Jiangxi)), Yantai Plant (Honghuasheng Precision Electronics (Yantai) Co., Ltd.), and Wuhu Plant (Ruichang Electric Systems Co., Ltd.).

Relevant information will be disclosed on the Company's website and ESG annual Report.

7. The Practice of Ethical Corporate Management and Related Policies and Any Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Items	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and action plans				
(I) Has the Company established an ethical corporate management policy approved by the Board of Directors, and specified the policies and practices of ethical corporate management in its internal rules and external documents, as well as the commitment of the Board and senior management to actively implement such policies?	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" were approved by the Board of Directors as a code of conduct for directors, managers, and employees to prevent fraud, corruption, and other illegal acts. For the implementation and execution of the relevant ethical corporate management policies and the supervision results of the Board of Directors, please refer to the Company's website and the 2024 Sustainability Report.	No significant difference.
(II) Has the Company developed a mechanism for assessing integrity risks, with regular analysis and evaluation of business activities with higher integrity risks, based on which the Company has established measures to prevent unethical conduct? The content shall cover at least the preventive measures contained in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".	V		(II) The Company has established a risk assessment mechanism for unethical conduct in accordance with the "Procedures for Ethical Management and Guidelines for Conduct," and, in conjunction with internal audits, specifically reviews situations, such as bribery and acceptance of improper benefits, to prevent corruption risks. Meanwhile, the Company has strengthened its communication and awareness efforts to directors, managerial officers, employees, clients, and suppliers to jointly establish a culture of ethical corporate management.	No significant difference.
(III) Has the Company established a plan for the prevention of unethical conduct, and specified operational	V		(III) The Company has established the "Procedures for Ethical Management and Guidelines for	No significant difference.

Assessment Items	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
procedures, a code of conduct, disciplinary measures for violations, and complaint mechanisms, and are such plans implemented and subject to regular review and revision?			Conduct" to regulate the relevant disciplinary and grievance systems, and regularly reviews and improves the ethical corporate management policies and related programs. The annual execution results were reported to the second Board meeting of 2025 (May 13, 2025).	
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the Company evaluated the integrity records of its counterparties, and explicitly incorporated integrity clauses into contracts entered into with such counterparties?</p> <p>(II) Has the Company established a designated unit directly under the Board of Directors responsible for promoting ethical corporate management, and does it report to the Board on a regular basis (at least once a year) on the implementation of ethical corporate management policies, measures for preventing unethical conduct, and the supervision of such implementation?</p> <p>(III) Has the Company established policies for the prevention of conflicts of interest, provided appropriate reporting channels, and properly implemented such policies?</p>	V	V	<p>(I) When the Company selects suppliers and customers, their integrity records and compliance history are considered as the basis for selection. When signing contracts, suppliers are also required to sign an integrity commitment letter. Transactions will be immediately terminated in case of violations.</p> <p>(II) The Company has assigned the Corporate Governance task force under the Sustainability Committee to be responsible for formulating and implementing ethical corporate management policies, and to work in coordination with the internal audit unit to review and investigate unethical conduct. The status of implementation for 2024 has been reported to the second Board meeting of 2025.</p> <p>(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" as the framework for preventing conflicts of interest, and has set up grievance/reporting channels, whereby the human resources or internal audit unit is responsible for reviewing reported cases, ensuring fair handling and</p>	<p>No significant difference.</p> <p>No significant difference.</p> <p>No significant difference.</p>

Assessment Items	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(IV) Has the Company established effective accounting and internal control systems for the implementation of ethical corporate management, and does the internal audit unit formulate relevant audit plans based on the assessment of integrity risks to review compliance with measures for preventing unethical conduct, or engage CPAs to perform such audits?	V		protecting whistleblowers.  (IV) The Company has established comprehensive and effective accounting and internal control systems, which operate smoothly. In addition to conducting audits in accordance with the annual audit plan, internal auditors also identify key audit items and adjust audit plans based on the assessment of integrity risks, and regularly report to the Audit and Risk Management Committee and the Board of Directors.	No significant difference.
(V) Has the Company conducted internal and external training programs on ethical corporate management on a regular basis?	V		(V) Ethical corporate management is a fundamental principle of the Company. In addition to providing directors and managers with briefings on insider trading regulations after Board meetings, the Company also strengthens awareness of ethical conduct and whistleblowing channels among all employees through regular training programs. In 2025, a total of 10,358 participants attended relevant training programs, with a cumulative duration of 9,922 hours.	No material discrepancies were identified.
III. Operation of the Company's whistleblowing system (I) Has the Company established specific whistleblowing and incentive mechanisms, set up convenient reporting channels, and assigned appropriate personnel responsible for handling reported cases?	V		(I) The Company has established reward and disciplinary measures, as well as grievance mechanisms, in accordance with the "Procedures for Ethical Management and Guidelines for Conduct." Employees and external parties may report violations through physical mailboxes or email to the Office of the Chairman. The Chairman will designate the appropriate unit to	No material discrepancies were identified.

Assessment Items	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(II) Has the Company established standard operating procedures for handling whistleblowing cases, including investigation procedures, follow-up actions after completion of investigations, and relevant confidentiality mechanisms?	V		conduct investigations and impose disciplinary actions in accordance with relevant regulations.  (II) The Company has established procedures for handling whistleblowing cases under the "Procedures for Ethical Management and Guidelines for Conduct." Investigations and disciplinary actions are carried out in accordance with relevant regulations, and strict confidentiality is maintained for the whistleblower's identity and the investigation process.	No material discrepancies were identified.
(III) Has the Company adopted measures to protect whistleblowers from improper treatment as a result of reporting?	V		(III) In accordance with the Company's "Procedures for Ethical Management and Guidelines for Conduct," the identity of whistleblowers and the content of their reports are kept confidential, and whistleblowers are protected from any improper treatment as a result of reporting.	No material discrepancies were identified.
IV. Enhancement of Information Disclosure Has the Company disclosed the content of its ethical corporate management principles and the effectiveness of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct," and has disclosed the relevant information on the Company's website and the Market Observation Post System (MOPS).	No material discrepancies were identified.
V. If the Company has established its own ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please specify the implementation status and any deviations: The Company has established the Ethical Corporate Management Best Practice Principles, and there are no deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."				

Assessment Items	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
VI.			Any other important information that helps to understand the implementation of ethical corporate management (such as reviews and amendments to the Ethical Corporate Management Best Practice Principles): The Company amended the "Ethical Corporate Management Best Practice Principles" at the fourth Board meeting of 2020 to update its ethical corporate management framework, and formulated the "Procedures for Ethical Management and Guidelines for Conduct" at the third Board meeting of 2021 as the code of conduct for managers and employees. Employees, suppliers, and customers are required to sign integrity commitment letters, pledging compliance with integrity and anti-corruption principles. A reporting mechanism has been established, and related awareness efforts have been strengthened. The integrity-related information disclosed in the Company's 2024 Sustainability Report has been assured by PwC Taiwan. For details of implementation, please refer to the Company's website, annual report, and Sustainability Report.	

8. If the Company has established corporate governance principles and related regulations, the method of access should be disclosed:  
The Company has established its Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." The Company operates in compliance with applicable laws and regulations and continues to enhance its corporate governance practices. Please refer to the Company's website for further information.  
Company website: [www.panpi.com.tw](http://www.panpi.com.tw).
9. Other important information that may enhance understanding of the Company's corporate governance practices:  
The Company has prepared an annual Sustainability Report, which discloses ESG policies and ethical corporate management practices, as well as their implementation results. Please refer to the Company's website or the Market Observation Post System (MOPS) for further information.  
Market Observation Post System: [mops.twse.com.tw](http://mops.twse.com.tw)

## 10. Status of Implementation of Internal Control System:

### 1. Internal Control Statement

Pan-International Industrial Corp.  
Internal Control System Statement

Date: March 11, 2026

Based on the results of the self-assessment, the Company hereby declares that its internal control system for the year 2025 is as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. The Company has established such a system. Its purpose is to provide reasonable assurance regarding the achievement of objectives in the following areas: effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws, regulations, and relevant requirements.
- II. Due to inherent limitations, an internal control system, no matter how well designed, can provide only reasonable assurance regarding the achievement of the aforementioned objectives. Moreover, the effectiveness of the internal control system may be affected by changes in the environment and circumstances. However, the Company's internal control system incorporates a self-monitoring mechanism, and any deficiencies identified are promptly corrected.
- III. The Company evaluates the effectiveness of its internal control system based on the criteria for assessing internal control effectiveness set forth 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. The criteria adopted under the Regulations categorize the internal control system into five components, based on the process of management control: (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information and Communication, and (5) Monitoring Activities. Each component consists of several elements. For details of the aforementioned elements, please refer to the provisions of the Regulations.
- IV. The Company has adopted the above internal control criteria to assess the effectiveness of the design and implementation of its internal control system.
- V. Based on the results of the aforementioned assessment, the Company believes that, as of December 31, 2025, its internal control system (including supervision and management of subsidiaries), covering the effectiveness and efficiency of operations, the reliability, timeliness, and transparency of reporting, and compliance with applicable laws, regulations, and relevant requirements, is effective in both design and implementation, and provides reasonable assurance regarding the achievement of the aforementioned objectives.
- VI. This statement will form an integral part of the Company's annual report and prospectus and will be publicly disclosed. Any misrepresentation, omission, or other illegal acts in the disclosed content above may give rise to legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors on March 11, 2026. Of the seven directors present, none expressed opposition, and the remainder approved the content of this statement.

Pan-International Industrial Corp.

Chairperson: Lee, Kuang-Yao (Signature)

General Manager: Tsai, Ming-Feng (Signature)

2. If the Company has engaged CPAs to conduct a special audit of the internal control system, the CPA's audit report shall be disclosed: None.

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

(1) At the Annual General Meeting held on May 26, 2025, the resolutions passed by the attending shareholders and their implementation status are as follows:

Resolution	Status of Implementation
Approval of the 2024 Business Report and Financial Statements	-
Approval of the 2024 Earnings Distribution Proposal	A cash dividend of NT\$1.1 per share has been distributed, with payment made on July 25, 2025.
Approval of amendments to the Company's Articles of Incorporation	The amendment was approved and registered by the Ministry of Economic Affairs on July 17, 2025.
Approval of the lifting of non-competition restrictions for directors	-

(2) Major resolutions of the Board of Directors in 2025 up to the date of publication of this annual report:

Date	Important Resolutions:
March 11, 2025	<ol style="list-style-type: none"> <li>1. Approval of the 2024 Financial Statements.</li> <li>2. Approval of the allocation of employee compensation and directors' remuneration for 2024.</li> <li>3. Approval of the 2024 earnings distribution proposal.</li> <li>4. Approval of the cash dividend distribution.</li> <li>5. Approval of matters related to the 2025 Annual General Meeting.</li> <li>6. Approval of the 2024 "Assessment of Internal Control System Effectiveness" and the "Internal Control System Statement".</li> <li>7. Approval of the evaluation of independence and qualification, and the appointment of the Company's certifying CPAs</li> <li>8. Approval of partial amendments to the Company's Articles of Incorporation.</li> <li>9. Approval of partial amendments to the Company's Managerial Compensation Policy.</li> <li>10. Approval of the lifting of restrictions on Directors' non-compete obligations.</li> <li>11. Urban renewal planning project for the Company's land located in the Anhe Section, Xindian District, New Taipei City – Pending.</li> <li>12. Approval of the ratification of the distribution of managerial performance bonuses for 2024.</li> </ol>
May 13, 2025	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the first quarter of 2025.</li> <li>2. Approval of matters related to the ex-dividend record date for 2025.</li> <li>3. Approval of the distribution of directors' remuneration for 2024.</li> <li>4. Approval of partial amendments to the Corporate Governance Best Practice Principles.</li> <li>5. Approval of the urban renewal planning project for the Company's land located in the Anhe Section, Xindian District, New Taipei City.</li> <li>6. Proposed acquisition of factory buildings and land in Malaysia to meet customer demand – Pending.</li> </ol>

June 12, 2025	<ol style="list-style-type: none"> <li>1. Proposal to acquire plant assets in Malaysia in response to customer demand. (Authorization granted to the Chairman to sign a letter of intent. Details of the transaction will be subject to further negotiation and will be submitted to the Board for discussion upon confirmation.)</li> </ol>
August 13, 2025	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the second quarter of 2025.</li> <li>2. Approval of the Company's 2024 Sustainability Report.</li> <li>3. Approval of partial amendments to the Audit Committee Charter.</li> <li>4. Approval of the Company's Risk Management Policy and Procedures.</li> <li>5. Approval of the capital increase of Malaysia subsidiary - Global Greenchain Innovation Sdn. Bhd. (GGCI).</li> <li>6. Approval of the Company's Guidelines for Financial and Business Operations Among Related Parties.</li> <li>7. Approval of the change in "designated senior management personnel authorized by the Board" to oversee derivatives trading.</li> <li>8. Approval of applying for credit facilities from financial institutions and execution of related agreements to meet working capital needs and manage interest rate and foreign exchange risks.</li> </ol>
November 12, 2025	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the third quarter of 2025.</li> <li>2. Approval of the Company's 2026 audit plan.</li> <li>3. The Company's 2026 operating plan – Pending.</li> <li>4. Approval of the estimated transaction amounts and transaction status with related parties for 2026.</li> <li>5. Approval of the proposed pre-approval for PwC Taiwan and its affiliates to provide non-assurance services to the Company and its subsidiaries.</li> <li>6. Approval of the formulation of the Company's corporate value enhancement plan.</li> <li>7. Approval of the definition of the scope of the Company's front-line employees.</li> <li>8. Approval of the establishment of internal control procedures for reviewing the definition of front-line employees.</li> <li>9. Approval of partial amendments to the Procedures for Ethical Management and Guidelines for Conduct.</li> <li>10. Approval of partial amendments to the Nominating Committee Charter.</li> <li>11. Approval of the formulation of the Employee Shareholding Trust Plan.</li> <li>12. Allocation of employee compensation for 2024 to managerial officers – Pending.</li> </ol>
December 30, 2025	<ol style="list-style-type: none"> <li>1. Approval of the Company's 2026 operating plan.</li> <li>2. Approval of the allocation of employee compensation for 2024 to managerial officers.</li> <li>3. Approval of the agreement for the acquisition of plant assets from Sharp North Malaysia (SNM).</li> </ol>

12. In the most recent year and up to the date of publication of this annual report, there were no objections or qualified opinions expressed by any director or supervisor regarding major resolutions adopted by the Board of Directors that were recorded or stated in writing.

(IV) Information on CPA Fees:

1. The amounts of audit and non-audit fees paid to the Company's certifying CPAs, their accounting firm, and affiliated entities, as well as the details of non-audit services:

Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	Auditing Period	Audit Fees	Non-audit Fees	Total	Note
PwC Taiwan	Wu, Jen-Chieh Hsu, Chieh-Ju	January 1, 2025 – December 31, 2025	4,870	7,600	12,470	-

Note: The services include transfer pricing services, preparation of the master file for multinational enterprises, CPA certification of payroll tax filings for non-managerial employees, audits of CFC financial statements and tax filings, due diligence for equity acquisitions, assurance services for the Sustainability Report, and tax advisory services for corporate income tax updates and the global minimum tax regime.

- (1) There was no change in the accounting firm during the year, and no reduction in audit fees compared to the previous year due to a change in the accounting firm.
  - (2) If the audit fees decreased by more than 15% compared to the previous year, the Company shall disclose the amount, percentage, and reasons for such decrease: None.
2. The term "audit fees" mentioned above refers to fees paid to the certifying CPAs for financial statement audits, reviews, re-audits, and reviews of financial forecasts.

(V) Information on change of CPAs:

1. Former CPA: None.
2. Successor CPA: None.
3. The former CPA's response regarding the matters specified in Subparagraphs 1 and 3, Paragraph 6, Article 10 of the Regulations: None.

(VI) The Chairperson, General Manager, or managers responsible for finance or accounting affairs of the Company who have, within the past year, been employed by the CPA firm responsible for auditing the Company or its affiliated enterprises: None.

(VII) Changes in shareholding transfers and pledges of shares by directors, managers, and shareholders holding more than 10% of the Company's shares during the most recent fiscal year and up to the date of printing of this annual report:

1. Details of shareholding changes: Please refer to the Market Observation Post System under "Individual Company", "Shareholding Changes / Securities Issuance", "Directors and Major Shareholders' Shareholdings / Pledges / Transfers – Detailed List of Directors' Shareholding Balances".  
<https://mops.twse.com.tw/mops/#/web/stapap1>
2. Information on share transfers: No counterparties to share transfers are related parties.
3. Information on share pledges: No pledges.

(VIII) Information on whether the top ten shareholders by shareholding percentage are related parties as defined in Statement of Financial Accounting Standards No. 6, or are spouses or relatives within the second degree of kinship:

Relationship among the top ten shareholders by shareholding percentage

Name	Shares held by the shareholder		Shareholding held by spouse and minor children		Shares held under others' names in aggregate		Names and relationships of the top ten shareholders who are related parties as defined in Statement of Financial Accounting Standards No. 6, or are spouses or relatives within the second degree of kinship.		Note
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or name)	Relationship	
Hon Hai Precision Industry Co., Ltd. Representative: Liu, Yang-Wei	107,776,254	20.79%	0	0	0	0	Hongyuan International Investment Co., Ltd.; Hongqi International Investment Co., Ltd.; Bao Xin International Investment Co., Ltd.	Investors accounted for using the equity method	
	0	0%					--		
Hongyuan International Investment Co., Ltd. Representative: Huang Te-Tsai	17,941,593	3.46%	0	0	0	0	Hongqi International Investment Co., Ltd.; Bao Xin International Investment Co., Ltd.	Same Chairperson	
	0	0%					--		
Standard Chartered Bank (Liechtenstein) Custody	12,385,000	2.39%	0	0	0	0	--	--	
Hongqi International Investment Co., Ltd. Representative: Huang, Te-Tsai	7,595,399	1.47%	0	0	0	0	Hongyuan International Investment Co., Ltd.; Hongqi International Investment Co., Ltd.	Same Chairperson	
	0	0%					--		
Standard Chartered Bank Custody for Legg Mason (Asia) Company	4,078,000	0.79%	0	0	0	0			
Bao Xin International Investment Co., Ltd. Representative: Huang, Te-Tsai	3,655,479	0.71%	0	0	0	0		Same Chairperson	
	0	0%					--		

Name	Shares held by the shareholder		Shareholding held by spouse and minor children		Shares held under others' names in aggregate		Names and relationships of the top ten shareholders who are related parties as defined in Statement of Financial Accounting Standards No. 6, or are spouses or relatives within the second degree of kinship.		Note
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or name)	Relationship	
Custodied by Standard Chartered Bank (Taiwan) Ltd., Business Department for Advanced Starlight	2,754,613	0.53%	0	0	0	0	--	--	
JPMorgan Chase Bank, N.A. Custody for Vanguard Emerging Markets Stock Index Fund Account	2,710,000	0.52%	0	0	0	0			
JPMorgan Chase Bank, N.A. Custody for Emerging Markets Small-Cap Stock Index Non-Lending Investment Account	1,655,223	0.32%	0	0	0	0	--	--	
Hung, Sung-Po	1,640,000	0.32%	0	0	0	0	--	--	

(IX) The number of shares held by the Company, its directors, managers, and enterprises directly or indirectly controlled by the Company in the same investee company, and the combined shareholding percentage:

Combined Shareholding Percentage

Unit: Shares

Investee company	Investment by the Company		Investments by directors, managers, and enterprises directly or indirectly controlled by the Company		Combined Investment	
	Number of Shares	Shares Ratio	Number of Shares	Shares Ratio	Number of Shares	Shares Ratio
PAN GLOBAL HOLDING CO., LTD.	6,726	100%	—	—	6,726	100%
PAN-INTERNATIONAL ELECTRONICS INC.	28,000	100%	—	—	28,000	100%
Yen Yung Investments Co., Ltd.	33,316,236	100%	—	—	33,316,236	100%

### III. Capital Raising Status

#### (I) Capital and Shares

##### 1. Sources of Capital

#### Sources of Capital

Unit: NT\$ per share

Year and Month	Issue Price	Authorized Capital		Paid-In Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Contribution from Non-cash Assets	Others
May 2000 (Note 1)	29	450,000,000	4,500,000,000	344,100,000	3,441,000,000	Cash capital increase 80,000,000 shares	—	—
August. 2004 (Note 2)	10	450,000,000	4,500,000,000	362,800,000	3,628,000,000	Capitalization of earnings 18,700,000 shares	—	—
July 2005 (Note 3)	10	530,000,000	5,300,000,000	401,626,000	4,016,260,000	Capitalization of earnings 38,826,000 shares	—	—
July 2006 (Note 4)	10	530,000,000	5,300,000,000	423,000,000	4,230,000,000	Capitalization of earnings 21,374,000 shares	—	—
July 2007 (Note 5)	10	530,000,000	5,300,000,000	441,500,000	4,415,000,000	Capitalization of earnings 18,500,000 shares	—	—
July 2008 (Note 6)	10	530,000,000	5,300,000,000	467,800,000	4,678,000,000	Capitalization of earnings 26,300,000 shares	—	—
June 2009 (Note 7)	10	530,000,000	5,300,000,000	487,903,158	4,879,031,580	Capitalization of earnings 20,103,158 shares	—	—
June 2010 (Note 8)	10	600,000,000	6,000,000,000	503,674,118	5,036,741,180	Capitalization of earnings 15,770,960 shares	—	—
June 2011 (Note 9)	10	600,000,000	6,000,000,000	509,413,546	5,094,135,460	Capitalization of earnings 5,739,428 shares	—	—
July 2013 (Note 10)	10	600,000,000	6,000,000,000	515,767,445	5,157,674,450	Capitalization of earnings 6,353,879 shares	—	—
July 2014 (Note 11)	10	600,000,000	6,000,000,000	518,346,282	5,183,462,820	Capitalization of earnings 2,578,837 shares	—	—

Note 1: Approval letter March 9, 2000 (2000) Tai-Cai-Zheng (Yi) No. 108193

Note 2: Effective letter June 24, 2004 Tai-Cai-Zheng-Yi-Zi No. 0930127993

Note 7: Effective letter June 23, 2009 Jin-Guan-Zheng-Fa-Zi No. 0980031298

Note 8: Effective letter June 29, 2010 Jin-Guan-Zheng-Fa-Zi No. 0990033566

- Note 3: Effective letter July, 1, 2005 Jin-Guan-Zheng-Yi-Zi No. 0940126601
- Note 4: Effective letter July, 21, 2006 Jin-Guan-Zheng-Yi-Zi No. 0950131865
- Note 5: Effective letter July, 9, 2007 Jin-Guan-Zheng-Yi-Zi No. 0960035127
- Note 6: Effective letter July 3, 2008 Jin-Guan-Zheng-Yi-Zi No. 0970033177
- Note 9: Effective letter June 29, 2011 Jin-Guan-Zheng-Fa-Zi No. 1000030068
- Note 10: Effective letter July 5, 2013 Jin-Guan-Zheng-Fa-Zi No. 1020026265
- Note 11: Effective letter July 16, 2014 Jin-Guan-Zheng-Fa-Zi No. 1030027194

Class of Shares	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Common Shares	518,346,282	81,653,718	600,000,000	All outstanding shares are listed shares.

Information on the shelf registration system: None.

2. List of major shareholders:

### **List of major shareholders**

The top ten shareholders by shareholding percentage of the Company are as follows:

Unit: Shares

Name of major shareholder	Shares	Number of Shares Held	Shares Percentage
Hon Hai Precision Industry Co., Ltd.		107,776,254	20.79%
Hongyuan International Investment Co., Ltd.		17,941,593	3.46%
Standard Chartered Bank (Liechtenstein) Custody		12,385,000	2.39%
Hongqi International Investment Co., Ltd.		7,595,399	1.47%
Standard Chartered Bank Custody for Legg Mason (Asia) Company		4,078,000	0.79%
Bao Xin International Investment Co., Ltd.		3,655,479	0.71%
Custodied by Standard Chartered Bank (Taiwan) Ltd., Business Department for Advanced Starlight		2,754,613	0.53%
JPMorgan Chase Bank, N.A. Custody for Vanguard Emerging Markets Stock Index Fund Account		2,710,000	0.52%
JPMorgan Chase Bank, N.A. Custody for Emerging Markets Small-Cap Stock Index Non-Lending Investment Account		1,655,223	0.32%
Hung, Sung-Po		1,640,000	0.32%

3. Company Dividend Policy and Implementation Status

(1) Dividend Policy

The Company is presently in the growing phase. The Company's dividend distribution policy will depend upon its current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets while taking into account the shareholders' interests and the Company's long-term financial planning. Shareholder dividends are allocated as the shareholders' cumulative distributable surplus and shall not be less than 15% of the distributable surplus for the current year, and the cash dividends in shareholder dividends shall not be less than 10%.

(2) Implementation Status:

The board of directors has passed a resolution to distribute a cash dividend of NT\$0.9 per share and reported the proposal to this shareholders meeting. After the meeting, the board of directors shall separately determine the ex-dividend base date, payment date, and other related matters.

(3) Expected material changes in dividend policy: None.

4. Impact of the distribution of bonus shares proposed at the current shareholders' meeting on the Company's operating performance and earnings per share:

Not applicable, as the Company did not issue any stock dividends this year.

5. Remuneration to Employees and Directors

(1) The percentage or range of remuneration for employees and directors as stipulated in the Company's Articles of Incorporation:

If the Company records a profit for the year (profit refers to pre-tax profit before the distribution of employee and director remuneration), no less than 5% shall be allocated as employee remuneration and no more than 0.5% as director remuneration. Such remuneration shall be distributed upon a special resolution by the Board of Directors and reported to the shareholders' meeting. However, if the Company still has accumulated losses, an amount shall first be reserved to cover such losses.

The remuneration of employees described in the preceding paragraph may be made in the form of shares or cash, and the recipients may include employees of affiliated companies who meet certain conditions; such conditions shall be determined by the Board of Directors.

(2) Accounting treatment for differences, if any, between the estimated amounts of employee and director remuneration for the current period, the basis for estimating such remuneration, the basis for calculating the number of shares to be distributed as employee remuneration, and the actual amounts distributed:

All calculations are based on the number or range specified in the aforesaid Articles of Incorporation, and there is no plan to distribute employee remuneration via stocks during this period.

- (3) Remuneration distribution approved by the board of directors:
- A. Remuneration in cash for employees was NT\$50,933,897 and remuneration for directors was NT\$5,093,390.
  - B. For any discrepancy between the actual distributed and recognized amount, specify the discrepancy, the reason for the discrepancy, and the treatment: None.
  - C. There is no employee remuneration distributed by stocks.
- (4) Actual remuneration distributions for employees and directors in the previous year:

Distribution Status	Amount of actual distributions resolved by the shareholders meeting	Amount of distributions originally approved by the board of directors	Difference	Reasons for Discrepancy
1. Employee Cash	62,126,369	62,126,369	—	—
2. Employee Shares				
(1) Number of Shares	0 share	0 share	—	—
(2) Amount	0	0	—	—
(3) Stock Price	—	—	—	—
3. Directors' and Supervisors' Remuneration	6,212,636	6,212,636	—	—

For any discrepancy between the actual distributed and recognized amount, specify the discrepancy, the reason for the discrepancy, and the treatment: None.

6. Treasury shares buyback status: None.
- (II) Status of corporate bonds, preferred shares, overseas depository receipts, employee stock options, restricted shares for employees, and mergers and acquisitions (including mergers, acquisitions, and spin-offs):
1. Status of corporate bond issuance: None.
  2. Status of preferred share issuance: None.
  3. Status of overseas depository receipts: None.
  4. Status of employee stock options: None.
  5. Names of managers who have obtained employee stock options and the top ten employees in terms of the number of options granted and their subscription status: None.
  6. Status of restricted shares for employees: None.
  7. Names of managers who have obtained restricted shares for employees and the top ten employees in terms of shares granted and their acquisition status: None.
  8. Status of mergers and acquisitions (including mergers, acquisitions, and spin-offs) or transfers: None.
- (III) Issuance of new shares in connection with mergers or acquisitions of shares of other companies:
1. Completed cases of issuance of new shares for mergers or acquisitions of shares of other companies during the most recent fiscal year and up to the date of publication of the annual report:

- (1) Evaluation opinion issued by the lead securities underwriter on the issuance of new shares for mergers or acquisitions of shares of other companies in the most recent quarter: None.
  - (2) Status of implementation in the most recent quarter; if the progress or benefits fall short of the expected targets, the impact on shareholders' equity and the improvement plan shall be specifically explained.
2. Cases of issuance of new shares for mergers or acquisitions of shares of other companies approved by the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report: None.
- (IV) Status of implementation of fund utilization plans

The Company has not had any issuance that remains incomplete, or any issuance completed within the past three years for which the planned benefits have not yet been realized.

## IV. Operation Overview

### (I) Business Content

#### 1. Business Scope

##### (1) Main business activities

- A. CC01080 Electronic Components Manufacturing
- B. CC01110 Computer and Peripheral Equipment Manufacturing
- C. CC01060 Wired Communication Equipment Manufacturing
- D. CC01020 Wire and Cable Manufacturing
- E. CQ01010 MoldManufacturing
- F. F106010 Wholesale of Hardware Products
- G. F107990 Wholesale of Other Chemical Products
- H. CB01010 Machinery Equipment Manufacturing
- I. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
- J. F401010 International Trade
- K. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
- L. CC01101 Manufacturing of Controlled Telecommunications Radio Frequency Equipment.
- M. F208031 Retail of Medical Devices.
- N. F108031 Wholesale of Medical Devices.
- O. ZZ99999 Any business not prohibited or restricted by law, except those requiring special approval.

##### (2) The Company's current product items and business proportions

	Item	Business Proportions
1	Electronic Components	61%
2	Consumer Electronics and Computer Peripherals	39%
	Total	100%

##### (3) New products planned to be developed

- A. Automotive low-voltage harness
- B. High-voltage cable for EV
- C. Medical Consumables
- D. Medical instrument cable
- E. Industrial control cable
- F. Type C to HDMI With CEC Converter Cable
- G. CAT7 / 8 Lan cable
- H. Waterproof cable for Heavy vehicle
- I. Mining Machine PCB & Assembly
- J. Server/Switch PCB & Assembly
- K. Robotics wire harness & PCB
- L. Mini LCD PCB

## 2. Industry Overview

### (1) Cables and Connectors

- A. The cables and connectors produced by the Company are primarily used in computers, their peripheral equipment, and network communication systems. Therefore, the growth of its products is in sync with the development of personal computers, peripherals, and mobile communication products. The Company leverages its existing cable manufacturing technology to enter and further develop niche industries such as automotive, medical, industrial, and cloud server markets, providing components and modules required by these sectors, thereby enhancing the technological value of its products.
- B. In light of global climate change and tightening energy resources, environmental protection and energy conservation have gained increasing international attention. Although the global new energy vehicle market experienced automotive chip shortages during the pandemic, it is still expected to demonstrate strong growth potential in the future. In addition, governments worldwide have set timelines for phasing out internal combustion engine vehicles and introduced supportive policies and incentives for the electric vehicle industry, further driving the development of the new energy vehicle market.
- C. In the first half of 2025, the sales volume of self-owned car manufacturers in Mainland China has reached 69.5%, an increase of 8.6% from the same period in 2022. China's self-owned brands have completely transformed from "followers" to "absolute dominators" of the market. The total export volume of Chinese cars in 2025 has exceeded 7 million units (approximately 7.098 million units), with an annual growth rate of 21.1%. Not only has it retained the title of "world's largest automobile exporter" for three consecutive years, but the overall market for automotive wiring harnesses has also increased due to the growth in car exports from China.
- D. In retrospect of 2025, although the domestic vehicle wiring harness business benefited from the development of new energy vehicles in China and the continued strong exports, maintaining the overall shipment volume, the involution status among Chinese car manufacturers intensified severely in the same year. To maintain market share, car manufacturers are aggressively suppressing the prices of various component materials, leading the automotive wiring harness market to face the challenge of 'volume increase but sharp gross profit decline.' Furthermore, by the end of 2025, a sudden 30% surge in copper prices has placed tremendous cost pressure on wire harness manufacturers.
- E. The increasing adoption and proliferation of new energy vehicles will also directly drive strong demand for charging equipment and electric vehicle batteries, and demand for battery pack wiring harnesses and charging cables

is also expected to grow steadily. In terms of high-voltage cables and connectors, aside from the increase in energy storage systems, the proliferation of electric vehicles and greater system integration will also lead to the emergence of new specifications.

- F. Charging standards for electric vehicles have evolved from a fragmented landscape to gradual consolidation toward unified standards. Internationally recognized standards such as CCS2 and NACS are gradually becoming established. In high cross-sectional area high-voltage cable products, continuous advancements have led to the gradual adoption of new products such as copper and aluminum busbars in high-voltage power systems.
- G. Whether in new energy vehicles or traditional internal combustion engine vehicles, the intelligence of automotive safety, infotainment, and user environments has become increasingly widespread. To meet the needs of drivers and passengers, automotive cameras and displays are moving toward higher resolution and image quality. The large volume of signals and data transmitted by such equipment requires high-speed transmission and rapid response, and the corresponding cables and connectors must meet high-frequency, high-speed transmission specifications. An increasing number of advanced automotive sensors and antennas are subject to more stringent requirements for high-speed transmission and low-latency response. In addition to connectors, cables have become a key focus of such specifications.
- H. In recent years, the bicycle market has shown a decline in traditional bicycle sales while electric bicycles continue to grow. In many countries, bicycles are commonly used for daily commuting and leisure travel. To meet riders' pursuit of "faster, farther, and more enjoyable" experiences, electric bicycles have become the future trend of bicycle development. Major European bicycle component manufacturers have even projected that, over the next decade, electric bicycles will account for more than 65% of total bicycle sales. Although the batteries of some electric bicycles are housed within the frame, their high level of electrification has increased demand for waterproof cables, which feature customization, higher unit prices, and reasonable profit margins, indicating strong development potential.
- I. In Southeast Asian countries, motorcycles are a primary mode of transportation. Supported by government subsidy policies, the rise of electric motorcycles is gradually eroding the market share of traditional internal combustion engine motorcycles, while also driving demand for electric motorcycle chargers and wiring harnesses. Due to the relatively small battery capacity of electric motorcycles, charging is currently dominated by low-power, high-voltage household portable chargers. Specifications used by different brands are generally similar, with only slight variations in charger and connector design, and the market is expected to move toward

standardized specifications with increasing volumes.

- J. Benefiting from the aging population and the growth of medical expenditure, the global medical equipment market size is approaching US\$600 billion. Among these, areas related to life safety, such as surgical instruments and infection control, can maintain a long-term advantage in terms of price and gross profit due to extremely high quality requirements and rigid demand. In addition, the medical material industry has high regulatory barriers. If one can gain experience with the strict certifications from Europe and America (such as FDA or CE), it will become a core competitive advantage in expanding into other emerging global markets.
- K. In the past two years, the North American market has pursued a trend of TAA compliance, gradually shifting many manufacturing opportunities to countries with TAA conditions. However, due to global geopolitical reasons, many medical customers are still observing subsequent changes and dare not make decisions on future production bases. Many still maintain their original production locations.
- L. The global health care expenditure has continued to rise, and it is anticipated to exceed US\$15 trillion by 2030. Moreover, with the advancements in digital technologies, the development of AI and 5G technologies, the lack of human resources in the care industry, and the demands for precision diagnosis; the development of smart health is accelerating. The integration of medical and digital technology industries has become a new market trend. The integration of medical equipment and electronic components has increased, with many electronic foundries collaborating with component manufacturers to design medical equipment in an attempt to stay ahead of the digital health development trend. Especially in the era of artificial intelligence, the use of big data analysis and prediction in the medical field is deepening, which will create significant business opportunities in the digital electronics industry.

The development of Class III medical devices such as pacemakers and defibrillators has continued to accelerate. The United States produces a large number of Class III medical devices every year. The production line and product assurance tests involve as many as 50 steps and 80 components, with some components even being too small to be handled by hand. According to a report by Med Device Online, Class III medical devices and their manufacturing processes must comply with stringent U.S. Food and Drug Administration (FDA) regulations. This relies not only on automated production line management, but also presents significant challenges in inventory control. Industry 4.0 technologies, including machine-to-machine (M2M) communication, cyber-physical systems (CPS), and cloud computing, help address these production challenges through advanced automation. The

law requires Class III medical device manufacturers to provide a device history record (DHR) for each device, including a bill of materials (BOM), an approved manufacturer list (AML), and manufacturing processes. The DHR will also record the part number, serial number, date code, manufacturing date, and test results for equipment and components. In addition to recording these data, the manufacturer must also ensure that the manufacturing process complies with the device master record (DMR). Scanners installed on manufacturing equipment can communicate with the manufacturing execution system (MES) via the cloud to ensure that only components specified in the DMR are assembled. The scanners upload part numbers, serial numbers, and date codes to the electronic DHR, where all manufacturing and testing processes of medical devices are recorded. Test results are also uploaded to the cloud-based MES system for easy access and real-time traceability. Some parts of Class III medical devices must achieve a precision of 0.5 mm or less and a dimensional tolerance of 10  $\mu\text{m}$ . At this stage, high-resolution vision systems are used not only to inspect components but also to verify their dimensions and orientation. The vision system also communicates with specialized machinery and equipment to assist in the accurate handling and placement of components. Components are initially stored in warehouses and must be replenished when inventory levels are low; therefore, inventory management is also critical. In the past, inventory management was handled manually and entered into the enterprise resource planning (ERP) system. However, with the advent of Industry 4.0 technologies, inventory management has transitioned from manual processes to automation, enabled by machine-to-cloud communication, thereby facilitating real-time inventory control.

- M. The USB Type-C interface has brought revolutionary changes to consumer electronics applications. As data transmission demands continue to increase, USB specifications have continued to evolve. In newer-generation computers, the speed of USB 3.1 has been increased to 10 Gbps. USB 3.2 doubles the speed of USB 3.1 Gen 2 to 20 Gbps, while remaining otherwise consistent with USB 3.1 specifications. However, USB4 is fundamentally different. Driven largely by Intel's promotion of Thunderbolt 3 technology, it enables daisy-chaining of multiple devices and achieves a total bandwidth of up to 40 Gbps (twice that of USB 3.2). In addition, this interface (cable) supports simultaneous transmission of display signals and can deliver up to 100 W of power. The USB4 specification directly incorporates this protocol, meaning that while doubling the transmission speed of USB 3.2 to 40 Gbps, it also supports simultaneous transmission of video data and power over the same interface and cable. USB4 is a new-generation peripheral interface protocol that adopts the USB Type-C connector and supports a maximum

data transfer rate of up to 40 Gbps. It also supports DisplayPort video signal transmission and USB Power Delivery (USB PD) for fast charging. Essentially based on Intel's Thunderbolt 3 technology, USB4 also supports the USB protocol and is therefore fully backward compatible with Thunderbolt 3, USB 3.2, USB 3.1, and USB 2.0. With the USB Implementers Forum (USB-IF) officially incorporating the Thunderbolt 3 specification into USB4, the standard has been formally released. Overall, the official release of USB 3.2 and USB4 has significantly advanced the development of widely used high-speed interfaces, making data transfer and duplication more efficient and convenient. It is foreseeable that as USB 3.2 and USB4 become mainstream interfaces, a "single interface for all" era may emerge, where a single cable can handle both power and data transmission for devices such as displays, greatly enhancing user convenience.

- N. HDMI cables are widely used in consumer audiovisual applications, including televisions, computers, media players, and video streaming devices. A single HDMI cable carries both video and audio signals while ensuring signal integrity during transmission without degradation. High-resolution video has gradually become the mainstream standard in audiovisual applications, and HDMI has followed this trend by releasing its latest standard, HDMI 2.1, marking the arrival of the 4K and 8K era. As high-resolution video continues to become the dominant standard, previous data transmission specifications may no longer meet future requirements. The HDMI Forum, Inc. announced a new audiovisual standard in early 2017 and officially released the HDMI 2.1 specification by the end of 2017. In addition to significantly increasing data transmission bandwidth, HDMI 2.1 also introduces support for Dynamic HDR. Future improvements in depth of field, detail, and brightness will enable wider color gamut display. With the addition of Dynamic HDR, visual effects will also gain greater depth, delivering enhanced three-dimensional viewing experiences. Future demand for 10K and 5K video has also been taken into consideration, marking the official entry of consumer audiovisual applications into the 10K/5K era.
- O. Cat6a network cable can support a frequency bandwidth of up to 500MHz, which is twice that of a Cat6 network cable. Cat7 network cable can support a frequency bandwidth of up to 600MHz as well as 10GBASE-T Ethernet, and can significantly reduce crosstalk noise. With the widespread adoption of 5G infrastructure, the generational transition to Wi-Fi 7 on the enterprise side, and the demand for massive data throughput driven by AI computing, the market's requirements for transmission speed and anti-interference capabilities are becoming increasingly stringent. The demand for high-end network cables, such as Cat6a and Cat7 with high bandwidth characteristics, is continuously expanding.

(2) Electronic Manufacturing Services

- A. Today, consumer demands are rapidly evolving, competition across industries is intensifying, technological innovation is accelerating, and product life cycles are shortening. To speed up time-to-market, capture market share, and reduce production costs, many companies worldwide are increasingly relying on professional Electronic Manufacturing Services (EMS) providers for global manufacturing and outsourcing services. With the support of EMS providers, original equipment manufacturers can focus on their core strengths in research and development, marketing, and sales. In addition, many products today require a high degree of customization to meet customers' demands for low-volume, high-mix production. This requires not only precise quality assurance but also the ability to maintain operational flexibility.
- B. Due to shifts in global geopolitics and opportunities for global manufacturing and outsourcing, the whole supply chain is moving from China and Taiwan to Southeast Asian countries faster. Driven by customer requirements and relatively lower supply chain demands, these relocations are primarily focused on lower-end assembly operations. Meanwhile, many mid- to high-end semi-finished products continue to be manufactured in China, with final assembly carried out in Southeast Asian countries such as Vietnam and Thailand. There is also a growing trend among U.S.-based clients to require the transfer of domestic technical capabilities to overseas operations, with direct production taking place in countries such as Thailand and Malaysia. However, competition with Chinese supply chains remains inevitable, as Chinese manufacturers are also actively expanding into Southeast Asia by establishing subsidiaries and production facilities. Currently, many customers in emerging industries tend to select Penang as their second production base, while traditional electronics manufacturing clients often prefer lower-cost locations such as Thailand for processing and assembly.
- C. Among the many technologies driving smart consumer applications, Beacon is one of the most notable. Beacon refers to the use of Bluetooth Low Energy (BLE) technology to create a signal zone that provides mobile applications with precise location-based information, enabling various interactive online-to-offline experiences. Current applications include smart consumer solutions, such as customer engagement and marketing services, across industries including aviation, finance, retail, entertainment, sports, and exhibitions. Another application of Beacon technology lies in the smart IoT domain, such as smart meeting rooms, smart locks, inspection systems, and tracking of personnel and assets. Its customer base includes industries such as semiconductors, traditional manufacturing, and healthcare. A Beacon functions like a small base station. Any mobile device within a radius of

approximately 30 meters can receive its signal. Once users enter the coverage area, they can be detected, enabling the system to proactively push various types of information, including text, images, videos, or web links. The Company's strategic partners possess comprehensive IoT and big data analytics solutions. The sensors/Beacons they design can be applied to cloud-connected enterprise or retail IoT environments. These cloud-based solutions help enterprises extract insights and aggregate data from millions of activities for analysis.

- D. The Internet of Things (IoT) not only has huge market potential, it also contains a wide range of technology applications. According to the latest report by McKinsey, the Internet of Things will continue to have a significant impact in environments such as factories, retail, and smart cities. It is estimated that by 2030, it can generate an annual economic output value of up to \$5.5 trillion to \$12.6 trillion globally. Meanwhile, the number of connected devices for the global Internet of Things is also showing steady and strong growth, and it is estimated to exceed 30 to 40 billion by 2030. The Internet of Things (IoT) is driving a new technological revolution across industries. Its core applications have widely and deeply penetrated fields such as the Internet of Vehicles, medical care, communications, smart manufacturing, and smart homes, becoming the core engine propelling the continuous growth of the global technology industry.
- E. Smart home appliances are the key to the next wave of the home networking revolution. With the comprehensive networking of smart routers and various household appliances, the Internet of Things era has officially blossomed. Currently, in mature markets like Europe and the United States, the number of connected devices per household is rapidly moving towards a high penetration stage of 20 to 30 or more. According to the latest market research, the global smart home market size has surpassed the US\$150 billion mark in recent years and will continue to expand steadily at a double-digit annual rate of growth. In this vast business opportunity, "image transmission" is the core aspect of smart home applications. With the support of AI computing technology, smart home cameras have evolved from being simple recording devices to "intelligent eyes" with active thinking and recognition capabilities, playing a key role in rigid demands such as smart doorbells, childcare, and anti-theft monitoring. Based on the current industry development trend, smart imaging security devices can maintain strong annual growth demand of about 15% to 20%. Currently, the European and American markets are the main growth drivers. In the future, as the demand in emerging markets fully explodes, the growth rate of related high-end harnesses and imaging components will be even more significant.
- F. The evolution of vehicle electrification and intelligence has also accelerated

the development of IoT applications in the transportation sector—namely, the Internet of Vehicles (IoV). By integrating vehicle data with mobile networks and leveraging technologies such as satellite positioning, sensors, electronic tags, wireless communication, and data processing, IoV enables effective identification and transmission of both static and dynamic information among vehicles, pedestrians, and road environments. The data is then aggregated on backend platforms for intelligent management and services. In addition to providing information to drivers, IoV is widely applied in traffic safety, transportation services, urban management, and logistics. The development of IoV is driving the evolution of in-vehicle systems and directly stimulating demand for automotive electronics both within vehicles and in roadside infrastructure. The recovery of the automotive market, along with electrification and intelligence, will serve as three major drivers supporting steady growth in demand for automotive electronics, further boosting opportunities in the backend manufacturing and assembly of automotive electronic modules.

- G. In recent years, driven by the reorganization of the global supply chain, labor shortages, and the transformation trend of smart factories, enterprises have accelerated the introduction of automation equipment, pushing the industrial control market into a new upgrade cycle. The industrial control field encompasses various automation products, as well as corresponding high-end electronic control components and modules. Particularly with the introduction of edge computing and AI technology, the functions of control equipment are becoming increasingly complex, further driving up both the usage and high-specification requirements of PCBA used for industrial control. Although the past two years in the industrial control market experienced a period of inventory digestion and demand slowdown due to the fading pandemic windfall, as the supply chain inventory adjustment comes to an end, the market has now steadily returned to healthy levels. Looking ahead, benefiting from the global manufacturing capacity shift (such as the wave of factory construction in Southeast Asia) and the rigid demand for automation upgrades, the industrial control market demand is expected to recover from the downturn and return to a track of steady growth, providing strong recovery momentum for The Company itself's related product lines.
- H. From the perspective of emerging industries and trends, digital cryptocurrencies have gradually demonstrated specific demand driven by geopolitical factors. This has directly impacted demand for mining equipment, which fluctuates in line with cryptocurrency prices. The performance of the chips used in mining equipment also plays a critical role in determining the stability of demand for such equipment. In addition,

demand for cloud computing continues to increase, and with the recent surge in AI-driven applications, outsourcing demand for AI switches is also rising. Many customers are adopting a dual-sourcing strategy by establishing additional overseas manufacturing sites to proactively mitigate geopolitical risks.

(3) Robots

- A. The global aging population and labor shortages are becoming increasingly severe. Combined with geopolitical factors prompting supply chain reorganization and the shift of manufacturing industries, this has led to an explosive growth in global demand for automation and robots. According to estimates by international research institutions, the overall robot market size, which includes traditional industrial applications of four-axis and six-axis robotic arms, autonomous mobile robots (AMR) with high autonomous mobility, and the recently prominent emerging "humanoid robots," is expected to surpass the US\$100 billion mark by 2030. Robots have become a strategic industry in which governments and multinational corporations are eagerly investing. Their applications are rapidly expanding from traditional factory manufacturing to diverse fields such as medical care, logistics and warehousing, retail services, and even home companionship.
- B. With the rapid maturation of generative AI and edge computing (EdgeAI) technology, the robotics industry is experiencing a paradigm shift from traditional "automation" to "autonomy" with cognitive abilities. The new generation of robots is no longer limited to performing repetitive tasks on fixed trajectories. For example, traditional four-axis and six-axis robotic arms, by incorporating 3D vision and AI, are now capable of executing complex unstructured grasping and precise assembly; while AMRs achieve trackless autonomous navigation and dynamic obstacle avoidance in factories and warehouses through LiDAR and visual SLAM technology. This highly intelligent evolution has significantly expanded the application boundary of robots and simultaneously raised the standards and technical barriers of their hardware manufacturing.
- C. The enhancement of robot intelligence has directly driven the comprehensive upgrade of their internal computing core and control systems. In order to process the massive amounts of data from sensors in real-time and smoothly execute complex AI models, both the main control computers of AMRs and the high-precision servo motor drive boards of multi-axis robotic arms must be equipped with more efficient computing modules and precise control boards internally. This not only significantly increases the usage of high-end industrial control PCBAs (Printed Circuit Board Assemblies), but also requires them to possess a very high level of system integration and interference-resistant reliability. This presents a huge business opportunity

for professional electronic manufacturing services (EMS) providers with advanced manufacturing capabilities and extensive industrial control experience, leading to product specification upgrades and significant increases in average selling prices (ASP).

D. Besides the computing brain, the "nerves" and "blood vessels" of robots—namely, the specialized wire harnesses and connectors responsible for transmitting signals and power—also face extremely challenging technical demands. Advanced four-axis/six-axis robotic arms and humanoid robots are equipped with multiple flexible joints and drive motors, and the internal wiring and connectors must withstand up to tens of millions of high-dynamic twists and bends. Meanwhile, AMRs heavily rely on "high-frequency, high-speed data transmission" (to support high-definition images and real-time sensing) and "large current stable power supply" (to drive heavy-load motors and fast charging). These high-margin wires with extremely high technological moats are the key components supporting the stable operation of robots.

(4) Axial motor

A. With the dual drive of the global net-zero carbon emission (ESG) trend and industrial upgrading, the global demand for "high efficiency, energy-saving and carbon reduction" and "high power density" in equipment is becoming increasingly stringent. Traditional radial flux motors have reached physical limits in improving efficiency and reducing size. Meanwhile, the axial flux motor, with its revolutionary advantages of "small size, light weight, and high torque," is transitioning from a niche market to a pivotal point of "industrial-scale application." According to industry estimates, with breakthroughs in process technology and the emergence of economies of scale, the high-end direct drive motor market will experience strong replacement and upgrade demand, becoming a key core driving next-generation hardware innovation.

B. The core advantage of the (4) axial motor lies in its disruptive physical architecture. Compared to traditional motors, its magnetic field lines run parallel to the rotational axis, significantly shortening the magnetic flux path and maximizing space utilization. Under the premise of delivering the same or even greater torque, the volume and weight of the axial flux motor can be significantly reduced to less than half of traditional motors, possessing an extremely high "power density ratio." This flattened innovative design not only breaks the traditional motor limitation of "requiring a large volume for high torque" but also allows for easy direct drive, significantly eliminating the need for large and easily worn-out reduction gearboxes in traditional industrial equipment, and notably enhancing the overall system's mechanical efficiency and durability.

- C. On the industry application front, the high-end industrial market has become the core field for the first wave of large-scale deployment of axial motors. The most representative application scenarios include "air cooling island fans" used in large power plants, data centers, or heavy industries. This type of large cooling equipment heavily relies on stable output with low speed and high torque. After introducing axial flux motors, not only can the structural load on the top of the cooling towers be significantly reduced, but their direct-drive characteristics also completely eliminate the pain points of traditional gearboxes leaking oil, mechanical wear, and frequent maintenance. This significantly reduces the overall ownership cost for industrial customers, perfectly meeting the high-intensity, all-weather energy-saving operational demands.
  - D. The accelerated advancement of global automation and green energy-saving infrastructure will fully trigger the massive business opportunities for axial motors. Its application territory will start with high-margin industrial equipment such as air cooling island fans for heavy industries and high-end water pumps, and gradually penetrate broadly down into unmanned vehicles, autonomous mobile robots, and mainstream high-end electric vehicle systems. Axial flux motors are not merely a simple component upgrade, but a revolutionary technology that redefines the underlying architecture of global power systems. It is expected to usher in a massive and far-reaching wave of industry upgrades in the next decade.
- (5) Low-altitude economy
- A. "Low-altitude economy" has become the next trillion-dollar blue ocean in the global technology and transportation industries, with the United States market developing the fastest. With the gradual relaxation of regulations such as "beyond visual line of sight flights" by the United States Federal Aviation Administration, the large-scale commercial application of drones is entering a historic period of explosive growth. According to the latest industry research estimates, the global drone market size is expected to reach a substantial figure of US\$95 billion by 2034, with the North American market projected to continue its strong expansion in the coming years at a double-digit annual compound rate of growth. Its application scope has expanded from early consumer-level entertainment to include professional commercial and public service sectors with extremely high economic value, becoming a key infrastructure driving next-generation three-dimensional transportation and smart cities.
  - B. The biggest catalyst driving the dramatic transformation of the United States drone industry landscape comes from geopolitical and national security considerations. With the formal approval of relevant legislation by the United States government and Congress, which comprehensively restricts and bans

the sale of Chinese brand drones with cybersecurity concerns (such as DJI, which previously had the highest global market share), a massive supply vacuum has suddenly emerged in the North American market. This stringent requirement, known as the "National Defense Authorization Act (NDAA) Compliance," forces United States federal agencies, local law enforcement units, and large enterprises to completely replace the existing red supply chain. This strong and rigid demand for "de-Sinicization" has created an unprecedented market redistribution opportunity for non-China drone brands and friend-shoring manufacturing systems.

- C. The segment with the strongest growth momentum and highest gross margin is the "professional and commercial drones." Compared to consumer-grade products, professional drones are widely used in critical tasks such as infrastructure inspections of power grids and bridges, precision agriculture, logistics and delivery, geographic surveying, and emergency rescue operations in firefighting and police services. These types of advanced applications not only require extremely high flight stability and endurance, but also heavily rely on precision sensing equipment such as mounted optical zoom lenses, thermal imaging cameras, and LiDAR. Its high product unit price and ongoing hardware and software upgrade needs constitute a highly attractive high value-added business model.
- D. The significant leap in professional-grade drone specifications has directly increased the complexity and technical barriers of internal hardware manufacturing. In order to operate under extreme weather conditions and reduce the weight of the fuselage, drones must employ highly customized lightweight specialized wire harnesses and military-grade connectors to ensure absolute stability in high-frequency image transmission and high-current power output. These stringent NDAA compliance manufacturing and precision assembly requirements have significantly raised the entry barriers for the supply chain.
- E. The development of the United States low-altitude economy will not be limited to the manufacturing of individual drones but will extend to fully automated "drone autonomous base station" networks, as well as a vast ecosystem of future manned electric vertical takeoff and landing aircraft. Under the strong demand for "supply chain security and cybersecurity cleanliness" in the North American market, manufacturing systems that possess transnational high-end electronic OEM capabilities, master key component manufacturing technologies, and fully comply with European and American defense regulations will become the most core beneficiaries of this low-altitude economic revolution, reaping long-term growth dividends for several years to even a decade.

(6) Overview of the PCB Industry

A printed circuit board (PCB) refers to a board on which conductive pathways and printed components are formed on a general substrate according to a predetermined design. Its primary function is to enable electrical connections among various electronic components to form intended circuits, serving as an intermediate medium for signal transmission. As a result, PCBs are one of the fundamental components of all electronic products and are often referred to as the “mother of electronic products.” The PCB industry is a fundamental sector of the electronics and information industry and is indispensable in electronic products. Its downstream applications are extensive, covering communications, industrial control, consumer electronics, automotive electronics, and computers, among other sectors. As a result, its cyclicity is less affected by any single industry and is primarily influenced by macroeconomic fluctuations and the overall development of the electronics and information industry.

A. Global PCB Market:

In 2025, the global PCB market exhibits significant structural divergence. Overall order conditions can be summarized as follows: strong demand and full order books for high-end products, while mid- to low-end products face overcapacity and intense price competition.

High-end PCBs: surging demand and supply shortages. Driven by strong growth in emerging sectors such as AI servers, high-performance computing (HPC), 5G communications, and automotive electronics, the high-end PCB market has seen robust order inflow, with supply shortages emerging in some segments. According to Prismark, demand for high-end HDI boards and high-layer-count multilayer boards (18 layers and above) is expected to grow by 14.2% and 18.5%, respectively, in 2025. At the same time, both prices and order volumes are increasing. Strong demand for high-layer-count and HDI boards used in servers and communications has placed significant pressure on production capacity and lead times, driving a continued rebound in market prices.

Mid- to low-end PCBs: intense competition and margin pressure. In stark contrast to the strong high-end market, the mid- to low-end PCB segment, which has lower technological barriers, faces a very different landscape. Due to relatively low entry barriers, a large number of manufacturers have entered the market, resulting in overcapacity. Intense competition has made price wars the norm, significantly compressing profit margins. Although orders are available, profitability remains challenging.

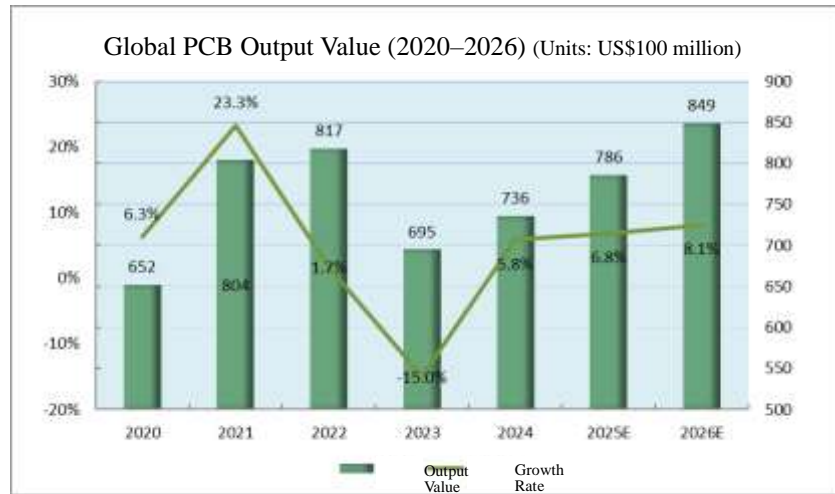
Overall, the PCB market in 2025 is not experiencing uniform growth but has entered a phase of technology-driven divergence. The ability to secure high-quality orders depends on whether companies possess the capabilities to produce high-end PCBs required for AI servers, high-speed networking

equipment, and advanced automotive electronics.

In 2026, the global PCB market is no longer focused solely on scale expansion but has entered a stage characterized by premiumization and structural differentiation. Specifically: 1. AI-driven high-performance computing is expected to drive both volume and price growth, making AI the most certain growth driver of the PCB market in 2026. Demand is also extending from training to inference applications, although the technological threshold remains high. With the launch of next-generation chips, AI servers are entering an era of “three highs” (high frequency, high power consumption, and high density), with layer counts increasing from the traditional 20+ layers to 40–78 layers. 2. Structural divergence between high-end and traditional segments will become more pronounced. The high-end segment is facing supply shortages, with production capacity for high-layer-count boards, HDI boards, IC substrates, and high-frequency/high-speed PCBs used in AI servers, high-speed switches, and advanced optical modules running at full utilization, resulting in longer lead times and stronger pricing power. In contrast, the mid- to low-end segment is undergoing consolidation, as competition in traditional consumer electronics PCB markets remains intense and profit margins continue to be compressed.

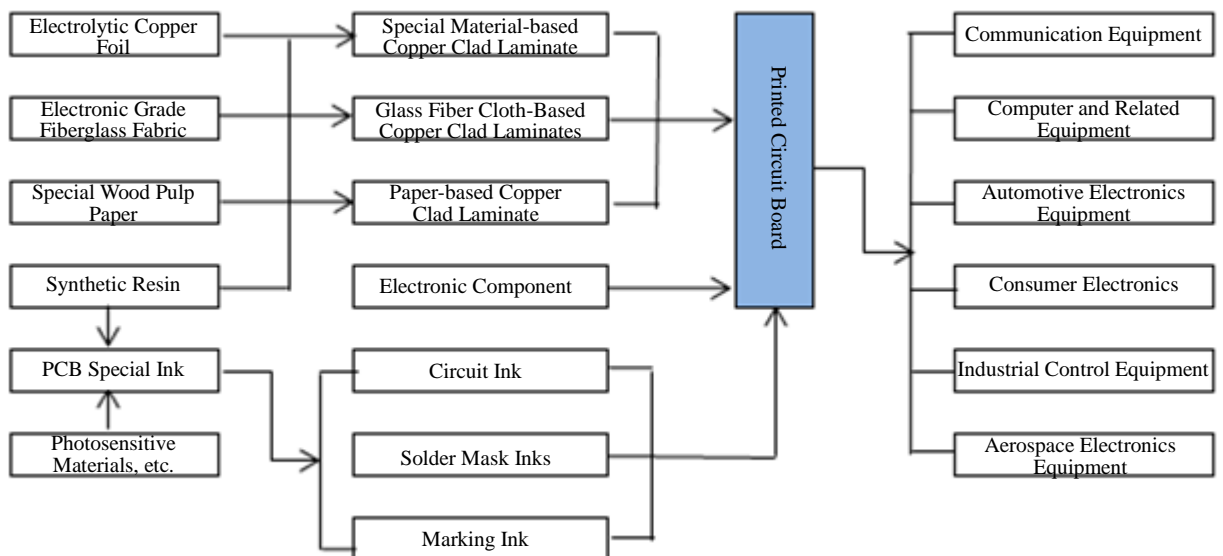
In addition, automotive electronics continues to gain momentum and represents the second-largest growth driver after AI. The combined effects of electrification and intelligence are significantly boosting demand. On the intelligence side, the advancement of L3 autonomous driving is driving strong demand for high-frequency PCBs and rigid-flex boards used in automotive radar, LiDAR, and ADAS domain controllers. On the electrification side, high-voltage platforms, battery management systems (BMS), and electronic control systems in new energy vehicles have substantially increased both PCB usage per vehicle and value content, particularly for substrates with high voltage resistance and thermal conductivity.

Global PCB output value and growth rates from 2020 to 2026E are shown in the figure below:



**B. PCB Industry Chain:**

From an industry value chain perspective, the PCB industry is positioned in the midstream of the overall supply chain. Upstream of the PCB industry are various raw materials used in PCB production, mainly including copper foil, resins, glass fiber cloth, inks, and other chemical materials. The midstream primarily consists of PCB manufacturing, while downstream applications cover a wide range of fields, including computers, communication equipment, industrial control, automotive electronics, consumer electronics, and aerospace. The PCB industry has a relatively long value chain, and the relationships between upstream and downstream segments are illustrated below:



The development of the PCB industry is closely interconnected with and mutually reinforcing with its upstream and downstream industries. On the one hand, the positive development momentum of upstream and downstream industries has laid a solid foundation for the growth of the PCB industry. Downstream industries are placing increasingly stringent demands on PCB products in terms of high system integration and performance, driving continuous evolution toward “light, thin, short, and compact” designs. On the other hand, technological innovations in the PCB industry enable upstream and downstream industries to introduce new products, thereby further meeting end-market demand.

### 3. Technology and R&D Overview

#### (1) Technological Level and R&D Development of Business Operations

To expand the proportion of automotive-related revenue, improve overall gross margins, and meet customer needs, the Company has actively expanded its automotive wiring harness R&D team in recent years. It has been developing EV-related wiring harnesses and PCB products, and has participated in customers’ prototype design stages by deploying R&D personnel for concurrent development, with the aim of securing future mass production opportunities.

In the R&D of components and EMS services for consumer electronics products, the focus is on improving production efficiency and reducing delivery costs to meet customer requirements for both price and quality.

#### (2) R&D Expenditures in Recent Years

R&D expenses in 2024 amounted to NT\$453,132 thousand, representing 2.08% of revenue.

R&D expenses in 2025 amounted to NT\$424,104 thousand, representing 1.95% of revenue.

#### (3) Successfully Developed Technologies and Products

- A. EV high-voltage wiring harness.
- B. EV battery pack/energy storage wiring harness.
- C. Automotive high-frequency and high-speed cables.
- D. Robotic drag chain cables.
- E. Mobile Charger.
- F. Mini LED PCB.
- G. Router/PIC PCB.
- H. Smart cockpit panel PCB.

### 4. Short- and Long-term Business Development Plans

#### (1) Cables and Connectors

In line with the development trend of electric vehicles and the increasing adoption of automotive electronics, the Company provides customized automotive wiring harness solutions tailored to different customer characteristics across regions, including the design of connection products with various functions. Many Tier 1

and Tier 2 automotive suppliers are also advancing toward electrification and intelligentization, leading to increasing demand for high-speed, high-volume data transmission, which will make high-frequency, high-speed wiring harnesses a mainstream trend in the future. In addition, the Company offers niche products based on its existing industrial control and consumer wiring harnesses, complemented by selected standard products (e.g., Mini SAS, HDMI, USB, LAN cables) for sales promotion. Over the long term, the Company aims to expand product breadth and deepen its business portfolio, supported by strategic distribution of components, while actively developing European and American markets and establishing sales bases in China to build an integrated, multi-channel sales network.

The Company will cultivate the niche market via its cable manufacturing technology and simultaneous pipeline compression advantages, invest in external connection cable and disposable medical wires required for medical equipment layout, and further advance the development of direct human body contact type-2 medical lines. The market target is aimed at medical equipment power supply and signal transmission line as well as medical gas and liquid pipelines products that provide simultaneous extrusions such as ion scalpel, medical disinfection, patient monitoring equipment, and other medical wire/cable products.

For industrial and humanoid robot wiring, cable products have been developed that can operate continuously for extended periods in extremely harsh dynamic environments, meeting strict conditions of high-frequency bending, high-speed movement, and twisting. Additionally, we have also ventured into professional drone wiring harnesses, providing comprehensive "complete machine wiring harness solutions." Through high-standard cable design that meets lightweight, high-frequency, high-speed transmission, and strict environmental anti-interference requirements.

(2) Electronic Manufacturing Services

Building on its existing end-to-end EMS production capabilities and Industry 4.0 development direction, the Company continues to optimize vertical integration across its production lines and leverage the advantages of automated manufacturing. Its current engineering and production capabilities are focused on developing consumer communication products and electronic accessories, industrial PCBAs, and the assembly of medical electronic products. In addition, by leveraging its strengths in automotive wiring harnesses, the Company is expanding into contract manufacturing of automotive control modules.

By aligning with the development trends and applications of next-generation wireless communication technologies, the Company continues to strengthen its manufacturing capabilities in wireless products based on a solid technological foundation. It focuses on developing 5G-related electronic peripheral products, with key emphasis on WiFi 6, CPE, MiFi, and Beacon. The Company seeks to

establish strategic collaborations with rapidly growing startups to develop smart devices and related accessories, and to select highly complementary partners in order to build a mutually beneficial partnership network.

With improvements in material supply, demand in the industrial control sector has gradually accelerated. The production of industrial PCBA is characterized by small-volume, high-mix manufacturing with relatively stable supply and demand. Under stringent quality requirements, flexible production lines and agile supply chain adjustments are expected to become key factors in serving customers.

Observing developments in servers and AI, demand for PCBAs used in server peripherals and cryptocurrency mining equipment has also increased. In addition, there is a noticeable trend of manufacturing shifting from China to Southeast Asia.

### (3) PCB Products

The Company's long-term development of PCB products focuses on aligning with customer product trends, with sustainable operations as its core objective. The Company will continue to focus on improving quality, enhancing efficiency, reducing costs, and lowering inventory levels as its key business objectives. Following the principles of rationalization, standardization, automation, and systemization, the Company will continue to advance step by step toward achieving its operational goals. The Company will closely follow industry trends and developments while continuously consolidating and strengthening its competitive advantages. It will gradually introduce automated production equipment to improve capacity utilization and operating efficiency, continue to support customers in the development of new products and models, enhance product technology content while optimizing costs, and strengthen its price comparison and negotiation capabilities for raw materials in order to secure cost advantages and reinforce the integration of the upstream and downstream supply chain. At the same time, the Company will continue to place great emphasis on product quality and maintain strict quality control standards.

In terms of short-term business development, the Company will continue to selectively focus on consumer electronics applications, including (1) gaming products, (2) PC products, (3) Mini LED products, and (4) smart speaker products. The Company will continue to meet the needs of existing customers for current product models, while supporting customers in enhancing product technology content and optimizing costs. At the same time, it will actively promote the development of new products and models as well as quality certification, with a view to obtaining customer approval and securing new orders for automotive boards, Mini LED, vehicle-mounted boards, servers, and ADAS products.

Our long-term goal is to follow the development trend and current situation of the PCB industry, continue to strengthen the existing PCB products (such as game consoles, optoelectronic products, etc.), optimize customer structure and product structure, and increase the proportion of revenue from high-margin products. We

actively explore new customers, new products, introduce Mini LED, automotive products and other new business opportunities. Additionally, we increase R&D and replacement of intelligent production lines to simplify production processes, streamline automated production processes to reduce labor requirements. We also use the Group's PAS system to inquire prices of suppliers and compare prices on srmx.com, increasing its capabilities in raw material price negotiations or seeking alternative suppliers, while continuing to promote the reduction of raw material costs.

Finally, in response to industry competition and cost pressures arising from exchange rate fluctuations and raw material price volatility, the Company continues to strengthen its internal management by enhancing on-site production management and improving material utilization. It also reduces overall costs through measures such as lowering energy consumption, optimizing process design, and adopting new processes and materials. Going forward, the Company will leverage its strong cost control capabilities and robust production capacity to sustain its growth momentum.

## (II) Overview of Market and Production and Sales

### 1. Market Analysis

#### (1) Sales Regions of Major Products

The Company and its subsidiaries primarily generate sales in Mainland China, Hong Kong, Malaysia, the United States, and Taiwan. The distribution of major sales regions is as follows:

Unit: NT\$ thousand

Region	Amount	Percentage (%)
1. Mainland China	8,258,497	38
2. Taiwan	3,452,401	16
3. Hong Kong	2,974,041	14
4. Singapore	2,389,890	11
5. Malaysia	1,566,646	7
6. United States	1,048,724	5
7. Others	2,080,640	9
Total	21,770,839	100

#### (2) Market Share, Supply and Demand Outlook, and Growth Potential

##### A. Cables and Connectors

The global cables and connectors market is exhibiting a growth trend driven by the development of the electric vehicle industry and digital healthcare. In addition, as global customers continue to introduce diversified products and pursue production automation, demand for customized wiring harness manufacturing is also increasing. In recent years, Pan-International has actively engaged in product transformation by focusing on wire harness

development in the health care, automotive multimedia electronics, green energy, industrial application, and Cloud communications industries. From 2021 to 2026, Pan-International has transcended its original wire harness manufacturing and wire harness connector assembly role to become an overall solutions provider for wiring harness connectors in various fields.

The vehicle wiring harness business in China benefited from the vigorous development of new energy vehicles and the continuous strong export of new energy vehicles, with rapid growth in 2023. Although the climbing speed temporarily slowed in 2024 due to the high base period, the overall export and production and sales volume reached new highs again in 2025. Looking into the development in the second half of 2026, with the increasing popularity of smart automotive equipment and in-vehicle systems, as well as the demand for automotive batteries, the shipment of related high-frequency and high-speed connectors and connecting wires and battery wire harnesses will increase slightly. The external connection cables for medical instruments, medical wiring harness products, and the relevant connecting wires for industrial control smart motors, due to their long product life-cycle and stable shipment characteristics, are expected to see an increasing shipment ratio as the trend develops.

There are certain requirements of industrial robot arms and industrial drag chain cables for the flexibility of wire harnesses and the tolerance of harsh environments. Industrial wires, wire harnesses, and wire harness assemblies have certain difficulty levels and relatively good profits. Overcoming product difficulties is also paving the way for the next stage of humanoid robot wire harnesses.

#### B. Electronic Manufacturing Services

According to the forecast by Technology Forecasters, the EMS market is growing rapidly at a compound annual growth rate of 7% each year. The service items offered by general EMS providers are divided into three main categories: printed circuit board assembly, semi-finished product assembly, and system assembly. As the electronics industry has a tendency to gradually outsource part or all of the manufacturing processes, the service contents provided by the electronic manufacturing service industry have become more diversified. EMS providers service a wide range of electronic products, from network communications to computer peripherals, from medical equipment to mobile phones, and from motherboards to notebook computers. EMS providers accept commissions from clients to provide professional production and process services in accordance with actual production needs. In the future, EMS manufacturers will no longer simply provide manufacturing foundry and must be flexible in order to provide integrated service functions, including:

- (a) Rapid technical solutions: Assist customers in solving technical problems from concept, product molding, to mass production.
- (b) Effective supply chain integration: Establish a procurement and logistics center to obtain low-cost and high-quality components, prevent raw material shortage, accelerate inventory turnover, and increase capacity utilization to ensure rapid delivery to clients.
- (c) Stable production and operation: Provide rapid new product introduction to shorten product development time, and assist mass production maximization for the product.
- (d) Global logistics services: The overseas and Mainland Chinese production bases as well as the rapid service structure can provide timely product development services and avoid international geopolitical interference.

### C. PCB Products

The PCB industry is facing six core impacts: demand, cost, capacity, technology, geopolitics, and environmental protection. In 2026, industry differentiation will intensify, with mid-to-low-end segments under pressure and high-end segments competing for resources.

Demand side: Overall slowdown + structural differentiation, consumer electronics remain sluggish, with traditional main demands like mobile phones, PCs, and tablets weakening, and orders dropping significantly. Inventory destocking is slow due to previous overstocking, resulting in a prolonged destocking cycle and insufficient new orders. Structural differentiation is observed, with growth rates for mid-to-low-end products (consumer electronics, home appliances) only at 5%-8% and gross margins at 10%-15%, leading to fierce price wars. High-end sectors (AI servers, automotive, data centers) are experiencing growth rates of 20%-40%, but with extremely high entry barriers. There is an "AI siphoning effect" where high-end materials and capacity are prioritized for AI, squeezing traditional PCB resources and delivery times.

Cost side: In 2026, a price surge is anticipated, with CCL, electronic fabric, and copper foil experiencing significant price increases (10%-30%), directly driving up PCB costs (CCL accounts for 30%-50% of the cost). Small and medium-sized enterprises face the greatest pressure, with weak bargaining power, difficulty passing on costs, and profit margins being squeezed or even resulting in losses.

Capacity side: Structural surplus + fierce competition. Mid-to-low-end capacity is severely excessive, with annual production expansion from 2023-2025 exceeding 15%, while demand is only at 8%-10%, resulting in a significant supply-demand imbalance. High-end capacity is severely lacking, with only a few domestic companies capable of producing HDI with over 20

layers, IC substrates, etc., and high-end capacity accounting for less than 30%. The price wars are intense, with mid-to-low-end companies taking orders at a loss to secure business, resulting in continued decline in gross margins. There is a risk of capacity transfer to Southeast Asia, but local support is poor, and capacity utilization rates are volatile.

Technology Side: The threshold for high-end products has sharply increased. High multilayer boards, HDI boards, IC substrates, and high-frequency high-speed boards require significant investment, are difficult to certify, and have high yield requirements.

Geopolitics and supply chain: Trade frictions and tariffs, intensified China-US and Japan-Korea competition, restricted exports, and unstable supply chains. Supply chain localization and customer demands for diversified production capacity increase the costs of building and managing facilities.

Environmental Protection and Compliance: Environmental requirements are becoming stricter, with high multilayer and high-frequency board manufacturing processes causing significant pollution, leading to increased wastewater and exhaust gas treatment costs. Energy consumption and carbon constraints place energy-intensive processes under pressure from power restrictions and carbon taxes, resulting in increased compliance costs.

In summary, the overcapacity in mid-to-low-end production, price wars, and rising material costs have severely impacted the survival of small and medium-sized enterprises. The demand for high-end products, AI/automotive electronics, and breakthroughs in technical barriers will become the direction for development. Enterprises that cannot keep up with technology and resources will be eliminated.

In response to the development trends and directions of the PCB industry, we will address the following aspects:

Order-Wise: The Company will continue to deepen its presence in existing PCB products (such as game consoles and PC products), optimize its customer and product mix, and shift from a “volume-driven” to a “value-driven” strategy to increase the share of high-margin products. It will gradually phase out low-margin, commoditized products. At the same time, the Company will actively expand into new customers and products, including Mini LED, automotive applications, and servers, and progressively develop high-technology barrier products such as high-layer-count boards, advanced HDI, high-frequency/high-speed boards, and thick copper PCBs.

Cost-Wise: Strengthen price negotiations with core material suppliers, seek new material substitutes, and refine control over yield, waste, energy consumption, and per capita efficiency. Use the Group's PAS system to inquire prices from suppliers and compare prices on srmx.com, increasing bargaining power over raw materials or seeking alternative suppliers, while

continually promoting the reduction of raw material costs.

In terms of production capacity and orders: Eliminate outdated production lines, simplify production processes, improve the level of automated production, concentrate resources on high added-value products, bind with high-quality major customers, and reduce small orders and low-priced orders.

Technology and Environmental Aspects: Complete high-end certifications such as automotive IATF, UL, IPC, and deploy advanced processes with upfront investments in environmental protection, safety, and compliance to avoid the risk of production stoppages.

- (3) The advantages, disadvantages, and countermeasures of competitive niche and development vision
  - A. Favorable factors
    - (a) Wiring harness products have entered the robotics and drone industries, possessing mass production capabilities for providing complete machine wiring harness solutions.
    - (b) The manufacturing units of the Mainland China plant have implemented localization to improve personnel training efficiency and the overall management team performances.
    - (c) The global marketing system integration and division of labor has completed, which can enhance the synergy of global customer service and marketing information collection.
    - (d) At present, the Company's current financial health is sound and can fully support and implement global operations and investment activities.
    - (e) All of the plants have passed the IATF-16949 and ISO-13485 certifications, and have established a firm foothold in the automotive and medical fields.
    - (f) The Chinese government has set PCB as a national key strategic, basic, and leading pillar industry. Government policies strictly control low-end developments while encouraging high-end advancements, offering significant subsidies for the development of advanced technologies.
    - (g) Successfully acquired the leadership and core IP of a leading high-end axial motor company.
    - (h) Utilize advanced R&D and production technology, along with patented technologies, to provide high-value-added products and services characterized by speed, quality, efficiency, high-tech content, and low cost, thereby enhancing autonomous competitiveness.
  - B. Unfavorable factors
    - (a) The life cycle of consumer electronics products is fast, and is affected by the uncertainty of the overall economic environment and the

business cycle recovery. This resulted in a conservative wait-and-see mentality at the beginning, but quickly place irrational orders as soon as demand is exhibited. The situation shows low certainty about the real demand in the future.

- (b) The demand for automotive wire harnesses has gradually slowed down and the gross profit has decreased, which has reached a peak risk.
- (c) Affected by global geopolitical factors and trade barriers, the delivery times of some high-end key components have become more volatile, increasing the difficulty and potential risks of precise supply chain management.
- (d) The price of raw materials continues to rise, which directly erodes product gross profit.
- (e) The diversification and life cycle of consumer electronic products are getting increasingly shorter, resulting in the low volume and high customization product trend.
- (f) Due to the China-US trade and other international geographical factors, many orders from the United States are moving to Southeast Asia or other regions for production. In addition to the fierce competition in the Chinese domestic demand market, red supply chain competition has also emerged in the Southeast Asian market.
- (g) To cope with many uncertainties, many customers adopt a two-pronged strategy. Although there are forecasts for large orders, whether the orders will be eventually placed is not guaranteed even by the customers themselves. High uncertainty is both an opportunity and a risk.
- (h) With the rapid development of China's economy, its labor costs continue to rise. Coupled with the aging of the population, the number of working-age population shows a downward trend. The rising labor costs will put certain pressure on operations.
- (i) Electronic products are gradually becoming "lighter and more compact," and the development trend of PCB products towards "higher density and higher performance" is also becoming increasingly apparent, which will place higher demands on production technology and processes.
- (j) The investment cost for PCB production lines and related supporting equipment is relatively high. To maintain continuous product competitiveness, it is essential to continually upgrade production equipment and processes, maintain a high level of R&D investment, and increase capital investment requirements.

#### C. Response measures

- (a) Speed up new product development and increase product gross profit

margin in niche product application fields such as wire harnesses and connectors.

- (b) Introduce automated production equipment and testing equipment, optimize medical workshops, and improve production efficiency and product quality.
- (c) Expand the production scale of overseas factories in Southeast Asia, reduce production costs, and diversify geopolitical risks.
- (d) Actively adjust the 5 major business strategies: enterprise production, sales, R&D, finance, and human resources. Fundamentally strengthen the overall corporate competitiveness, strengthen the Company's intangible assets and core competitiveness, and widen the gap from competitors.
- (e) In terms of important raw materials, use effective supply chain strategies to strive for reasonable costs, adjust the raw material stock inventory in a timely and appropriate manner, and reduce the impact from rising pressures on raw materials.
- (f) Actively build a green supply chain to create a resource-conservation and environment-friendly green manufacturing system for procurement, production, marketing, recycling, and logistics. In terms of main raw materials, adopt the quantity-based pricing principle and appropriately adjust inventory in a timely manner in order to reduce the impact of rising pressure on raw material prices.
- (g) Continue to evaluate and introduce advanced PCB manufacturing equipment, cultivate more R&D and professional talents, maintain a rigorous and solid work attitude, and cultivate a humble learning spirit to narrow the technological gap with advanced enterprises and enhance competitiveness.
- (h) Expanding the customer base to cover multiple industries, such as consumer electronics, communications, industry, and automobiles, will better alleviate the seasonal and cyclical impacts of customer operations and stabilize revenue and profits.
- (i) The company has established an environmental protection unit in the PCB factory, which will continuously monitor the environmental protection indicators required by the government and maintain good communication with relevant departments. Additionally, it will consider the return on investment to achieve cost reduction and increase efficiency by introducing the relevant equipment.
- (j) Maintain the image of corporate integrity management, protect the environment, care for the community, and establish a sustainable business model.

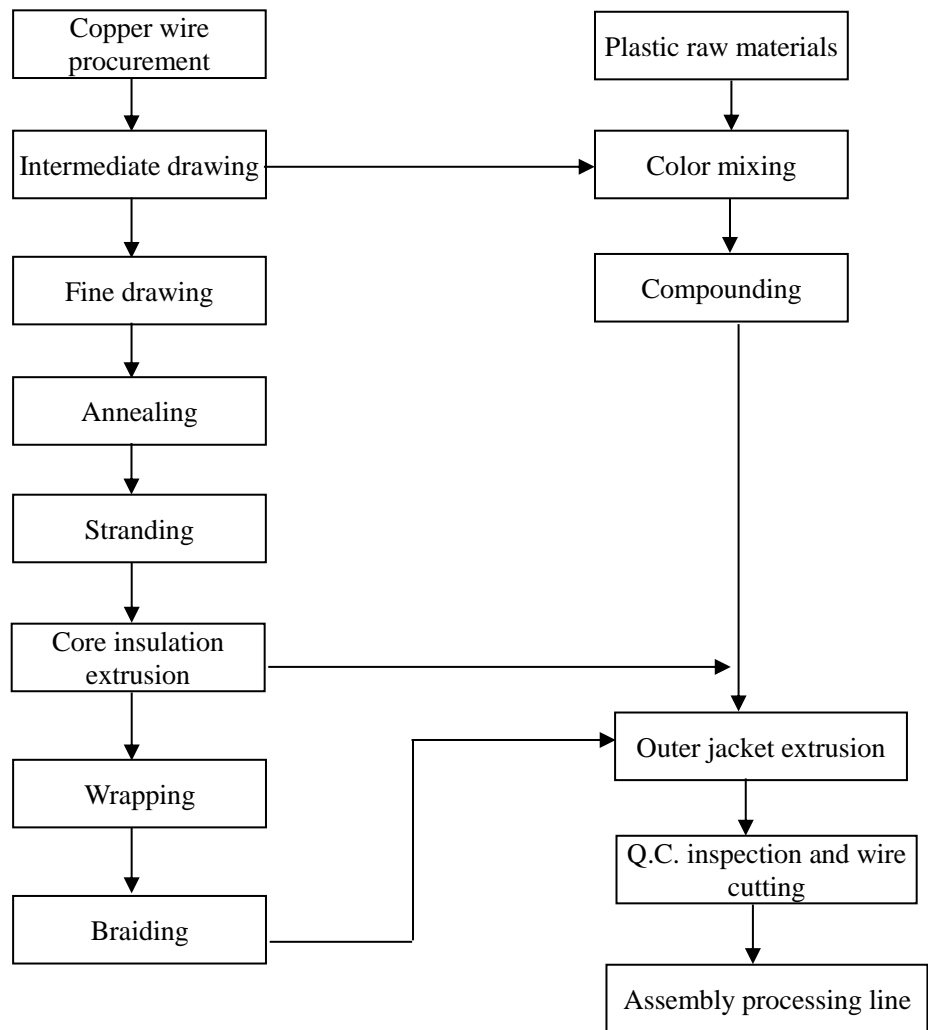
2. Important Purpose and Production Process for Main Products

(1) Important purpose for main products

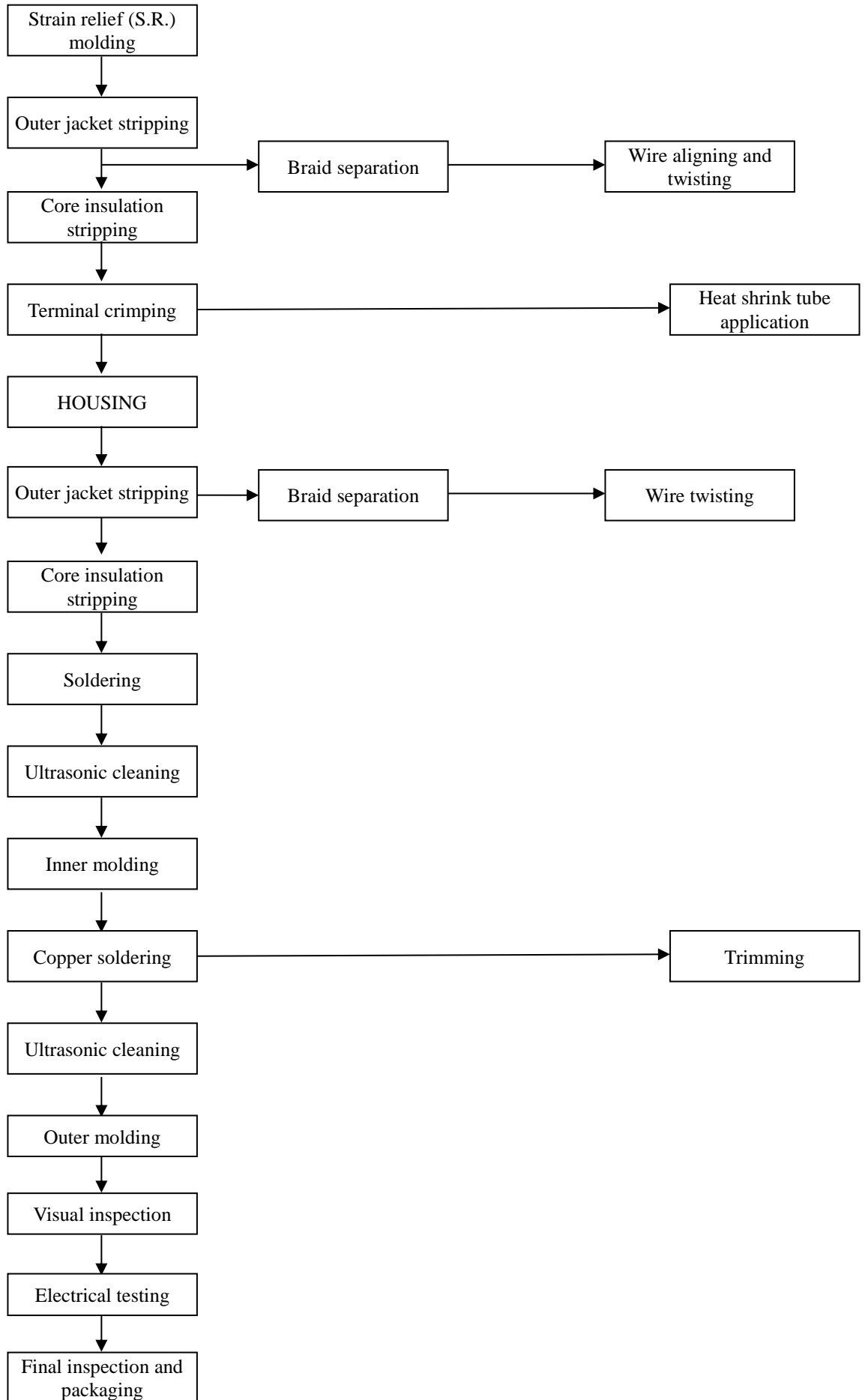
Key Products	Main Functions
1. Raw Cables	Applicable to electronic signal transmission by monitors, photocopiers, and other computer peripheral products, computer systems, communication systems, and networks, as well as drag chain cables for industrial robots and wiring for humanoid robots.
2. Connectors	Various connectors between computers, communication systems, home appliances, office equipment, and other systems.
3. Cable Assembly	Connection cables with connectors that are suitable for electronic signal transmissions between wearable portable devices, computer systems, peripheral products, medical equipment connections, high and low voltage automotive wiring harnesses, automotive electronic multimedia wiring harnesses, drone control wiring harnesses, and wires for high-frequency and high-speed transmission connections.
4. Electronic Manufacturing Services	OEM products for information, communication, consumer, industrial, or medical industries include Bicycle GPS Meters, Industrial control products, IP camera, HUB accessory, Docking Stations, Beacon, Alcohol Testers, Motion Controllers, Coagulation Factor Testers, and other devices.
5. Computer peripheral products and parts	PCBs for computer communication equipment, devices that require professional foundry for electronic circuit board surface adhesion technology, and mobile phone related accessories.
6. Printed circuit board (PCB)	Optoelectronic products such as game consoles, monitors and TVs, smart speakers, mobile phones, communication products, PC motherboards, automotive electronics, and other rigid and HDI PCBs.

(2) Manufacturing Process of Major Products

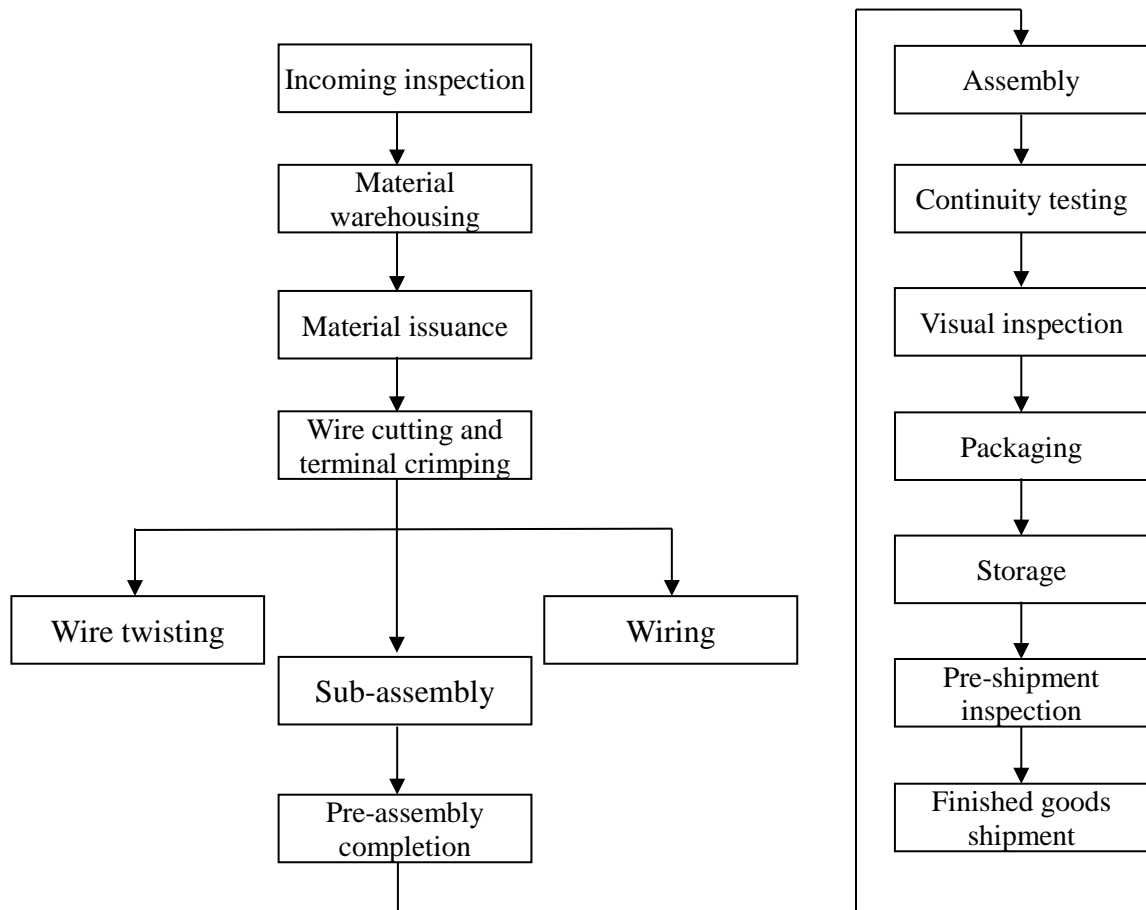
A. Wire Manufacturing Process



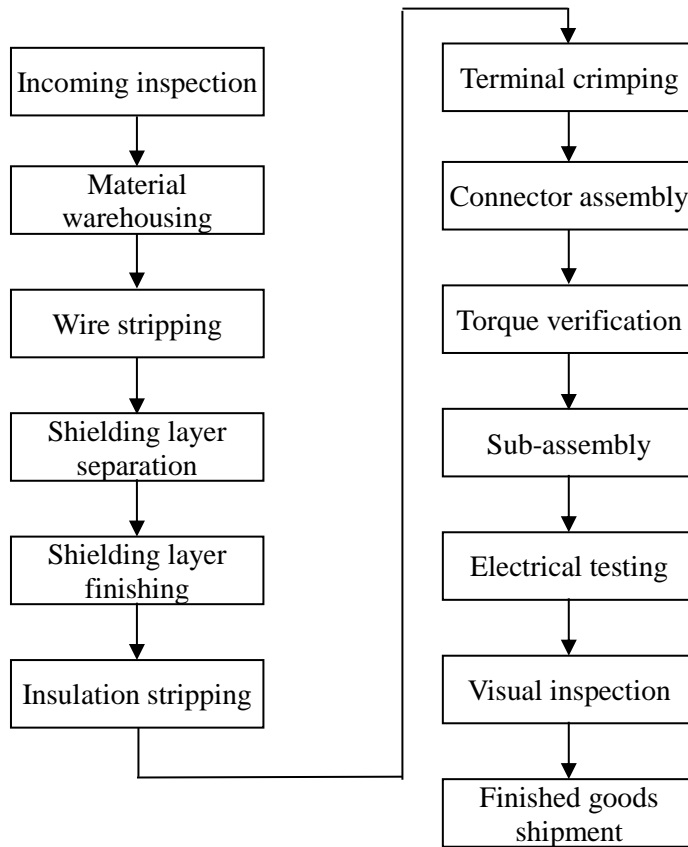
## B. Cable Assembly Manufacturing Process



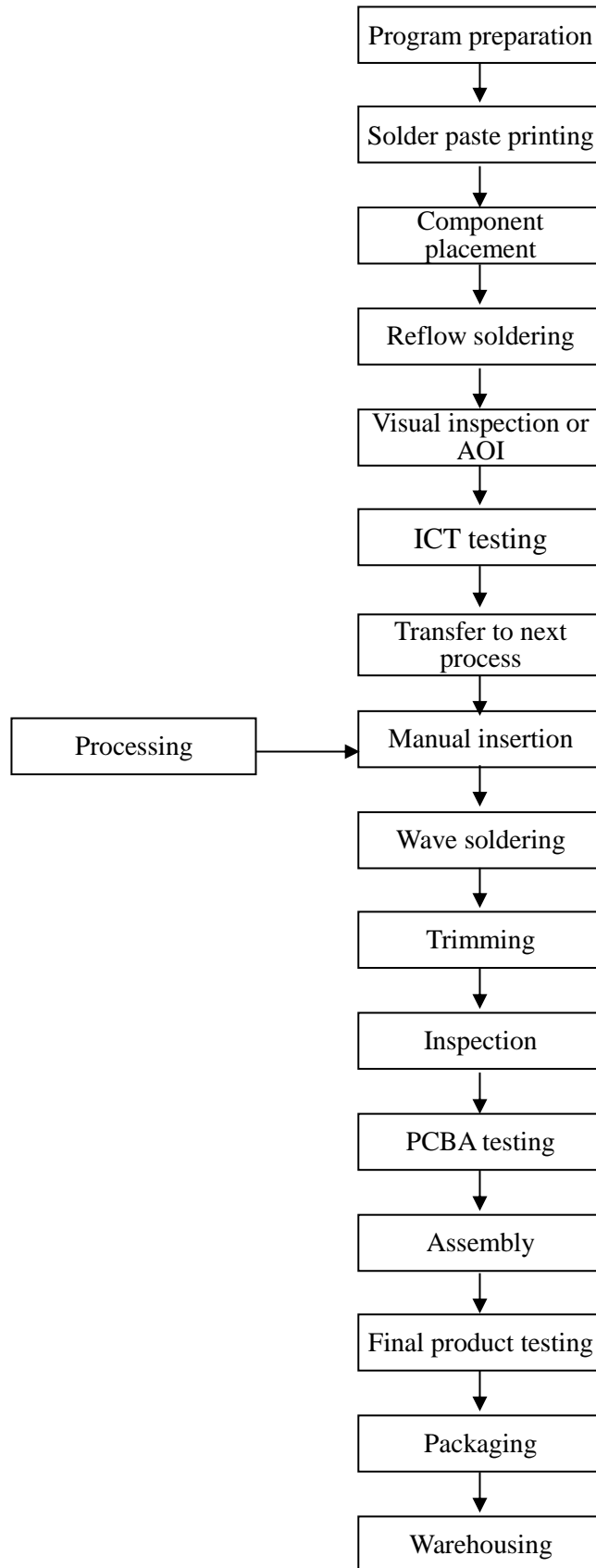
C. Automotive Low-Voltage Wiring Harness Manufacturing Process



D. Automotive High-Voltage Wiring Harness Manufacturing Process

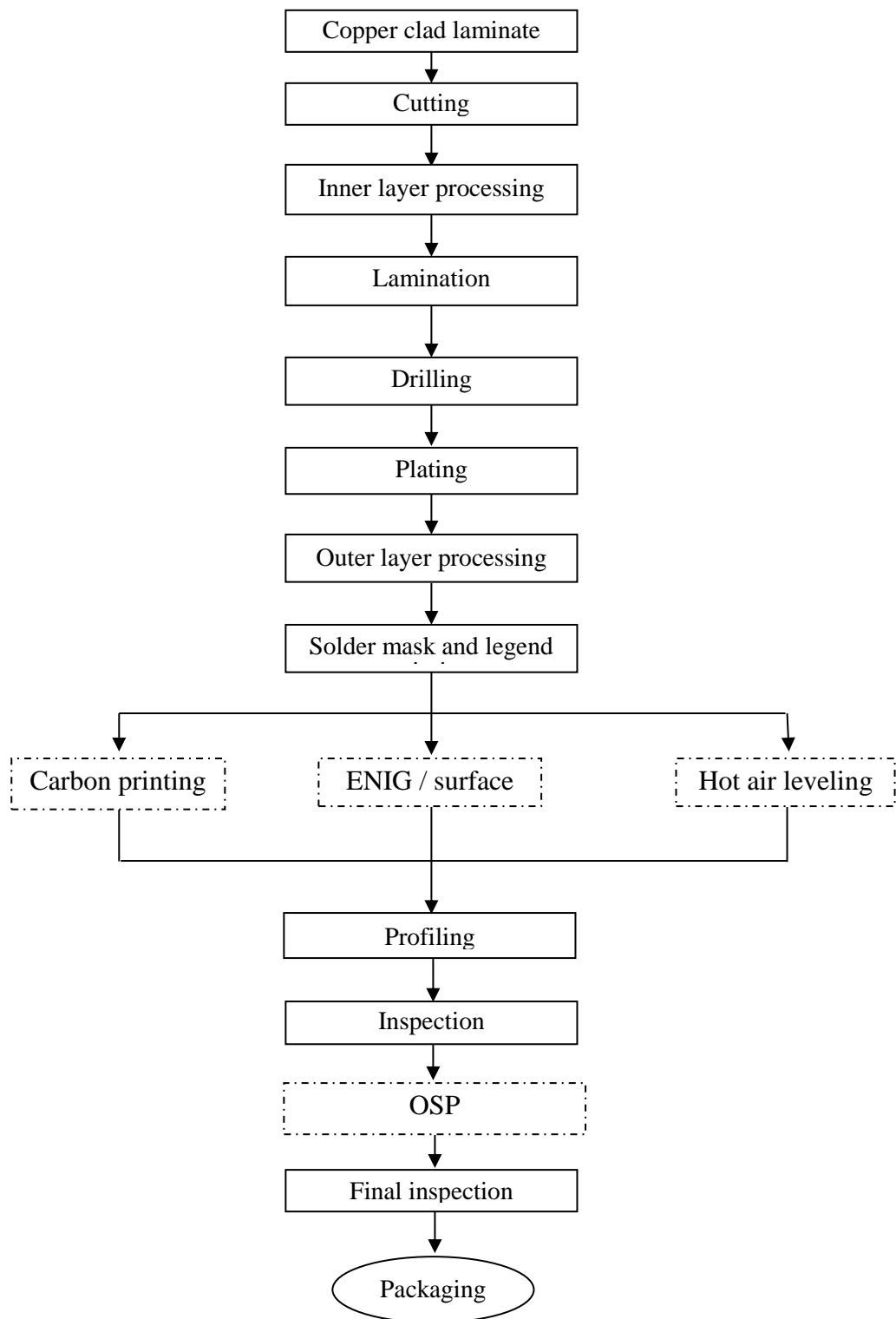


E. Computer Peripheral Products and Components Turnkey Process



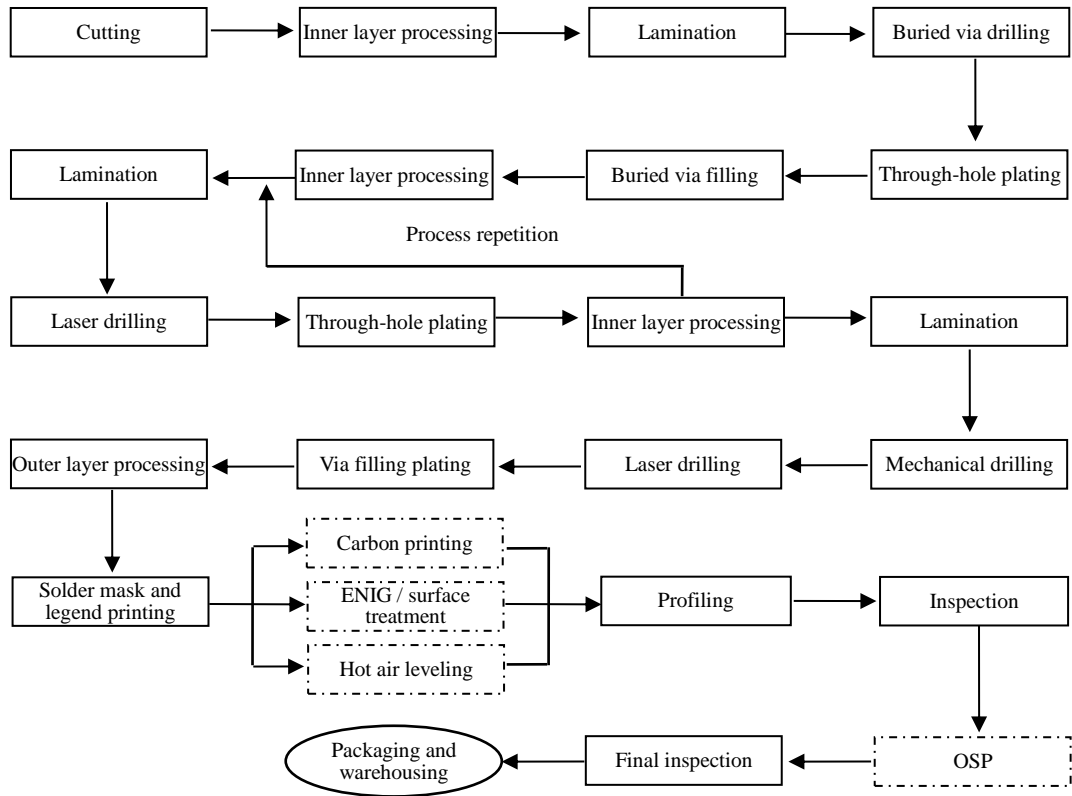
## F. PCB Manufacturing Process

### (a) Conventional PCB



Note: Processes within dashed boxes are optional and subject to customer requirements

(b) HDI PCB



Note: Processes within dashed boxes are optional and subject to customer requirements

3. Availability of Major Raw Materials

The Company's major raw materials are sourced from well-known global suppliers, including leading domestic companies such as Hon Hai and Formosa Plastics. These materials are of high quality and meet international standards. In addition, the Company has established stable and close supply relationships with its suppliers, ensuring favorable pricing and reliable delivery lead times.

Supply Status of Major Raw Materials

Major Raw Materials	Supply Status
Copper wire	Supplied by domestic manufacturers under long-term contracts at preferential prices, ensuring stable supply.
Plastic pellets & plastic powder	Supplied by domestic manufacturers with priority allocation and short lead times.
Terminals	Normally supplied by domestic manufacturers.
Connectors	Supplied by both domestic and international manufacturers.
Metal and plastic components	Normally supplied by domestic manufacturers.
Electronics components	Supplied by both domestic and international manufacturers.

4. Customers Accounting for More Than 10% of Total Purchases (Sales) in Any of the Most Recent Two Years

Major Suppliers in the Most Recent Two Years

Unit: NT\$ thousand

Item	2024				2025			
	Name	Amount	Percentage of Total Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage of Total Annual Net Purchases (%)	Relationship with the Issuer
1	Hon Hai Precision Industry Co., Ltd. and its subsidiaries	1,816,835	12	Equity-method investee of the Company	Hon Hai Precision Industry Co., Ltd. and its subsidiaries	2,354,998	17	Equity-method investee of the Company
2	Supplier A	1,446,635	10	None		--	0	None
	Others	11,515,568	78	--	Others	11,308,599	83	--
	Net purchases	14,779,038	100	--	Net purchases	13,663,597	100	--

Note: As of the date of publication of this annual report, no first-quarter financial statements have been audited or reviewed by the CPA.

Analysis of changes:

The changes are attributable to the Company's considerations of business operations, raw material requirements, and cost factors.

Major Customers in the Most Recent Two Years

Unit: NT\$ thousand

	2024				2025			
Item	Name	Amount	Percentage of Total Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Total Annual Net Sales (%)	Relationship with the Issuer
1	Hon Hai Precision Industry Co., Ltd. and its subsidiaries	5,066,366	23	Equity-method investee of the Company	Hon Hai Precision Industry Co., Ltd. and its subsidiaries	6,325,525	29	Equity-method investee of the Company
	Others	16,754,469	77	--	Others	15,445,314	71	--
	Net sales	21,820,835	100	--	Net sales	21,770,839	100	--

Note: As of the date of publication of this annual report, no first-quarter financial statements have been audited or reviewed by the CPA.

Analysis of changes:

Due to changes in market trends and variations in customer product demand.

### (III) Employees

Employee information for the most recent two years and as of the date of publication of the annual report

Year		2024		2025		As of March 31, 2026	
		The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Number of Employees	Staff	63	2,281	68	2,059	70	1,962
	Operators	0	6,752	0	6,407	0	7,285
	Total	63	9,033	68	8,466	70	9,247
Average age		46.27	41.23	44.1	41.57	44.47	40.4
Average Years of service		12.20	9.12	10.36	8.89	10.31	7.90
Educational background distribution (%)	Doctoral degree	--	0.06	0	0	0	0
	Master's degree	23.81	0.38	27.94	0.44	27.14	0.4
	College/University	68.25	18.26	66.18	18.43	67.14	17.53
	Senior high school	6.35	23.82	4.41	17.16	4.29	17.84
	Below senior high school	1.59	57.48	1.47	63.96	1.43	64.23

### (IV) Environmental Protection Expenditures

In the most recent fiscal year and up to the date of publication of the annual report, any losses incurred due to environmental pollution (including compensation and any violations of environmental protection regulations identified in inspections, with details such as the date of penalty, reference number, violated provisions, description of the violation, and penalty imposed) shall be disclosed, along with estimated amounts of current and future potential losses and corresponding countermeasures. If such amounts cannot be reasonably estimated, an explanation shall be provided: None.

To reduce carbon emissions, the Company has established an energy efficiency policy and implemented measures such as equipment replacement with energy-saving alternatives, process optimization, equipment upgrades for energy efficiency, and increased use of renewable energy. Performance is regularly monitored and reviewed. To effectively improve energy efficiency, the high-energy-consuming Honghuasheng (Yantai) plant has prioritized the implementation of the ISO 50001 Energy Management System and plans to encourage other plants to follow suit. In response to the risks and governance related to climate change, the Sustainability Committee has introduced climate-related financial disclosures to identify risks and opportunities, measure the financial impacts, and develop strategies to address significant issues. It also sets indicators and targets to actively reduce

the impact on daily operations. In addition, a project team has been formed to develop an IFRS Sustainability Disclosure Standards implementation plan, with quarterly reports on the status of implementation to the Board of Directors. The total investment in environmental-related initiatives in 2025 is more than NT\$148 million.

The Company will continue to enhance environmental awareness among employees and across the supply chain, establish short-, medium-, and long-term carbon reduction targets, increase resource recycling and reuse rates, expand the use of renewable energy, and strengthen environmental contributions in the regions where it operates, thereby fulfilling its corporate environmental responsibilities. Environmental protection-related expenditures will be adjusted as appropriate based on the annual budget and operational needs. For further information on environmental initiatives and implementation results, please refer to the Company's website and annual sustainability report.

## **(V) Labor-Management Relations**

1. Current major labor-management agreements and their implementation status:

(1) Employee welfare measures, further education, and training;

The Company has established an Employee Welfare Committee, with members jointly elected by management and employees, and regularly organizes various activities. The Company also provides souvenirs or bonuses during major festivals and Labor Day, arranges annual employee trips and health checkups, and offers free accommodation for employees from out-of-town locations. In addition, the Company encourages employees to pursue external studies and organizes training programs on a regular basis. The Company also provides group insurance for employees.

(2) Retirement system and its implementation:

A. In accordance with the Labor Standards Act, the Company has established a defined benefit pension plan, which applies to the service years of all regular employees prior to the implementation of the Labor Pension Act on July 1, 2005, as well as the subsequent service years of those who elected to continue to be subject to the Labor Standards Act after the implementation of the Labor Pension Act. Under this plan, service years are calculated from the date of employment. For each employee, two units are granted for each full year of service for the first 15 years, and one unit is granted for each full year of service from the 16th year onward (prior to the implementation of the Labor Standards Act, half a unit was granted for each full year of service). Service periods of six months or more are counted as one full year, while those of less than six months are counted as half a year (no such calculation applied prior to the implementation of the Labor Standards Act). The total

number of units is capped at 45. Retirement benefits are calculated based on service years and the average salary over the six months preceding the approved retirement date. In addition, employees whose combined total of age and years of service is equal to or greater than 55 may apply for preferential retirement. The Company established a Pension Supervisory Committee on August 31, 1988, in accordance with Taipei County Government Letter (77) Fu-Lao-Yi-Zi No. 272020. The Company contributes 6% of total salaries to a labor pension reserve fund, which is deposited in a dedicated account with the Bank of Taiwan. In addition, the Company implements preferential retirement programs from time to time and files the relevant reports with the competent authority for recordation. The Company also provides group insurance for employees.

B. Since July 1, 2005, the Company has adopted a defined contribution pension plan in accordance with the Labor Pension Act, which is applicable to local employees. For employees who elect to be covered under the pension system stipulated by the Labor Pension Act, the Company contributes no less than 6% of their monthly salaries to their individual pension accounts with the Bureau of Labor Insurance.

(3) Other important agreements:

All labor-management agreements of the Company are based on the Labor Standards Act and are implemented in accordance with the Company's personnel policies upon employees' commencement of employment, in order to safeguard employees' rights and interests.

2. Losses incurred from labor-management disputes in the most recent year and up to the date of publication of this annual report: None.

## **(VI) Cybersecurity Management:**

1. Cybersecurity risk management framework, cybersecurity policy, specific management plans, and resources invested in cyber security management:

(1) Cybersecurity risk management framework:

The Company has established an IT Department responsible for information security management and planning and implementing information security operations. An Audit Department has been established to supervise the implementation status and track and improve audit defects. The corporate governance team was established under the Sustainable Development Committee to integrate ESG and information security management to strengthen corporate sustainable governance.

(2) Cybersecurity Policy:

Commitment to ensuring the information environment required for company

development, continuous operation without interruption]-The Company is committed to protecting information assets, ensuring continuous business operation, and reducing information security risks. In line with the Company's sustainable development strategy, the Company establishes a comprehensive information security governance mechanism to ensure the security of production and operation. This policy applies to all employees, suppliers, and external partners of the Company, covering all information systems, data, and networks. All personnel accessing the Company's information assets must comply with this policy.

(3) Cybersecurity Management

- A. Asset management and system security: Establishing an information asset management system and implementing appropriate protection measures. Implementing system protection mechanisms and updating them regularly, and establishing system update procedures. Implementing office and production network segmentation to ensure production system security and maintain stable production operations. Implementing change management for important systems to ensure stable system operation.
- B. Access Control: The Company implements system access controls, regularly reviews user permissions, and applies enhanced controls to critical systems. The Company has established comprehensive account management procedures to ensure that system access rights are promptly updated upon personnel changes.
- C. Data Protection and Backup: The Company implements data encryption and access controls, strengthens the protection of production-related data, and prohibits the storage of company data on unauthorized devices. The Company implements a data backup mechanism and conducts regular backup and restoration drills to ensure data security.
- D. Incident Reporting and Response: The Company has established information security incident reporting and response procedures, under which the IT Department is responsible for investigating and handling such incidents. Establishing a cross-departmental crisis response team to assess the impact of incidents and develop response strategies.
- E. Training and Compliance Management The IT Department conducts regular information security training programs to enhance employees' security awareness. The Company has established information security codes of conduct, and the Internal Audit Department performs related audit procedures to ensure effective implementation.

F. Regulatory Compliance: The Company complies with applicable regulatory requirements, regularly reviews changes in relevant laws and regulations, and adjusts its management measures as appropriate. Through sound information security governance, the Company fulfills its commitment to sustainable operations.

(4) Cybersecurity Implementation Status

During the year, the Company continued to enhance its offsite backup mechanisms, introduced host vulnerability scanning to proactively identify system vulnerabilities, and maintained an A rating from SecurityScorecard. The Company implemented phishing simulation exercises to strengthen social engineering awareness and incorporated information security training as a mandatory course for new employees. During the year, a total of 249 participants completed information security training, amounting to 166 training hours. To enhance the effectiveness of information security governance, the Company will establish a dedicated information security unit starting in 2026 to oversee and coordinate related initiatives.

To safeguard personal data security and demonstrate the Company's commitment to protecting personal privacy, the Company has established a Personal Data Protection Policy, which has been approved by the President and communicated to all employees, and is disclosed on the Company's website. For further details, please refer to the "Important Policies" section on the Company's website.

2. Losses incurred, potential impacts, and corresponding response measures arising from any material information security incidents in the most recent year and up to the date of publication of this annual report (or, if such impacts cannot be reasonably estimated, an explanation thereof): None.

**(VII) Material Contracts: None.**

## V. Review and analysis of financial condition, financial performance, and risk matters

### (I) Financial Status:

Unit: NT\$ thousand

Item \ Year	2024	2025	Difference	
			Increase (Decrease) Amount	Percentage (%)
Current Assets	17,576,307	17,403,062	(173,245)	-1%
Property, Plant, and Equipment	3,830,436	4,026,626	196,190	5%
Intangible Assets	67,514	72,132	4,618	7%
Other Assets	121,465	134,640	13,175	11%
Total Assets	24,638,104	24,056,731	(581,373)	-2%
Current Liabilities	7,618,736	6,306,505	(1,312,231)	-17%
Non-Current Liabilities	533,501	496,795	(36,706)	-7%
Total Liabilities	8,152,237	6,803,300	(1,348,937)	-17%
Share Capital	5,183,462	5,183,462	0	0%
Capital Surplus	1,503,606	1,503,606	0	0%
Retained Earnings	8,601,904	9,183,576	581,672	7%
Other Equity	(1,009,923)	(957,155)	52,768	-5%
Equity Attributable to Owners of the Parent	14,279,049	14,913,489	634,440	4%
Non-controlling interests	2,206,818	2,339,431	132,613	6%
Total Equity	16,485,867	17,253,431	767,564	5%

Note: Explanations are provided for items with significant changes, defined as those with an increase or decrease exceeding 20% and an amount exceeding NT\$20 million.  
No items met the criteria for significant changes requiring further explanation.  
The Company has maintained a sound financial position over the past two years, with stable profitability. Capital expenditures have continued to grow in response to customer demand. Going forward, the Company will continue to monitor key financial ratios and exercise prudent financial risk management.

**(II) Financial Performance:**

Unit: NT\$ thousand

Item \ Year	2024	2025	Difference	
			Increase (Decrease) Amount	Percentage (%)
Operating Revenue	21,820,835	21,770,839	(49,996)	0%
Operating Costs	18,874,257	19,110,482	236,225	1%
Gross profit	2,946,578	2,660,357	(286,221)	-10%
Operating Expenses	1,664,662	1,517,581	(147,081)	-9%
Operating Income	1,281,916	1,142,776	(139,140)	-11%
Non-Operating Income and Expenses	184,305	155,526	(28,779)	-16%
Profit Before Tax	1,466,221	1,298,302	(167,919)	-11%
Income Tax Expenses	264,870	411,240	146,370	55%
Net Profit	1,201,351	887,062	(314,289)	-26%
Other Comprehensive Income (Net)	693,761	513,218	(180,543)	-26%
Total Comprehensive Income	1,895,112	1,400,280	(494,832)	-26%

Note: Explanations are provided for items with significant changes, defined as those with an increase or decrease exceeding 20% and an amount exceeding NT\$20 million.

1. Income Tax Expense: The increase was mainly attributable to higher tax expenses arising from the repatriation of earnings from the Company's subsidiaries in China.
2. Net Profit: The decrease was mainly due to declines in both operating and non-operating income, as well as an increase in income tax expenses.
3. Other Comprehensive Income (Net): The increase was primarily due to foreign currency translation differences resulting from exchange rate fluctuations in overseas operations.
4. Total Comprehensive Income: The decrease was mainly attributable to declines in both net profit and other comprehensive income during the year.

During the year, profitability declined due to non-operating foreign exchange losses and increased tax expenses. The Company will continue its efforts to enhance technological capabilities and increase the proportion of high-margin products, with the aim of maintaining stable and growing profitability.

### (III) Cash Flows:

1. Analysis of changes in cash flows during the year:

Unit: NT\$ thousand

Item \ Year	2024	2025	Difference	
			Increase (Decrease) Amount	Percentage (%)
Operating Activities	973,456	1,065,564	92,108	9%
Investment Activities	(502,292)	(512,974)	(10,682)	2%
Financing Activities	(380,039)	(922,094)	(542,055)	-143%
Analysis of Changes: 1. Financing Activities: The decrease was mainly due to a reduction in short-term borrowings. The Company currently maintains sufficient internal funds and has no liquidity risk. Looking ahead, the Company will continue to generate operating profits and maintain positive cash flows.				

2. Improvement Plan for Liquidity Shortfall: None.

3. Cash Flow Liquidity Analysis for the Next Year:

Unit: NT\$ thousand

Beginning Cash Balance (1)	Estimated Cash Inflows from Operating Activities for the Year (2)	Estimated Cash Outflows for the Year (3)	Estimated Ending Cash Balance (Shortfall) (1)+(2)-(3)	Remedial Measures for Cash Shortfall	
				Investment Plan	Financial Management Plans
6,340,801	1,417,880	1,891,940	5,866,741	—	—
Analysis of Cash Flow Changes in 2025: 1. Operating Activities: The Company will continue to optimize its product mix and enhance revenue and profitability in order to generate positive cash inflows. 2. Investing activities: Due to business expansion, the Company will continue to invest in production facilities and equipment, resulting in cash outflows. 3. Financing activities: The Company will utilize short-term bank borrowings to pay cash dividends and meet short-term funding needs.					

**(IV) Impact of major capital expenditures in the most recent year on financial and operating performance:**

In response to customer demand and process optimization, capital expenditures have shown an upward trend in recent years, contributing to the growth of the Company's revenue and profitability. However, the Company has not undertaken any material capital expenditures in the most recent year.

**(V) Reinvestment Policy, Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year:**

1. Reinvestment Policy in the Most Recent Year:

The rapid advancement of AI technology and the increasing demand for data center resources are driving the booming development of the entire industry. In order to seize significant business opportunities, recent investments focus on the production and manufacturing of AI servers and related technologies and orders for key components of robots. The aim is to enter the market quickly and strive to become an important supplier, playing a crucial role in the overall supply chain to enhance future revenue and profitability.

2. Main reasons for the profit or loss of reinvestment in the most recent year:

The investee incurred losses due to the significant drop in product market prices caused by the oversupply in the industry, resulting from changes in the industry structure, and the company's operations failing to achieve economies of scale, leading to higher costs.

3. Improvement Plan:

The Company has reviewed the reinvestment cases regularly to review whether the investment results have reached the original set goals, and modified the investment strategy and investment case evaluation model accordingly to ensure that future reinvestment cases can achieve the policy goals.

4. Investment plan for the next year:

Investment plans will be implemented according to customer needs and capacity planning, in accordance with internal investment procedures and approval authority.

## (VI) Risk Assessment

### Risk Management Analysis

1. The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future countermeasures.

(1) Impact of interest rate changes:

In the context of geopolitical turmoil and varying regional economic challenges, countries' interest rate policies are also gradually diverging in Status. Currently, the financial leverage ratio of each subsidiary in the Group is low, with relatively small interest expenses. However, interest rate changes in Taiwan, Mainland China, and Malaysia will still affect future financing plans. The Company will actively review funding needs and interest rate changes, maintain good relations with financial institutions, flexibly utilize various financing tools, control interest costs, and invest short-term idle funds in stable income-generating financial products to increase interest income and reduce risks arising from interest rate changes.

(2) The impact of exchange rate changes:

Due to the United States government's USD policy, Asian currencies have significantly appreciated. However, influenced by geopolitical factors and the Middle East war, exchange rates for various national currencies have shown mixed trends of appreciation and depreciation. Under the continued competition between the US and China, and the varying economic growth across regions, the fluctuations in exchange rates of various currencies will become more difficult to predict. Therefore, the Company will closely observe the fluctuation of exchange rate and refer to the recommendations of professional financial institutions, and adopt the corresponding hedging financial products to avoid the risk that exchange rate changes may affect the Company's profitability.

(3) The impact of inflation:

Affected by the continuous rise in the price of raw materials, the destruction of production facilities due to the Middle East war, and the significant surge in oil prices, inflation seems to be making a comeback. To avoid inflation eroding profits, the Company itself will continue to monitor fluctuations in raw material prices, implement cost reduction projects, maintain good relations with customers, and adjust cost

structures and sales strategies in a timely manner to reduce the risk of inflation fluctuations affecting the Company's profitability.

2. Policies for engaging in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products; main reason for profit or loss; and future countermeasures.

The Company itself has never engaged in high-risk or highly-leveraged investments. Loaning funds to others, making endorsements/guarantees, and trading of derivatives are handled in accordance with the regulations approved by the Board of Directors and relevant internal controls. The loans to others and endorsements/guarantees are arranged to support the funding needs of subsidiaries. For derivative trading, the Company will carefully assess whether to engage in foreign currency receivables hedging. In the future, the Company will regularly review the execution results and ensure compliance with relevant transaction procedures.

3. Future R&D plans and anticipated investments in R&D expenses:

In order to seize significant business opportunities in the AI industry, future R&D plans will focus on the production and manufacturing of AI servers and related technologies for key components of robots. The goals are to master key technologies, establish technical barriers, enhance competitiveness, and collaborate with customers to explore new market opportunities. The R&D expenses in 2026 are expected to increase to more than NT\$600 million, accounting for over 2% of annual revenue, and will be adjusted in a timely manner depending on market competition and customer needs.

4. Impact of key domestic and international policy and regulatory changes on the Company's financial and operating performance, and corresponding countermeasures.

Affected by the U.S. reciprocal tariff policies, regional protectionism is gradually prevailing, and countries' trade policies are changing accordingly. The Company will monitor relevant changes, respond proactively, and maintain normal operations. As of the publication date of this annual report, the Company has not experienced any significant impact on its financial and operating performance due to changes in major domestic and international policies and regulations.

5. Impacts of technological changes (including cybersecurity risks) and industry developments on the Company's financial and operating performance, and countermeasures.

The Company actively observes industry and market trends and changes. The R&D and Sales Departments communicate closely with customers to jointly develop new products and seize new business opportunities. The IT Department also monitors information security incidents and adjusts control measures to ensure information security. Therefore, as of the publication date of this annual report, technological changes (including cybersecurity risks) have not had a significant impact on the Company's financial and operating performance.

6. Impact of changes in corporate image on corporate crisis management and the corresponding countermeasures.

At Pan-International, the Company adhere to the business philosophy of honesty and integrity, care for the community and protects the environment, and strive to invest in ESG-related improvements to maintain a good corporate image. Therefore, we receive praise for our operations and development by customers, suppliers and outsiders. As of the publication date of this annual report, there have been no management crises due to changes in corporate image.

7. Expected benefits, possible risks, and corresponding countermeasures for mergers and acquisitions.

The Company has no corporate merger and acquisition plans as of the publication date of this annual report, but will review investment opportunities based on customer needs and market changes. If there are such plans in the future, a dedicated unit will make appropriate assessments and avoidance plans to determine the expected benefits and possible risks.

8. Expected benefits, potential risks, and corresponding countermeasures for plant expansions.

The Company currently has no plans for any major plant expansions. However, the Company will closely observe changes in the global economy, fully communicate with customers, and review production capacity settings dynamically. If there is any demand for plant expansion, a dedicated unit and related technical team will be assigned to conduct a professional feasibility assessment.

9. Risks associated with concentrated procurement and sales, and the corresponding countermeasures.

Except for related parties, the Company does not have excessive concentration

in procurement or sales compared with peers. In the future, the Company will actively develop new customers and suppliers to prevent potential risks and enhance competitiveness.

10. Impact, risks, and corresponding countermeasures of significant changes in shareholding by directors, supervisors, or major shareholders holding more than 10% of the Company's shares.

The Company has no such situation.

11. Impact, risks, and corresponding countermeasures of changes in control of the Company.

The Company has no changes in control.

12. Litigation or non-litigation matters.

- (1) The Company and its subsidiaries have not experienced any major litigation, non-litigation, or administrative disputes in the last two years and as of the publication date of this annual report.

- (2) The directors, general manager, and ultimate responsible persons of the Company have not been subject to any final judgments nor are currently involved in any major litigation, non-litigation, or administrative disputes.

- (3) The 2024 audited financial statements of Hon Hai Precision Industry Co., Ltd. (the Company's major shareholder holding over 10% of its shares) indicate that Hon Hai is involved in product patent litigation and other lawsuits. However, after assessment, Hon Hai believes that such litigation has no significant impact on its business and financial condition. Therefore, such litigation is assessed to have no material impact on the Company's financial condition.

13. Other important risks and countermeasures: None.

**(VII) Other material issues: None.**

## **VI. Additional Information**

**(I) Information on affiliates:**

Related information is available on the Market Observation Post System (MOPS) at <https://emops.twse.com.tw>. Please select "Single Company" under "Electronic Books", enter the year, and click "GO" to access the affiliates reports corresponding to the Company code.

Website:

[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

**(II) Private placement of securities during the most recent year and up to the publication date of this annual report: None.**

**(III) Holding or disposal of the Company's shares by subsidiaries during the most recent year and up to the publication date of this annual report: None.**

**(IV) Other Supplementary Information: None.**

## **VII. Other matters that may have a material impact on shareholders' equity or securities prices:**

There are no other matters that pose a significant impact on the shareholders equity or the securities prices in the most recent year and as of the publication date of this annual report.

**Pan-International Industrial Corp.**

**Responsible Person: Lee, Kuang-Yao**