

Common Stock Code: 3004



Annual report information inquiry website:

<http://mops.twse.com.tw>

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

# National Aerospace Fasteners Corporation

# 2024 Annual Report

## Annual Report

Printing date: April 30, 2025

- I. Name, position, contact telephone and e-mail of company's spokesman and acting spokesman.  
Spokesman: Wen-Cheng Li  
Title: Vice President and Accounting Supervisor, Corporate Governance Officer  
Acting spokesman: Wei-Tsun Lin  
Title: President  
Tel: (03)450-8868  
E-mail: [IR@nafco.com.tw](mailto:IR@nafco.com.tw)
- II. Address and telephone number of Head-office, branch office and factory  
Factory address: No. 1, Taiping E. Road, Ping Zheng District, Taoyuan City  
Factory address: No. 5, Taiping E. Road, Ping Zhen District, Taoyuan City  
Factory address: No. 38, Lane 99, Taiping W. Road, Ping Zhen District, Taoyuan City  
Tel: (03)450-8868
- III. Name, address, website and telephone of stock transfer entity:  
Name: Agent for Stock Affairs, CTBC Bank  
Address: F5, No. 83, ChungQin S. Road, Taipei City  
Website: <http://www.ctbcbank.com>  
Tel: (02) 6636-5566
- IV. Name of CPA certifying the previous year's financial report together with name, address, website and telephone of the office.  
Name of CPA: LI, Yen-Na Li; LIU, Chien-Yu  
Name of office: PricewaterhouseCoopers Taiwan (Pricewaterhouse Coopers, Taiwan)  
Address: F30, No. 1092, ZhongZheng Road, Taoyuan District, Taoyuan City  
Website: <http://www.pwc.tw>  
Tel: (03)315-8888
- V. Name of any overseas exchange where the Company's securities are traded, and the method by which to access information on the overseas securities: None.
- VI. Website: <http://www.nafco.com.tw>

# National Aerospace Fasteners Corporation

## Table of Contents for Annual Report

<b>One. Report to shareholders .....</b>	<b>1</b>
<b>Two. Company governance .....</b>	<b>3</b>
I. Information of directors, President, Vice President, Associate General Manager, each department and branch office supervisors .....	3
II. Remuneration for directors, President and Vice President.....	15
III. Company management operating status.....	19
IV. Information on CPA Fees .....	66
V. Replacement of CPA: .....	67
VI. If the company's Chairman, President, or the manager responsible for the financial or accounting matters has served in the office or its affiliate owned by the CPA in previous year, please disclose the name, the position and the period working in the office or its affiliate owned by the CPA: None.....	67
VII. Equity transfer and pledged share change status of the director, supervisor, manager and the shareholder owning the shares more than 10%, which has occurred in previous year and up to the Annual Report printing date: .....	68
VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another: April 7, 2025 .....	69
IX. The shares of the same reinvestment business that are owned by the company, the company's director, supervisor, manager or the business directly or indirectly controlled by the company and the Ratio of share owning shall be calculated altogether:.....	69
<b>Three. Fund raising status.....</b>	<b>70</b>
I. Capital and shares .....	70
II. Company debt handling status: None.....	72
III. Preferred stock handling status: None.....	72
IV. Depository Receipt (DR) handling status: None.....	72
V. Employee Stock Option certificate handling status: .....	73
VI. Employee right restriction execution status: None.....	74
VII. Execution status of merging or acquiring new share distributed by other companies: ....	74
VIII. Capital implementation plan execution status: None.....	74

<b>Four. Overview of operation .....</b>	<b>75</b>
I. Business operation content .....	75
II. Overview of market and marketing .....	78
III. Overview of employees .....	84
IV. Information of environmental protection expenditures: .....	84
V. Labor-employer relationship: .....	86
VI. Cybersecurity management: .....	87
VII. Important contract: .....	90
<b>Five. Review and analysis of financial status and financial performance and risks.....</b>	<b>91</b>
I. Financial status .....	91
II. Financial performance .....	92
III. Cash flow.....	93
IV. Impact of major capital expenditures to financial operation in previous year: None.....	93
V. The main reasons causing the profit or the loss of the reinvestment policy in previous year together with the improvement plan and the investment plan of the coming year: .....	93
VI. Risks: .....	94
VII. Other important items: None. ....	95
<b>Six. Special items .....</b>	<b>96</b>
I. Affiliate-related information: .....	96
II. Handling of private placement of marketable stocks in recent years and until the Annual Report printing date: None. ....	101
III. Other supplementary description: None.....	101
IV. Please describe the event that has posed a major impact to the shareholder equity or the stock price, as specified in Clause 2, Item 3 under Article 36 of Securities and Exchange Act in recent year and until the Annual Report printing date: None. ....	101

# One. Report to shareholders

Ladies and gentlemen:

National Aerospace Fasteners Corporation (hereinafter referred to as the Company) reported 2024 consolidated revenue of NT\$3.502 billion, an increase of 14.04% compared to NT\$3.071 billion in 2023. The Company's net profit after tax in 2024 was NT\$376 million, with earnings per share after tax of NT\$6.88.

## Financial performance

Unit: NT\$1,000

Year	2024	2023	Increase/decrease amount	Change ratio (%)
Item				
Net revenue amount	3,501,720	3,070,624	431,096	14.04%
Operating Costs	(2,531,968)	(2,258,080)	(273,888)	12.13%
Gross profit	969,752	812,544	157,208	19.35%
Operating Expenses	(502,091)	(469,135)	(32,956)	7.02%
Operating income	467,661	343,409	124,252	36.18%
Non-operating income and expenses	4,459	11,864	(7,405)	-62.42%
Income tax (expenses) profit	(96,144)	(47,670)	(48,474)	101.69%
Current-term net income (loss)	375,976	307,603	68,373	22.23%
Earnings (loss) per share after taxation	6.88	5.77	1.11	19.24%

## Business Outlook, Technological Development and Prospect

### Operation overview:

In 2024, the global airline passenger capacity continued to increase, driving the demand growth in the global aviation market. However, the market was also faced with some challenges, mainly due to the lack of labor, resulting in the instability of the overall supply chain delivery, and the impact of the strike at The Boeing Company, which delayed the production and delivery of some aircraft. Nevertheless, the market demand boomed. According to the data of the International Air Transport Association (IATA), the number of airline passengers worldwide in 2024 was closed to or even surpassed pre-pandemic levels.

Under the influence of geopolitics and the layout of the overall aerospace and automobile production bases in the future, the Company's Board of Directors in 2023 approved the investment project in Malaysia. At present, the plan is in progress and the manufacturing and business permit have been obtained.

The Company was certified as a qualified supplier by the international aerospace engine manufacturer Pratt & Whitney (P&W) in June 2024, and became a qualified supplier to the world's four largest aerospace engine manufacturers, including GE, P&W, Rolls-Royce and Safran Group. This important certification is expected to enhance the Company's development and layout in the global aerospace market in the future.

**Technical development aspect:**

1. The Company implements smart manufacturing to improve production efficiency and quality control levels, optimize manpower allocation, and continue to implement smart management. The Company continues to expand the automatic production lines combined with AI smart manufacturing, and has expanded more than 4 production lines.
2. Aerospace market: By 2024, the Company had introduced more than 8,000 new products and will continue to develop in terms of product depth and breadth.
3. Automotive industry market: By working with the vehicle factories and the Tier-1 vendors, we continued the research and development of custom-made parts for specific application demands.

**Future challenges and prospect:**

According to the commercial market forecasts made by Boeing and Air Bus, it is estimated that the market demand for new aircraft and the demand for replacement of old aircraft in the next 20 years will both exceed 40,000, indicating that the aviation industry will continue to exhibit a stable growth trend in the next two decades. Looking to the future, with the continuous growth in the aerospace market, the main challenges will come from supply chain bottlenecks and trade obstacles caused by geopolitical influences. In response to these challenges, the Company has not only increased material inventories and relieved the pressure from supply chain bottlenecks, but also deployed its production base in Malaysia to reduce trade risks caused by geopolitics. At NAFCO, we strive to become a key supplier of global aerospace components, further maximizing the benefits for all shareholders.

## Two. Company governance

### I. Information of directors, President, Vice President, Associate General Manager, each department and branch office supervisors

#### (I) Information on directors

April 7, 2025

Position	Nationality or registration place	Name	Gender /age	Appointment (serving) date	Term of office	Initial appointment date	Shares held when appointed (Note)		Current shares		Shares currently held by spouse and minor children		Shares held under the name of other persons		Main resume (education)	Position in this company and other company.	Other unit chief, director or supervisor in relationship serving as the spouse or within 2nd-degree relative.			Remarks (Note 3)
							Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
Chairman	Republic of China	Representative: Tsai, Feng-Tzu	Male Age: 71~80	May 25, 2023	3	April 25, 2008	30,000	0.06%	157,000	0.28%	-	-	-	-	Computing and Control Engineering Department at National Jiao Tung University Vice President to Linkkytech Co. Ltd. ; Vice President to Sales Department of Mitac Inc. Vice Chairman to MITAC INTERNATIONAL CORPORATION Chairman/CEO to Getac Holdings Corporation	Chairman to Waffer Technology Corporation Vice Chairman to Getac Holdings Corporation	-	-	-	-
Director	Republic of China	Getac Holdings Corporation	-	May 25, 2023	3	April 25, 2008	20,578,174	39.08%	20,578,174	36.95%	-	-	-	-	N/A	N/A	-	-	-	-
	Republic of China	Representative: Miao, Hua-Bing	Male Age: 51~60	May 25, 2023		June 19, 2014	-	-	-	-	-	-	-	-	PhD, Information Management Department, Business School of National Chengchi University Vice President to Mitac Inc. Special Assistant to the Chairman of MiTAC-Synnex Group	Vice President to Mitac Inc. Chairman to Mitac Hikari Corporation Vice Chairman to Linde Lienhwa Industrial Gases Co., Ltd. Chairman to May Foong Development Co., Ltd. Director to Getac Holdings Corporation	-	-	-	-
	Republic of China	Representative: Lin, Wei-Tsun	Male Age: 51~60	May 25, 2023		June 16, 2020	-	-	33,000	0.06%	-	-	-	-	MBA, National Central University Managing Director of Mitac Precision Technology (Kunshan) Co., Ltd.	President to National Aerospace Fasteners Corporation President to NAFCO Suzhou Precision Co., Ltd.	-	-	-	-

Position	Nationality or registration place	Name	Gender /age	Appointment (serving) date	Term of office	Initial appointment date	Shares held when appointed (Note)		Current shares		Shares currently held by spouse and minor children		Shares held under the name of other persons		Main resume (education)	Position in this company and other company.	Other unit chief, director or supervisor in relationship serving as the spouse or within 2nd-degree relative.			Remarks (Note 3)
							Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
Director	Republic of China	National Development Fund, Executive Yuan	-	May 25, 2023	3	June 15, 2001	3,773,188	7.17%	3,773,188	6.78%	-	-	-	-	N/A	N/A	-	-	-	-
	Republic of China	Representative: Li, Pei-Yu (Note 1)	Female Age: 41~50	April 01, 2025		April 01, 2025	-	-	-	-	-	-	-	-	M.A., College of Aeronautics, Cranfield University Senior Executive Officer Section Chief, National Science and Technology Council Secretary, Academia Sinica Engineer, technician, flight attendant, Civil Aeronautics Administration	Deputy Chief of Comprehensive Planning Division, National Development Council	-	-	-	-
	Republic of China	Representative: Li, Kun-Chung (Note 2)	Male Age: 51~60	May 25, 2023		May 25, 2023	-	-	-	-	-	-	-	-	MBA, University of Texas at Dallas Department of Accounting, Tunghai University Researcher, National Development Fund, Executive Yuan	Acting Chief of General Affairs Division, National Development Fund, Executive Yuan Director, Taiwan Biotech Co., Ltd.	-	-	-	-
Director	Republic of China	Lien Jie Er Investment Co., Ltd.	-	May 25, 2023	3	May 25, 2023	10,000	0.02%	10,000	0.02%	-	-	-	-	N/A	N/A	-	-	-	-
	Republic of China	Representative: Hsieh, Feng-Ruen	Male Age: 61~70	May 25, 2023		June 19, 2014	-	-	-	-	-	-	-	-	Computer Engineering Department at Electrical Institute, University of Southern California Senior Vice President to Getac Holdings Corporation Senior Consultant of Getac Holdings Corporation	N/A	-	-	-	-
Independent Director	Republic of China	Zao, Shin-Tser	Male Age: 61~70	May 25, 2023	3	June 21, 2018	-	-	-	-	-	-	-	-	MBA at University of Chicago CEO to Morgan Stanley (Taiwan) President to UBS Group AG	Independent Director of TSRC Corporation	-	-	-	-



Position	Nationality or registration place	Name	Gender /age	Appointment (serving) date	Term of office	Initial appointment date	Shares held when appointed (Note)		Current shares		Shares currently held by spouse and minor children		Shares held under the name of other persons		Main resume (education)	Position in this company and other company.	Other unit chief, director or supervisor in relationship serving as the spouse or within 2nd-degree relative.			Remarks (Note 3)
							Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
Independent Director	Republic of China	Li, Li-Hang	Male Age: 71~80	May 25, 2023	3	June 08, 2017	-	-	-	-	-	-	-	-	Master in Industrial Engineering at University of Iowa. Master in Business Management at University of Chicago. Senior Vice President to Bank of America (Asian business) Chief Executive to First Data in The Greater China Area). Chairman and President to Enterprise Development Group (China Area) of American Express Vice President to PayPal (Global Area). General Manager of North Asian Region	N/A	-	-	-	-
Independent Director	Republic of China	Wen, Wang-Shou	Male Age: 71~80	May 25, 2023	3	June 16, 2020	-	-	-	-	-	-	-	-	Electronic Physics Department at National Jiao Tung University CEO to Hannstar Display Corp. Executive Vice President to Winbond Electronics Corporation Consultant, Winbond Electronics Corporation	Independent Director of Micro Silicon Electronics Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Huang, Chiu-Chi	Female Age: 61~70	May 25, 2023	3	May 25, 2023	-	-	-	-	-	-	-	-	Graduate Institute of Business Administration, Indiana University Vice President of Citibank Head of Finance Department/Associate Vice President/Vice President, Winbond Electronics Corporation CFO, Winbond Electronics Corporation	Consultant, Winbond Electronics Corporation	-	-	-	-

Note 1: Appointed on April 01, 2025 (re-assigned representative).

Note 2: Dismissed on April 01, 2025 (re-assigned representative).

Note 3: If the Chairman and the President or the person serving an equivalent position (the highest manager) are the same person, or are spouses or first-degree relatives, please explain the reasons, the rationality, the necessity and the responding actions (e.g. increasing the number of Independent Directors, or, the majority of directors not concurrently serving as employees or managers, etc.): None

Note 4: The information is valid up to April 7, 2025, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

**(II) Main shareholder of legal person shareholder**

April 30, 2025

Name of legal person shareholder (Note 1)	Main shareholder of legal person shareholder (Note 2)	Ratio of ownership
Getac Holdings Corporation	MITAC INTERNATIONAL CORPORATION	30.70%
	Yuanta Taiwan High Dividend Fund Account	5.79%
	Taipei Fubon Bank Co., Ltd. in custody for Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.60%
	MEI-AN Investment Co., Ltd.	2.50%
	Tse Feng Investment Co., Ltd.	1.46%
	New labor retirement fund system	1.35%
	Taiwan Business Bank, Ltd.	1.23%
	Lien Hwa Industrial Holdings Corporation	1.16%
	Norges Bank Investment Account in custody of Citibank (Taiwan)	1.10%
	Chunghwa Post. Co., ltd.	0.95%
National Development Fund, Executive Yuan	In view that the “Sino-America Economical & Social Development Fund” carries the similar nature as the “National Development Fund”, both funds were combined by the Executive Yuan in 2006 according to “Regulations Governing the Management of Central Government Special Fund” and the “National Development Fund Management Board, Executive Yuan” was organized for handling the fund management and implementation. At this stage, LIU, Ching-Ching, the Chief Member of National Development Board” is appointed for serving as the convener of “National Development Fund Management Board”, with KUO, Chih-Hui, Minister of Ministry of Economic Affairs, served as the Deputy Convener. In the meantime, the chiefs of other sectors, scholars and experts are also invited to serve as the members of the Management Board. In total, the Management Board comprises 13 members	-
Lien Jie Er Investment Co., Ltd.	MITAC INTERNATIONAL CORPORATION	32.50%
	Getac Holdings Corporation	48.75%
	MiTAC Inc.	16.25%
	Harbinger Venture Management Co., Ltd.	2.50%

Note 1: If the director or the supervisor is represented by the legal person shareholder, please indicate the name of the legal person shareholder.

Note 2: Please indicate the name and the Ratio of ownership of the main shareholder (with the Ratio of ownership ranked among the Top 10) of such legal person shareholder. If the main shareholder belongs to the legal person, please fill out the following form.

**(III) If the main shareholder belongs to a legal person, please indicate such main shareholder**

April 30, 2025

Name of legal person	Main shareholder of legal person	
	Name of shareholder	Ratio of ownership
MITAC INTERNATIONAL CORPORATION	MiTAC Holdings Corporation	100.00%
MEI-AN Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25%
	JumpStart Investments Ltd.	16.67%
	Others	1.08%
Tse Feng Investment Co., Ltd.	MITAC INTERNATIONAL CORPORATION	100.00%
Taiwan Business Bank, Ltd. (Note 2)	BANK OF TAIWAN	16.21%
	National Development Fund, Executive Yuan	5.87%
	Land Bank of Taiwan	2.29%
	Ministry of Finance	2.08%
	Taiwan Business Bank in custody for Taiwan Business Bank Employee Shareholding Trust	1.03%
	Citibank in custody for Norges Bank	0.94%
	JPMorgan Chase Bank, Taipei in custody for VWO Vanguard FTSE Emerging Markets ETF	0.91%
	JPMorgan Chase Bank Taipei Branch in custody for Advanced Starlight Fund Corporation's series of funds Advanced Aggregate International Stock Index	0.90%
	2020 2nd discretionary New Labor Pension Fund in custody for Fubon Investment	0.83%
	Standard Chartered International Commercial Bank in custody for iShares Core MSCI Emerging Markets ETF	0.70%
Lien Hwa Industrial Holdings Corporation	UPC Technology Corporation	9.68%
	Yi Yuan Investment Co., Ltd.	9.14%
	Yi Feng Investment Co., Ltd.	4.86%
	MIAO, Feng-Chiang	3.19%
	MIAO, Feng-Chuan	3.01%
	Yu Shiu Education Foundation, a legal entity	3.00%
	Employee Welfare Committee of Lien Hwa Industrial Holdings Corporation	2.82%
	MITAC INTERNATIONAL CORPORATION	2.79%
	CHOU, Tsu-An	2.38%
	MIAO, Feng-Sheng	2.23%
Chunghwa Post. Co., Ltd.	Ministry of Transportation and Communications	100.00%
MiTAC Inc. (Note 2)	Lien Hwa Industrial Holdings Corporation	35.29%
	Synnex Technology International Corp.	18.39%
	MEI-AN Investment Co., Ltd.	10.56%
	MITAC INTERNATIONAL CORPORATION	8.71%
	Tse Feng Investment Co., Ltd.	5.37%
	Hsu, Ai-Cheng	1.98%
	Parawin Venture Capital Corp.	1.92%
	MIAO, Feng-Chiang	1.08%
	Yi Feng Investment Co., Ltd.	0.75%
	Hong Ding Investment Co., Ltd.	0.74%
Harbinger Venture Management Co., Ltd.	Parawin Venture Capital Corp.	19.99%
	Taiwan Union International Investment Corporation	19.99%
	Synnex Technology International Corp.	19.99%

Name of legal person	Main shareholder of legal person	
	Name of shareholder	Ratio of ownership
	Tse Feng Investment Co., Ltd.	19.99%
	Lien Jie Er Investment Co., Ltd.	19.99%
	ZHOU, Der-Chien	0.05%

Note 1: Information as of April 30, 2025.

Note 2: Latest information available up to the date of publication of the annual report (2024.02.29 and 2024.07.02).

#### (IV) Information of directors

##### 1. Disclosure of professional qualification for directors and independency information of independent director:

Name	Conditions	Professional qualification and experience (Note 1)	Independency conditions (Note 1)	Number of independent directors served for other public offering companies at the same time.
Tsai, Feng-Tzu		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, IT channel deployment, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (6)(7)(9)(10)(11)(12)	N/A
Getac Holdings Corporation Representative: Miao, Hua-Bing		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of IT channel deployment, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(3)(4)(6)(7)(8)(9)(10)(11)	N/A
Getac Holdings Corporation Representative: Lin, Wei-Tsun		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (2)(3)(5)(6)(7)(8)(9)(10)(11)	N/A
Representative of National Development Fund, Executive Yuan: Li, Pei-Yu		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Expertise in the management of aerospace industry development planning.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	N/A
Lien Jie Er Investment Co., Ltd. Representative: Hsieh, Feng-Jen		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, IT channel deployment, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	N/A
Chao, Hsin-Che (Independent Director)		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of financial and technologic industries, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Li, Li-Hang (Independent Director)		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of financial and technologic industries, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	N/A
Wen, Wan-Shou (Independent Director)		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of technologic industry, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Huang, Chiu-Chi (Independent Director)		Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	N/A

Note 1: The conditions for compliance with independence are as follows.

- (1) Employees not hired by the company or its affiliates.
- (2) Directors and supervisors not appointed by the company or its affiliates (except where the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).
- (3) Natural person shareholders holding over 1% of the distributed shares or who are ranked among the Top 10 shareholders and where the shares are not registered under the name of the principal and its spouse, minor children or others.
- (4) Managers not listed in (1) or the spouse or the relatives within second degree or the direct blood relative within third degree as being listed in (2) and (3).
- (5) Directors, supervisors or employees of the legal person shareholder that is indirectly holding over 5% of the total shares being distributed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act, or that is ranked among Top 5 in share ownership, or where such person is being appointed to serve as the company's director or supervisor (except when it is the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act

or the laws of the local country).

- (6) Directors, supervisors or employees of another company that is not controlled by the same person who is the director of the company or who is holding more than half of shares entitled to the voting right (except when it is the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).
- (7) The director (director member), supervisor (supervisor member) or employee of another company or entity that is not the same person as or the spouse of the company's Chairman, President or the person serving the equivalent position (except when it is the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).
- (8) The company or the director (director member), supervisor (supervisor member, manager or the shareholder holding more than 5% of shares, who has not engaged in the financial or business deals with the company (except where such specific company or the entity is holding more than 20% up to 50% of the shares distributed by the company and where the independent director is appointed by the company and its parent company, subsidiary or the subsidiary of the same parent company according to this Act or local laws at the same time).
- (9) The professional person, the corporate owner running the business in sole proprietorship, partner, company or entity type, the partner, director (director member), supervisor (supervisor member), manager and its spouse that is engaging in the commercial, legal, financial and accounting services, who is not providing the audit service for the company or its affiliate or where the accumulated remuneration being received is less than NT\$500,000 during the past two years. Except for the members of Salary and Remuneration Committee, Public Acquisition Review Committee or Special Merger Committee who are executing their duties according to "Securities and Exchange Act" or "Business Mergers and Acquisitions Act".
- (10) The person that is neither the spouse nor a relative within the 2<sup>nd</sup> degree with other directors.
- (11) The person that is not engaging in the matters specified in the applicable clauses under Article 30 of the Company Act.
- (12) The person that is not appointed by the government, legal person or its representative according to the regulations specified in Article 27 of the Company Act.

Note 2. According to Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", an independent director of a public company may not concurrently serve as an independent director of more than three other public companies.

## 2. Board diversity and independence :

- (1) Diversity of Board of Directors: Specify the diversity policy of the Board of Director together with the target and result. The diversity policy shall include but is not limited to the director selection standard, the professional qualification and experience pertaining to the Board of Director as well as the organization conditions or percentage in the aspects of gender, age, nationality and culture. In the meantime, the aforesaid policy shall also define the substantial target and its accomplishing status for the company. Where the number of seats of the board of directors of a TWSE/TPEx listed company held by either gender is less than one-third of the total number of seats, the reason and measures to be taken to increase gender diversity of the board should be described.

### **Diversity policy**

In terms of the structure of the Board of Director of this Company, over 5 persons shall be appointed to serve as the directors according to the scale of the company's operation development, the share owning status of main shareholders and practical business operation. The diversity will be considered when appointing the members of the Board of Director. Except that the directors serving as the company manager at the same time shall not be over 1/3 of the director positions, appropriate diversity approaches shall be determined according to the company's operation status, operation pattern and development requirements. It shall include but is not limited to the standard established for the following two aspects:

1. Basic conditions and value: Gender, age, nationality and culture for which, the ratio of female directors shall account for one-third of the director positions.
2. Professional knowledge and skills: Professional background (e.g. legal, accounting, industry, finance, marketing or technology), know-how and industrial experiences, etc.

The members of the Board of Director shall possess the knowledge, skills and proficiency required for executing the duties. To achieve the ideal target for the company operation, provided below is the ability that should be possessed by the Board of Directors:

1. Operation judgment ability
2. Accounting and financial analysis ability
3. Operation management ability
4. Crisis responding ability
5. Industrial knowledge
6. International market prospect
7. Leadership
8. Decision ability

### **Physical management objectives**

In Chapter 3: "Reinforcing the competence of Board of Directors" under "Corporate Governance Best Practice Principles", the diversified approaches have been established and detailed content is disclosed in the company's website.

The nomination and the selection of the members of the Board of Directors are established according to the company rules for which, the candidate nomination system is adopted. In addition to evaluating the education and working experience qualification of each candidate, they are also required to comply with the requirements specified in "Director Selection Procedure" and "Corporate Governance Best Practice Principles" to ensure the diversity and the independency of the director members.

### **Current accomplishment and the overall ability pertaining to the Board of Directors**

1. In line with its diversity policy and to strengthen corporate governance while promoting a sound composition and structure of the Board of Directors, the Company adheres to the candidate nomination system as stipulated in the Company's Articles of Incorporation for nominating director candidates. The qualifications of the nominated candidates are carefully evaluated, and upon approval by the Board of Directors, the candidates are submitted to the shareholders' meeting for election. Except that the directors serving as the company manager at the same time shall not be over 1/3 of the director positions, appropriate diversity approaches shall be determined according to the company's operation status, operation pattern and development requirements, including (1) Basic requirement and value: gender,

age, nationality and cultural background. (2) Professional knowledge and skills: business judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership and decision-making ability. The Company's Board of Directors currently consists of nine directors. The specific management goals for the diversity of the Board of Directors are as follows:

Objectives	Status of achievement
The number of independent directors exceeds one-third of the total number of directors. (Independent directors accounts for 44%)	V
It is advisable that the number of directors who also serve as the Company's managers shall not exceed one-third of the total number of directors (The percentage of directors who are also employees is 22%).	V
Independent directors who have served less than 3 terms	V
Adequate and diversified professional knowledge and skills	V
Add one independent director of different gender	V

2. The members of the Board of Directors shall have rich experience and specialty in the field of finance, business and management. Provided below is the execution status:

Position	Name	Gender	Age	Nationality	Co-acting as the employee	Term of office for independent director			Professional background	Operation judgment ability	Accounting and financial analysis ability	Operation management ability	Crisis responding ability	Industrial knowledge			International market prospect	Leadership	Decision ability
						Below 3 years	3 years to 9 years	Over 9 years						Technology	Venture	Finance			
Chairman	Tsai, Feng-Tzu	Male	>50	Republic of China	V				Industry	V	V	V	V	V	V		V	V	V
Director	Miao, Hua-Bing	Male	>50	Republic of China					Industry	V	V	V	V	V	V		V	V	V
Director	Lin, Wei-Tsun	Male	>50	Republic of China	V				Industry	V	V	V	V	V			V	V	V
Director	Li, Pei-Yu	Female	<50	Republic of China					Industry	V	V	V	V	V			V	V	V
Director	Hsieh, Feng-Ruen	Male	>50	Republic of China					Industry	V		V	V	V			V	V	V
Independent Director	Zao, Shin-Tser	Male	>50	Republic of China			V		Finance	V	V	V	V	V	V	V	V	V	V
Independent Director	Li, Li-Hang	Male	>50	Republic of China			V		Finance	V	V	V	V	V	V	V	V	V	V
Independent Director	Wen, Wang-Shou	Male	>50	Republic of China			V		Industry	V	V	V	V	V			V	V	V
Independent Director	Huang Chiu-Chi	Female	>50	Republic of China		V			Industry	V	V	V	V	V		V	V	V	V



**Measures taken to enhance the gender diversity of directors:**

Gender diversity in the Board of Directors is the Company's specific goal, and the Company will gradually plan to improve the gender diversity of directors in accordance with relevant regulations.

- (2) Independency of Board of Directors: Define the number and the Ratio of the directors together with the independence of the Board of Directors. In the meantime, reasons shall also be provided to explain if involved is any event specified in Item 3 and Item 4 under Article 26-3 of "Securities and Exchange Act", including an explanation on whether the relationship of spouses or relatives within the 2<sup>nd</sup> degree exist between directors, supervisors and between directors and supervisors.

The Company's current Board consists of five directors and four independent directors (44%). All independent directors meet the requirements of the Securities and Futures Bureau, Financial Supervisory Commission regarding independent directors. The Company's Board of Directors is independent as the circumstances stipulated in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act are not met. please refer to "Disclosure of information on professional qualifications of directors and independence of independent directors". The Company has established an Audit Committee to exercise its functions and powers independently.

**(V) Information of the President, Vice President, Associate General Manager as well as the unit chief of each department and branch offices**

April 7, 2025

Title (Note 1)	Nationality	Name	Gender	Selection (Appointment) date	Shares owned		Shares owned by spouse and minor children		Shares held under the name of other persons		Main experience (academic background) (Note 2)	Co-acting duties served in other company	Manager possessing the spouse or within 2- degree relative relationship			Remarks (Note 3)
					Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
President	Republic of China	LIN, Wei- Tsun	Male	January 01, 2019	33,000	0.06%	-	-	-	-	MBA, National Central University Managing Director of Mitac Precision Technology (Kunshan) Co., Ltd.	President to NAFCO Suzhou Precision Co., Ltd. Director to MY NAFCO PRECISION. BHD.	-	-	-	-
Vice President	Republic of China	LI, Jia-Jui	Male	August 18, 2008	94,443	0.17%	2,127	0.00%	-	-	PhD in physics at William & Mary, U.S.A. PhD QA Leader to Aerospace Center, ITRI	-	-	-	-	-
Vice President and Accounting Supervisor, Corporate Governance Officer	Republic of China	LI, Wen- Cheng	Male	September 05, 2008	66,000	0.12%	-	-	-	-	National Aerospace Fasteners Corporation Audit Supervisor, Chief Financial Officer	Supervisor of NAFCO Suzhou Precision Director to MY NAFCO PRECISION. BHD.	-	-	-	-
Vice President	Republic of China	CHANG, Ya-Chu	Female	March 01, 2022	25,000	0.04%	-	-	-	-	Master in inter-culture communication at Université Paris VIII Master News Department at Shih Hsin University	-	-	-	-	-

Note 1: Including the information of the President, Vice President, Associate General Manager as well as the unit chief of each department and branch offices, together with the information of the personnel serving the position equivalent to President, Vice President or Associate General Manager regardless of the title.

Note 2: The experience related to the position currently served. If such person has served in the audit and CPA office or its affiliate during the aforesaid period, then describe the position and the duties being served.

Note 3: In the event the President or person (the Highest Manager) serving the equivalent position is the Chairman or the spouse of the Chairman or is a 1<sup>st</sup> degree relative, then explain the reasons, rationality, necessity and responding actions (e.g. increasing the number of Independent Directors, and, ensuring the majority of directors are not concurrently serving as employees or managers, etc.)

Note 4: The information is valid up to April 7, 2025, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

## II. Remuneration for directors, President and Vice President

### (I) Remuneration for general directors and independent directors

#### Remuneration to general directors and independent directors

2024 unit: NT\$ thousand, thousand shares

Position	Name	Remuneration for directors								Percentage (%) of total amount for Item A, B, C and D and the after-tax net profit (net loss).		Remuneration for co-acting employee.								Percentage (%) of total amount for Item A, B, C, D, E, F and G and the after-tax net profit (net loss).		The remuneration received from the reinvestment or the parent company other than the subsidiaries.
		Remuneration (A)		Severance pension (B)		Director remuneration (C) (Note 1)		Business execution expenses (D)				Salary, bonus and special allowance (E)		Severance pension (F)		Employee remuneration (G)						
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Tsai, Feng-Tzu																					
Director	Getac Holdings Corporation																					
	Representative: Miao, Hua-Bing																					
	Representative: Lin, Wei-Tsun																					
	National Development Fund, Executive Yuan	-	-	-	-	1,120	1,120	1,279	1,279	0.6381	0.6381	11,704	11,704	-	-	-	-	-	-	3.7510	3.7510	2,584
	Representative: Li, Kun-Chung																					
	Lien Jie Er Investment Co., Ltd.																					
	Representative: Hsieh, Feng-Jen																					
Independent Director	Li, Li-Hang																					
	Zao, Shin-Tser	-	-	-	-	1,280	1,280	368	368	0.4383	0.4383	-	-	-	-	-	-	-	-	0.4383	0.4383	-
	Wen, Wang-Shou																					
	Huang, Chiu-Chi																					
1. Please describe the payment policy, system, standard and structure relating to the independent director remuneration as well as the correlation between the amount of remuneration and the factors that should be assumed such as duties, risks and invested time. When paying the director's remunerations, in addition to the director's performance evaluation result and the requirements specified in the company rules, the Board of Directors is also authorized to determine such remunerations according to the suggestions of Salary and Remuneration Committee, the extent of engaging in the company's operation and the salary paying method practiced by other companies and this Company. 2. Apart from the disclosure through the aforesaid table, the remuneration received by the directors for the services provided in recent year (for example, serving as the non-employee consultant for the parent company, all companies mentioned in the Financial Report and reinvested business): None																						

Remuneration grade table

Grade of remuneration paid to each director of the company	Director name			
	Total amount of remunerations from the aforesaid 4 items (A+B+C+D)		Total amount of remunerations from the aforesaid 4 items (A+B+C+D+E+F+G)	
	The Company	All companies mentioned in the Financial Report H	The Company	All companies mentioned in the Financial Report I
Less than \$1,000,000.00	Tsai, Feng-Tzu /Getac Holdings Corporation/Miao, Hua-Bing/Lin, Wei-Tsun/National Development Fund, Executive Yuan/Li, Kun-Chung/Chao, Hsin-Che/Li, Li-Hang/Wen, Wan-Shou/Huang, Chiu-Chi	Tsai, Feng-Tzu /Getac Holdings Corporation Miao, Hua-Bing / Lin, Wei-Tsun /National Development Fund, Executive Yuan/Li, Kun-Chung/Chao, Hsin-Che/Li, Li-Hang/Wen, Wan-Shou/Huang, Chiu-Chi	Getac Holdings Corporation/Miao, Hua-Bing/National Development Fund, Executive Yuan/Li, Kun-Chung/Chao, Hsin-Che/Li, Li-Hang/Wen, Wan-Shou/Huang, Chiu-Chi	Getac Holdings Corporation/MIAO, Hua-Bing/National Development Fund, Executive Yuan/Li, Kun-Chung/Chao, Hsin-Che/Li, Li-Hang/Wen, Wan-Shou/Huang, Chiu-Chi
\$1,000,000 (including) ~ \$2,000,000 (excluding)	Hsieh, Feng-Ruen	Hsieh, Feng-Ruen	Hsieh, Feng-Ruen	Hsieh, Feng-Ruen
\$2,000,000 (including) ~ \$3,500,000 (excluding)				
\$3,500,000 (including) ~ \$5,000,000 (excluding)				
\$5,000,000 (including) ~ \$10,000,000 (excluding)			Tsai, Feng-Tzu; Lin, Wei-Tsun	Tsai, Feng-Tzu; Lin, Wei-Tsun
\$10,000,000 (including) ~ \$15,000,000 (excluding)				
\$15,000,000 (including) ~ \$30,000,000 (excluding)				
\$30,000,000 (including) ~ \$50,000,000 (excluding)				
\$50,000,000 (including) ~ \$100,000,000 (excluding)				
Over \$100,000,000				
Total	11	11	11	11

Note 1: The amount that should be distributed as being approved by the Board of Directors in the most recent year and it will be reported to the Regular Meeting of Shareholders.

Note 2: The content of the remuneration disclosed in this form is different from the income concept specified in the Income Tax Act. Therefore, this form is mainly used for disclosing the information and will not be used for the purpose of taxation.

**(II) Remuneration to President and Vice President**

2024; unit: NT\$ thousand, thousand shares

Position	Name	Salary (A)		Severance pension (B)		Bonus and special allowance (C)		Amount of employee remuneration (D)				Percentage (%) of total amount for Item A, B, C and D and the after-tax net profit (net loss).		The remuneration received from the reinvestment or the parent company other than the subsidiaries.
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Llin Wei-Tsun	9,442	9,442	-	-	7,635	7,635	-	-	-	-	17,076 4.54%	17,076 4.54%	-
Vice President	Li, Jia-Jui													
Vice President and Accounting Supervisor, Corporate Governance Officer	Li, Wen-Cheng													
Vice President	Chang, Ya-Chu													

Remuneration grade table

Grade of the remunerations paid to each President and Vice President of this Company.	Name of President and Vice President	
	The Company	All companies in the Financial Report
Less than \$1,000,000.00		
\$1,000,000 (including) ~ \$2,000,000 (excluding)		
\$2,000,000 (including) ~ \$3,500,000 (excluding)	Li, Jia-Jui; Li, Wen-Cheng	Li, Jia-Jui; Li, Wen-Cheng
\$3,500,000 (including) ~ \$5,000,000 (excluding)	Chang, Ya-Chu	Chang, Ya-Chu
\$5,000,000 (including) ~ \$10,000,000 (excluding)	Lin, Wei-Tsun	Lin, Wei-Tsun
\$10,000,000 (including) ~ \$15,000,000 (excluding)		
\$15,000,000 (including) ~ \$30,000,000 (excluding)		
\$30,000,000 (including) ~ \$50,000,000 (excluding)		
\$50,000,000 (including) ~ \$100,000,000 (excluding)		
Over \$100,000,000		
Total	4	4

Note: The content of the remuneration disclosed in this form is different from the income concept specified in the Income Tax Act. Therefore, this form is mainly used for disclosing the information and will not be used for the purpose of taxation.

**(III) Name of managers entitled to employee remunerations and the distribution result**

	Position	Name	Stock amount	Cash amount	Grand Total	Ratio of total amount from the after-tax net profit (%)
Manager	President	Lin Wei-Tsun	-	-	-	-
	Vice President	Li, Jia-Jui				
	Vice President and Accounting Supervisor, Corporate Governance Officer	Li, Wen-Cheng				
	Vice President	Chang, Ya-Chu				

**(IV) They are compared respectively. Its purpose is to analyze the ratio of the total remunerations, as being paid to the directors, supervisors, presidents and vice president during past two years, in the after-tax net profit that is specified in the individual finance report. In the meantime, it also explains the policy, standard and portfolio established for the remuneration payment, the remuneration paying procedure, and its correlation with the operation performance and the future risks.**

- (1) The analysis on the Ratio of the total remunerations, as being paid to the directors, supervisors, presidents and vice president during past two years, in the after-tax net profit that is specified in the individual finance report. :

Item	113		2023	
	The Company	Combine the reports prepared by all companies.	The Company	Combine the reports prepared by all companies.
Director	4.1893%	4.1893%	4.3628%	4.3628%
President and Vice President	4.54%	4.54%	4.76%	4.76%

- (2) The policy, standard and portfolio established for paying the remunerations to the directors and supervisors, together with the remuneration paying procedure, and its correlation with the operation performance and the future risks:
- Based on the requirements specified in Article 13-1 of the Company Rules: The Board of Directors is authorized to determine the remunerations that should be paid to the Chairman and the directors according to the suggestions of the Salary and Remuneration Committee, the extent of their engagement in the company operation, the value of contribution, the level of other companies and the salary payment method of this Company.
  - Pursuant to Article 18 of the Company's Articles of Incorporation: if the Company has profit in a certain year (profit before tax less profit before remuneration to employees and directors), it shall set aside no less than 1% and no more than 10% of the profit as remuneration to employees, and no more than 2% as remuneration to Directors. The distribution shall be resolved by the Board of Directors.
- (3) The policy, standard and portfolio established for paying the remunerations to the presidents and vice president, together with the remuneration paying procedure and its correlation with the operation performance and the future risks:
- The remunerations shall be paid to the president and the vice president of this Company according to their personal performance, the contribution to the overall operation of the company, industry standards and the operation risks of the company in the future. By doing so, the Salary and Remuneration Committee shall submit the proposal to the Board of Directors for discussion in order to determine the final result.
  - Pursuant to Article 18 of the Company's Articles of Incorporation: if the Company has profit in a certain year (profit before tax less profit before remuneration to employees and directors), it shall set aside no less than 1% and no more than 10% of the profit as remuneration to employees, and no more than 2% as remuneration to Directors. The distribution shall be resolved by the Board of Directors.

### III. Company management operating status

#### (I) Information of Board of Directors operating status

In previous year, five sessions of meetings were convened by the Board of Directors (A) and provided below is the presence status of directors:

Position	Name	Number of actual presence (attendance)-B	Number of authorized presence	Actual presence (attendance) rate (%) B/A	Remarks
Director	Tsai, Feng-Tzu	5	-	100.00	
Director	Getac Holdings Corporation Representative: Miao, Hua-Bing	5	-	100.00	
Director	Getac Holdings Corporation Representative: Lin, Wei-Tsun	5	-	100.00	
Director	National Development Fund, Executive Yuan Representative: Li, Kun-Chung	5	-	100.00	
Director	Lien Jie Er Investment Co., Ltd. Representative: Hsieh, Feng-Jen	5	-	100.00	
Independent Director	Li, Li-Hang	4	1	80.00	
Independent Director	Zao, Shin-Tser	5	-	100.00	
Independent Director	Wen, Wang-Shou	5	-	100.00	
Independent Director	Huang, Chiu-Chi	5	-	100.00	

Other notations:

- I. If any of the following events occurs to the operation of Board of Directors, please explain the Board of Directors date, session, discussion content, the comments of all independent directors and company's solutions for the comments raised by the independent directors.

#### (I) Items listed in Article 14-3 of Securities and Exchange Act:

Date and session of Board of Directors	Discussion content	Comments raised by independent directors	Company's solutions for the comments raised by the independent directors.
January 26, 2024 4th meeting of the 10th Board	The Company's indirect capital increase in the subsidiary in Malaysia through the overseas subsidiary.	No objections	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	No objections	N/A
	Distribution of bonuses and remuneration for the vice president of this Company in 2023.	No objections	N/A
	Distribution of bonuses and remuneration for the president of this Company in 2023.	No objections	N/A
	Distribution of bonuses and remuneration for the chairman of this Company in 2023.	No objections	N/A
February 23, 2024 5th meeting of the 10th Board	Amendment to some clauses in the Company's "Articles of Incorporation".	No objections	N/A
	Amendment to some clauses in the Company's "Rules and Procedures of Shareholders' Meeting"	No objections	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	No objections	N/A
	The Company's 2024 Vice President Performance and Remuneration Plan.	No objections	N/A

April 26, 2024 6th meeting of the 10th Board	The Company's 2024 president performance and remuneration plan.	No objections	N/A
	Remuneration plan for the Chairman of the Company in 2024.	No objections	N/A
	Capital loan to subsidiary NAFCO Suzhou Precision by the Company.	No objections	N/A
	Endorsement/guarantee to NAFCO Suzhou Precision by the Company.	No objections	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	No objections	N/A
July 30, 2014 7th meeting of the 10th Board	Endorsement/Guarantee provided by the Company.	No objections	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	No objections	N/A
October 30, 2024 8th meeting of the 10th Board	Amendment to the Company's "Internal Control System", "Implementation Rules of Internal Audit", and "Procedures for Transactions with Related Parties, Specific Companies and Group Companies".	No objections	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	No objections	N/A

(II) Except for the aforesaid matters, the resolutions reached in the Board of Directors that are rejected or resolved with comments reserved by the independent director and that are provided with record or the written statement: None

II. When executing cases in which a director has recused themselves due to a conflict of interest, it is required to record the name of the director, the discussion content, the reasons for the recusal and the voting status:

Date of the Board of Directors	Name of director subjecting to the avoidance of interests	Discussion content	Reasons for the avoidance of interests	Voting status
January 26, 2024	Lin, Wei-Tsun	Distribution of bonuses and remuneration for the president of this Company in 2023.	Has manager status.	Due to a potential conflict of interest, Mr. <u>LIN, Wei-Tsun</u> , the President, explained the important content of his interests involved, and voluntarily recused himself from the discussion and voting. After consulting the directors present who had no objections, the proposal was approved as originally proposed.
January 26, 2024	Tsai, Feng-Tzu	Distribution of bonuses and remuneration for the chairman of this Company in 2023.	Has manager status.	Due to a potential conflict of interest, Mr. <u>Feng-Su Tsai</u> , the Chairman, explained the important content of his interests involved, and voluntarily recused himself from the discussion and voting. After consulting the directors present who had no objections, the proposal was approved as originally proposed.
February 23, 2024	Lin, Wei-Tsun	The Company's 2024 president performance and remuneration plan	Has manager status.	Due to the avoidance of interests, Mr. <u>LIN, Wei-Tsun</u> , the President, excused himself from the discussion and the voting after explaining the important content of the interest confliction. After inquiring the opinions of the presented directors, the case is unanimously approved and the avoidance of Mr. LIN, Wei-Tsun is therefore permitted.
February 23, 2024	Tsai, Feng-Tzu	Remuneration plan for the Chairman of the Company in 2024	Has manager status.	Due to a potential conflict of interest, Mr. <u>Tsai, Feng-Tzu</u> , the Chairman, explained the important content of his interests involved, and voluntarily recused himself from the discussion and voting. After consulting the directors present who had no objections, the proposal was approved as originally proposed after director LI, Li-Hang acted as the chairman.

III. Execution status of evaluation cycle and period, evaluation scope, method and evaluation content relating to the self (or associate)-assessment by the Board of Directors:



Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluated once per year	2024.01.01-2024.12.31	1. Entire Board of Directors 2. Individual director member 3. Audit Committee 4. Salary and Remuneration Committee	1. Director member self-evaluation 2. Functional member self-evaluation	I. Board of Directors performance evaluation: 1. Extent of engagement in the company operation 2. Elevating the decision-making quality for Board of Directors 3. Organization and structure of Board of Directors 4. Appointment of directors and advanced study 5. Internal control II. Performance evaluation of individual director member: 1. Company target and mission control 2. Perception of director duties 3. Extent of engagement in the company operation 4. Internal relationship maintaining and communication 5. Specialty of directors and advanced study 6. Internal control III. Functional Committee (Audit Committee, Salary and Remuneration Committee) 1. Extent of engagement in the company operation 2. Perception of duties for Functional Committee 3. Elevating the decision-making quality for Functional Committee 4. Organization of Functional Committee and selection of members 5. Internal control

IV. Target of reinforcing the competence of Board of Directors for current year and previous year (e.g. setting up Audit Committee and elevating the information transparency, etc.) and evaluation of execution status:

(I) Based on the applicable regulations, this Company has developed the “Board of Directors Meeting Rules” and it will be amended periodically in order to maintain an effective Board of Directors management system, to maintain a sound supervisory function and to intensify the management mechanism.

(II) Through the “Company management” field on the Public information observatory, this Company disclosed the present status of directors and their learning progress to the public investors periodically in order to provide real-time and transparent information.

(III) Based on the applicable regulations, this Company has developed the “Corporate Governance Best Practice Principles” in order to intensify the competence of the Board of Directors and to implement an efficiency company management framework.

(IV) This Company has developed the “Board of Directors Performance Evaluation Method” in order to realize the company management, intensify the Board of Directors function and improve the operating efficiency of the Board of Directors. In the meantime, this Company also conducted the internal Board of Directors performance evaluation at least once per year and also reported the result to the Board of Directors.

(V) To improve the duties of the Functional Committee and to maintain well-balanced company management, this Company has organized the Audit Committee to replace the duties of the supervisors.

(VI) The Company improves the competence required for the Board of Directors according to the regulations of the applicable laws and the Company’s management demands.

## (II) Operating status of the Audit Committee

1. This Company has organized the Audit Committee which is composed by four independent directors. Based on a professional and objective point of view, the Committee shall convene at least one session in order to fulfill the following duties and shall also submit the resolutions to the Board of Directors for discussion:

The Committee will be operated by focusing on the supervision of following matters:

- (1) Appropriate expression of the company's financial report.
- (2) Appointment (dismissal) of CPA as well as independency and performance.
- (3) Effective execution of the company's internal control.
- (4) Ensure that the company will comply with applicable laws and rules.
- (5) Control of the company's existence or potential risks.

2. Described below are the duties of this Committee:

- (1) Develop or amend the internal control system according to the regulations specified in Article 14-1 of "Securities and Exchange Act".
- (2) Evaluate the effectiveness of the internal control system.
- (3) Based on the regulations specified in Article 36-1 of "Securities and Exchange Act", develop or amend or acquire or dispose the asset, engage in the transaction of derivative merchandise, loan fund to others, provide endorsement for others, or provide the guarantee for the handling procedure of major financial operation behaviors.
- (4) The matters involving the private interests of the director.
- (5) Execute the transaction of major assets or derivative merchandise.
- (6) Loan or endorse major fund or provide guarantee.
- (7) Solicit, issue or engage in the private offering of marketable securities bearing the equity nature.
- (8) Appoint or dismiss the CPA or provide the remuneration.
- (9) Appoint and dismiss the financial, accounting or internal audit supervisor.
- (10) The annual financial report signed or stamped by the Chairman, manager and accounting supervisor.
- (11) Other major event specified by the company or the competent authority.

3. In the most recent year (2024), the Audit Committee convened five sessions of meeting (A) and provided below is the presence (attendance) status of independent directors:

Position	Name	Actual attendance times (B)	Number of authorized presence	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Zao, Shin-Tser	5	-	100.00	
Independent Director	Li, Li-Hang	4	1	80.00	
Independent Director	Wen, Wang-Shou	5	-	100.00	
Independent Director	Huang, Chiu-Chi	5	-	100.00	

Other notations:

I. If any of the following events occurs to the operation of Audit Committee, please describe the Audit Committee Meeting convening date, session, content of discussion, independent director's opposing comments, reserved comments or major suggestions together with the resolutions reached by the Audit Committee and company's handling of comments raised by the Audit Committee.

(I) The matters listed in Article 14-5 of "Securities and Exchange Act".

Audit Committee meeting date / session	Discussion content	Resolutions of Audit Committee	Company's handling of comments raised by Audit Committee.
January 26, 2024 4th meeting of the 2nd term	The Company's indirect capital increase in the subsidiary in Malaysia through the overseas subsidiary.	Reviewed and approved by attending committee members	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	Reviewed and approved by attending committee members	N/A
	Statement on the validity of the Company's 2023 internal control self-assessment.	Reviewed and approved by attending committee members	N/A
February 23, 2024 5th meeting of the 2nd term	The Company's 2023 business report and financial statements.	Reviewed and approved by attending committee members	N/A
	Amendment to the Company's "Articles of Incorporation".	Reviewed and approved by attending committee members	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	Reviewed and approved by attending committee members	N/A
April 26, 2024 6th meeting of the 2nd term	Capital loan to subsidiary NAFCO Suzhou Precision by the Company.	Reviewed and approved by attending committee members	N/A
	Endorsement/guarantee to NAFCO Suzhou Precision by the Company.	Reviewed and approved by attending committee members	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	Reviewed and approved by attending committee members	N/A
July 30, 2024 7th meeting of the 2nd term	Endorsement/Guarantee provided by the Company.	Reviewed and approved by attending committee members	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	Reviewed and approved by attending committee members	N/A
October 30, 2024 8th meeting of the 2nd term	Amendment to the Company's "Internal Control System", "Implementation Rules of Internal Audit", and "Procedures for Transactions with Related Parties, Specific Companies and Group Companies".	Reviewed and approved by attending committee members	N/A
	Ratification of the Company's acquisition and disposal of derivative financial instruments.	Reviewed and approved by attending committee members	N/A

(II) Except for the aforesaid matters, the resolutions reached in the Board of Directors that are not agreed upon by the Audit Committee but are approved by over two-thirds of the total directors: None

II. The performance of independent directors in recusing themselves from conflict of interest proposals should be stated, including the names of the independent directors, the content of the proposals, the reasons for recusal due to conflict of interest, and their participation in voting: None

III. Communication status between the independent director, the internal audit supervisor and the CPA (including the major event, method and result that should be communicated for the company's financial and business operation status, etc.)

(I) Communication between independent director and the internal audit supervisor: In addition to conduct the audit operation report in the Audit Committee Meeting regularly, the internal audit supervisor is also required to conduct independent communication meeting with the independent director for at least once per year.

Date	Nature	Communication subject	Suggestions and the company's handling status
January 26, 2024	Audit Committee	2023 Q4 Audit Defect and Improvement Tracking Report Self-evaluation operation for 2023 internal control system	No comments After passing the review, the case was reported to the Board of Directors
April 26, 2024	Audit Committee	Implementation of the audit plan 2024 Q1 2024 Q1 Audit Defect and Improvement Tracking Report	No comments
July 30, 2024	Audit Committee	Implementation of the audit plan 2024 Q2 2024 Q2 Audit Defect and Improvement Tracking Report	No comments
October 30, 2024	Audit Committee	2024 Q3 Audit Defect and Improvement Tracking Report 2025 Annual Audit Plan	No comments Reported to the Board of Directors

October 30, 2024	Communication meeting	Communicate and understand the planning and the execution status of Internal Audit Plan and defect improvement status.	Enhance safety advocacy and personnel education and training to raise safety awareness.
<p>(II) Communication status between the independent director and the CPA: The independent directors of the Audit Committee shall work with the CPA to audit or review the financial report and communicate the updating of the applicable laws during the Audit Committee Meeting. If required, the CPA will conduct the communication and the discussion in written form and shall conduct an independent meeting with the independent director at least once per year.</p>			
Date	Nature	Communication subject	Suggestions and the company's handling status
February 23, 2024	Audit Committee	1. The CPA attended the Audit Committee meeting to report and explain the audit scope, conclusion, significant accounting assessment and continuing operations, asset impairment and fund-raising ability analysis of the 2023 consolidated financial statements. 2. Purpose and structure of Audit Quality Indicators (AQIs)	No comments
April 26, 2024	Audit Committee	1. The CPA attended the Audit Committee meeting to report and explain the review scope, conclusion, significant accounting assessment and continuing operations, asset impairment and fund-raising ability analysis of the 2024 Q1 consolidated financial statements. 2. 2024 Communication Plan 3. Role and responsibility of the dominating CPA 4. Audit Plan 5. Independency of the CPA	No comments
July 30, 2014	Audit Committee	The CPA attended the Audit Committee meeting to report and explain the review scope, conclusion, significant accounting assessment of the 2024 Q2 consolidated financial statement, and CPAs' independence, and recent legal updates	No comments
October 30, 2024	Audit Committee	The CPA attended the Audit Committee meeting to report and explain the review scope, conclusion, significant accounting assessment, and of the 2024 Q3 consolidated financial statement, and CPAs' independence.	No comments
October 30, 2024	Communication meeting	Exchange, communicate and discuss with the accountants the Company's key audit matters, business operations, operational risks, internal control audits, and audit operations.	No comments

**(III) Company's management operation status and its variation with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons**

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Y	N	Summary	
I. Is the company developing and disclosing the company's practical management rules according to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		This Company has developed the "Corporate Governance Best Practice Principles" in order to maintain a well-balanced and efficient company management system and structure. In the meantime, this Company also disclosed the company's practical management rules on the company's website and the public information observatory.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
II. Company's equity structure and the shareholder's equity (I) Has the company developed the internal operation procedure for dealing with the suggestions, questions, dispute and lawsuit raised by shareholders and executed accordingly?	V		This Company has established the spokesman and acting spokesman system for handling the shareholder's suggestions or disputes	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
(II) Is the company maintaining the main shareholders that are actually controlling the company and the final controller list of these main shareholders?	V		This Company is able to maintain the main shareholders that are actually controlling the company and the final controller list of these main shareholders. Based on the regulations of "Securities and Exchange Act", we also reported the number of shares owned by the directors and the main shareholders.	
(III) Has the company established and implemented the risk control and the firewall mechanism with your affiliates?	V		Based on the applicable laws, we have established the internal control related system and put it into execution. We have maintained the well-defined personnel, asset and financial management responsibilities between out affiliates. In the meantime, we also audited the accounts book and the internal control system of these affiliates and have also developed appropriate risk control and firewall mechanisms. The operation of this Company and the affiliates is conducted individually and we also developed the "Subsidiary Monitoring Operation Method".	
(IV) Have you established the internal rules for preventing your employees from buying and selling the marketable securities with the undisclosed market information?	V		We have established "Internal Major Information Handling Procedure" and "Honest Operation Rules". On a regular basis, we also communicated these rules to the directors and managers as well as the personnel that will be able to learn about the important internal information of the company through the identity, duties or control relationship. Further, we also urged the members involved to evade conflicts of interest relating to their duties in order to prevent using inside information and realizing such a system. When assigning the internal employee to assume its duties, we also provided the rules that should be followed according to the applicable laws	

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Y	N	Summary	
<p>III. Organization and responsibility of the Board of Director</p> <p>(I) Has the Board of Directors developed the diversity policy and the substantial management target for its members and has the policy been put into execution?</p>	V		<p>1. In our "Corporate Governance Best Practice Principles", the diversity policy has been specified in Chapter 3: "Strengthening the Competence of the Board of Directors". The members of our Board of Directors are nominated and selected according to the requirements specified in the Company Rules for which, the candidate nomination system is implemented. In addition to evaluating the education and working experience qualification of each candidate, they are also required to comply with "Director Appointment Procedure" and "Corporate Governance Best Practice Principles" to ensure the diversity and the independency of the director members.</p> <p>2. Aiming at the member composition, the diversified policy is developed by the Board of Directors. The diversified policy of the director members is specified in Article 20 of "Corporate Governance Best Practice Principles" and the detailed content is disclosed on our website.</p> <p>3. For detailed management target of the diversified members of the Board of Directors and its execution status, please refer to Page 11-13.</p>	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
<p>(II) In addition to the Salary and Remuneration Committee and the Audit Committee, will you voluntarily organize other types of functional committees?</p>	V		In addition to the Salary and Remuneration Committee and the Audit Committee, other types of functional committees will be organized according to actual demand of the company.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
<p>(III) Has the company set up the Board of Directors performance evaluation method and its evaluation method and conducted the performance evaluation regularly each year? Have you reported the result of performance evaluation to the Board of Directors and used it as the reference of determining the salary and remuneration for each individual director and for renewing their nomination?</p>	V		<p>We have developed the "Board of Directors Performance Evaluation Method". Upon the end of each fiscal year, we will conduct the internal Board of Directors performance evaluation for at least once. In this respect, we have reported the "2024 Board of Directors self-evaluation" and the director self-evaluation result in the Board of Director Meeting held on February 20, 2025. In the meantime, we also posted the evaluation result in the "Company management" field of our website for checking.</p> <p>The remunerations due to the directors shall be offered according to the company rules. By doing so, we will offer reasonable remunerations according to the company's operation result and their contribution to the company's performance. The company's "Board of Directors Performance Evaluation Method" is used as the basis of evaluation for setting up the amount of remuneration. Apart from referencing to the company's overall operation performance and future industrial operation risks and development trend, consideration is also given to the personal performance accomplishment rate and their contribution to the company performance. Further, we also reviewed the remuneration system in due time according to actual operation status and the applicable laws in order to maintain a balanced sustainable operation and risk control.</p>	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
<p>(IV) Have you evaluated the independency of the CPA regularly?</p>	V		We will evaluate the independence and the competence of the hired CPA every year. Based on the requirements specified in Item 5 under Article 32 of "Corporate Governance Best Practice Principles" and that established for the Audit Quality Indicators (AQI), we evaluated	Accord with the conception of "Corporate Governance

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons						
	Y	N	Summary							
			LI, Yen-Na and LIU, Chien-Yu, the CPAs of Pricewaterhouse Coopers, Taiwan. Aiming to the professional qualification of the aforesaid CPAs, we provided the audit services for several consecutive years to check if they have any interest relationship with the company (e.g. putting investment in this Company or co-acting the duties of this Company), if they are relatives of the company’s responsible person or any manager and if they are taking advanced lessons periodically. In the meantime, we also reported the evaluation report to the Audit Committee Meeting held on February 20, 2025 and it was also approved by the Board of Directors.	Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.						
IV. Has the listed and OTC companies appointed appropriate number of competent company management persons and assigned the company management supervisor to execute the company management related matters (including but not limited to the information required for the directors and supervisors to execute the business operation, help the directors and supervisors comply with the statutory regulations, handle the Board of Directors’ meetings and the regular shareholders’ meetings related matters, as well as prepare the Board of Directors’ meetings and the regular shareholders’ meetings minutes?	V		(I) To implement corporate governance and enable the effective functioning of the Board of Directors, the Company has resolved in the Board of Directors meeting on April 28, 2023 to appoint Wen-Cheng Li as the Company's Corporate Governance Officer, who will be the highest-ranking officer responsible for corporate governance-related affairs. Each relevant department will also have designated corporate governance personnel to carry out various corporate governance matters. (II) Main duties and business execution status: 1. To handle matters related to the meetings of the Board of Directors and the Audit Committee in accordance with the law, and to prepare meeting minutes. 2. Assisting in onboarding and continuing education of directors. 3. According to the Company's "Board of Directors Performance Evaluation Regulations," the performance evaluation of the Board of Directors and various functional committees is regularly evaluated to enhance the efficiency of the Board of Directors and various functional committees. 4. Provide information required by directors to carry out their duties. 5. Assist directors in complying with laws and regulations. 6. To handle matters related to the meetings of shareholders’ meeting in accordance with the law, and to prepare meeting minutes. 7. Report to the Board of Directors on whether the qualification of independent directors complies with relevant laws and regulations at the time of nomination, election, and term of office. 8. Handle matters related to the change of directors. 9. Other matters stipulated in the Company's Articles of Incorporation or contracts. (III)Continuing education in 2024: <table><tr><th>Organizer</th><th>Course name</th><th>Hours of advanced studies</th></tr><tr><td>Securities and Futures Institute</td><td>Advanced practice seminar for directors, supervisors (including independent directors and supervisors) and corporate governance officer</td><td>12</td></tr></table>	Organizer	Course name	Hours of advanced studies	Securities and Futures Institute	Advanced practice seminar for directors, supervisors (including independent directors and supervisors) and corporate governance officer	12	Accord with the conception of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.
Organizer	Course name	Hours of advanced studies								
Securities and Futures Institute	Advanced practice seminar for directors, supervisors (including independent directors and supervisors) and corporate governance officer	12								
V. Has the company provided a communication channel for the stakeholders (including but not limited to	V		(I) We have provided the “Stakeholder field” on our website. Through the “Stakeholder field”, we are able to respond to the important corporate social responsibility related issues of concern to the stakeholders. Our sustainability report is also on the website for stakeholders to download.	Accord with the conception of “Corporate Governance						

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Y	N	Summary	
the shareholders, employees, customers and suppliers, etc.)? Has the company provided a stakeholder field in your website and properly responded to the important corporate social responsibility related issues of concern to the stakeholders?			(II) In the meantime, the stakeholders are also allowed to communicate with the company through the spokesman and the acting spokesman channel officially. TEL: (03)450-8688 , E-mail : <a href="mailto:IR@nafco.com.tw">IR@nafco.com.tw</a> Stakeholder field: <a href="https://www.nafco.com.tw/society-tw/stakeholders-tw/">https://www.nafco.com.tw/society-tw/stakeholders-tw/</a> Sustainability report download: <a href="https://www.nafco.com.tw/society-tw/corporate-social-responsibility-tw/">https://www.nafco.com.tw/society-tw/corporate-social-responsibility-tw/</a>	Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
VI. Has the company authorized the professional stock affairs agency to handle matters relating to shareholders' meetings?	V		We have authorized the professional stock affairs agency established by the Stock Affairs Department of CTBC Bank to handle matters relating to shareholders' meetings.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
VII. Disclosure of information (I) Has the Company set up a website to disclose the financial and corporate governance information?	V		We have set up an official website ( <a href="http://www.nafco.com.tw">www.nafco.com.tw</a> .) and have disclosed the financial operation and the company management related information under the "Investor relationship" field.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
(II) Has the company implemented other type of information disclosure method (for example, install the English website, assign a special person to collect and disclose company's information, set up the spokesman system and install the company's website during the investor conference process)?	V		We have set up the Standard Chinese, Simplified Chinese and English websites and assigned a responsible unit and staff to collect and disclose the information of the company. In addition to the spokesman, we also set up the acting spokesman system and disclose relevant information in accordance with the law. In the meantime, we also published the investor conference related information on our website and public information observatory for the investors to analyze and to check.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.
(III) Has the company published and submitted the annual financial report within 2 months after the fiscal year has ended? Has the company published and submitted Q1, Q2 and Q3 financial reports	V		We published and submitted the 2024 annual financial report on February 24, 2025, and published and submitted Q1, Q2 and Q3 financial reports and the operation status of each month before the specified timeline	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute



Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Y	N	Summary	
and the operation status of each month before the specified timeline?				the operation.
VIII. Do you have any other important information that will help understand the Company's management operation status (including but not limited to the employee equity, employee care, investor relationship, supplier relationship, stakeholder's right, the advanced study status of directors and supervisors, the execution status of risk management policy and risk measuring standard, the execution status of customer policy, and the insurance policy that should be purchased by the company for directors and supervisors, etc.)?	V		<p>(I) Employee equity Described below are the benefits, equity and welfare provided by the company for our employees:</p> <ol style="list-style-type: none"> <li>1. Provide labor insurance, National Health Insurance and allocate pension as per the law. Establish a sound and lawful retirement system.</li> <li>2. Welfare measures such as operation performance bonus, employee commercial group insurance, festival and birthday bonus or gift, yearly free health inspection, sponsor or support employee travel, provide legal consultation for employees, employee canteen, aerial garden, fitness center and breastfeeding room, etc.</li> <li>3. Provide occupational safety and health related protection appliances and spare parts. Conduct labor safety seminar periodically.</li> <li>4. Organize well-planned employee welfare committees. Convene meetings periodically for organizing all kinds of employee welfare measures and activities so as to condense employee's fellowship and intensify their cohesion for the company.</li> <li>5. Provide periodic education and training for all employees in the factory and organize employee's annual occupation study plan.</li> <li>6. Set up professional medical care personnel to provide labor care, employee health education and injury/disease consultation, plan the improvement of human-factor engineering as well as prevent over-working, occupational bullying and female employee protection plan.</li> </ol> <p>(II) Employee care</p> <ol style="list-style-type: none"> <li>1. We provide an employee communication meeting periodically to clearly communicate the Company's operation status and the target to the employees so as to motivate and encourage them to work together for achieving the required quality, delivery time and profit. In this way, we may create the maximum profit for the company, the employees and the shareholders.</li> <li>2. Provide a workplace with gender equality, personnel dignity, and non-discriminating and friendly environment.</li> <li>3. Promote the tobacco prevention policy to improve the health and the production ability of employees and we also established smoking control regulations.</li> <li>4. Maintain the cleanliness of foreign worker dormitories and disseminate epidemic prevention measures in order to promote the employee's consciousness in maintaining residential hygiene and the disease prevention.</li> <li>5. Work with the NAFCO Social Charity Foundation in providing distress assistance and care for all employees.</li> <li>6. Care about the mental and physical health of all employees. Conducted the pressure-releasing activities periodically such as staff dining, festival activities and additional dishes.</li> </ol>	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and execute the operation.

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Y	N	Summary	
			<p>(III) Relationship with the investor: Abiding by honest, impartial principles, we promoted a transparent company management policy for announcing company operation and financial related messages to shareholders and stakeholders periodically. In the meantime, we also set up the spokesman and acting spokesman system for serving as the communication bridge between the company and the shareholders so as to fulfill due responsibilities and obligations in disclosing the company's information. In addition, we also set up the spokesman and the acting spokesman e-mail for dealing with the suggestions and the questions raised by the investors.</p> <p>(IV) Relationship with the supplier We hope to maintain mutual long-term relationships with our suppliers. Through the complete and rich industrial experiences being accumulated over the past years and the amiable relationship with the suppliers, it is hoped that all materials will be supplied continuously according to the quantity being planned.</p> <p>(V) Rights of stakeholders To handle the requirements from the stakeholders such as shareholders and employees, we authorized the stock agent to provide services and maintain their rights through the following channels such as the investor service specialist, e-mail and employee relationship specialist, etc.</p> <p>(VI) Advanced study of directors and supervisors All directors of this Company possess the professional industrial background and the duration of advanced study in 2024 has been executed as required. In the meantime, we also disclosed the advanced study details in the "Company management" field of Public Information Observatory for reference by the investors.</p> <p>(VII)Execution status of risk management policy and risk measuring standard Pursuant to the applicable law, we have developed a variety of internal rules for conducting the risk management and evaluation.</p> <p>(VIII)Execution status of customer policy Based on the techniques and the production ability being accumulated over the past years, we are able to service the customer through efficient resource integration so as to meet the customer's demand for quality, cost and delivery time. In this way, we will maintain a longer relationship with the customer.</p> <p>(IX) Purchasing of liability insurance policy for directors Pursuant to the regulations specified in "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", we purchased liability insurance policy for our directors and it is also disclosed in the "Company management" field of Public Information Observatory.</p>	

Evaluation item	Operation status						Variation with the” Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons	
	Y	N	Summary					
				Insurance target	Insurance company	Coverage (NT\$ thousand)	Insurance period (starting/ending)	
				All directors	Fubon Insurance Co., Ltd.	255,920	September 2, 2024 to September 2, 2025	

IX. Please explain the status of the items being improved according to the company management assessment result published by the Company Governance Center of The Taiwan Stock Exchange Corporation in previous years. Please also explain the items that should be improved in top priority and relevant strengthening measures. (Do not indicate the company that is not included in the evaluation list)

(I) Please explain the improvement being executed according to the company management assessment result being published in previous years.

11th Assessment Indicators	Improvement status
Has more than half of the directors and Audit Committee convener attended the shareholders' meeting in person, and disclosed the attendance list in the meeting minutes?	The attendance list has been disclosed in the meeting minutes and uploaded to the MOPS.
Has the policy of linking the remuneration to senior managers to ESG-related performance evaluation been disclosed?	Details have been disclosed in the Company's annual report. .
Has the Company compiled and uploaded its sustainability report to the Market Observation Post System (MOPS) and the Company's website by the end of September in accordance with the GRI Guidelines issued by the Global Reporting Initiative (GRI)?	The Company has uploaded the sustainability report to MOPS and the Company's website.
Has the Company assessed the risk or opportunity to the community and taken corresponding measures, and disclosed the specific measures and implementation results on the Company's website, annual report or sustainability report?	This has been disclosed in the Company's annual report and sustainability report.

(II) Priority strengthening items and measures for the items not improved according to the company management assessment result published in the latest year (2024):  
Based on the regulations imposed by the competent authority, we have conducted the company management self-assessment and have proposed the priority improvement measures according to the company’s existing status for the items not improved so as to improve the company’s management step by step. Besides, We also established a well-organized and effective company management system and framework in order to elevate the information transparency and the company management image.

**(IV) If the Salary and Remuneration Committee is organized by the company, please disclose its composition, duties and operation status**

1. We have organized the Salary and Remuneration Committee. In each year, the committee will convene at least two sessions in order to fulfill the following duties and submit the suggestions to the Board of Directors for discussion:

- (1) Periodically review the company rules and propose amendment suggestions.
- (2) Set and periodically review the performance evaluation standard for the directors and the managers of this Company, the yearly and long-term performance target as well as the salary and the remuneration related policy, system, standard and structure.
- (3) Periodically evaluate the performance target accomplishment status of the directors and the managers of this Company. Based on the evaluation result obtained from the performance evaluation standard, set up the content and the amount of the respective salary and remuneration.

2. Information of Salary and Remuneration Committee members

Identity (Note 1)	Conditions	Professional qualification and experience	Status of independence	Number of the members serving as the Salary and Remuneration Committee member of other public offering company.
	Name			
Independent Director (Convener)	Li, Li-Hang	Please see “Disclosure of information on professional qualifications of directors and independence of independent directors” on page 9.	<ol style="list-style-type: none"> <li>1. Employees not hired by the Company and the affiliates.</li> <li>2. Directors and supervisors not appointed by the Company and the affiliates.</li> <li>3. Natural person shareholders owning over 1% of the total distributed shares or being among the Top 10 shareholders, which is not registered under the name of the principal and its spouse or minor children or others.</li> <li>4. Managers not listed in (1) or the spouse or the relatives within second degree or the direct blood relative within third degree as being listed in (2) and (3).</li> <li>5. Legal person shareholders that are neither directly owning over 5% of shares of the total shares distributed by this Company nor listed among the Top 5 in share owning; nor the director, supervisor or employee of the legal person shareholder that is appointed as the representative to serve as the director or the supervisor of this Company, as specified in Item 1 or Item 2 under Article 27 of Company Act.</li> <li>6. The director, supervisor or employee of another company that is not controlled by the same person who is the director of the company or who is holding more than half of shares entitled to the voting right</li> <li>7. The director (director member), supervisor (supervisor member) or employee of other company or entity that is not the same person as or the spouse of the company’s Chairman, President or the person serving the equivalent position</li> <li>8. The director (director member), supervisor (supervisor member), the manager or the shareholder owning over 5% of shares of another company or entity that is not engaging in financial or business transactions with the Company.</li> <li>9. The professional person, the corporate owner running the business in sole proprietorship, partner, company or entity type, the partner, director (director member), supervisor (supervisor member), manager and its spouse that is engaging in the commercial, legal, financial and accounting services, who is not providing the audit service for the company or its affiliate or where the accumulated remuneration being received is less than NT\$500,000 during the past two years.</li> <li>10. Not performing any of the actions specified in the clauses under Article 30 of Company Act.</li> </ol>	0
Independent Director	Zao, Shin-Tser			1
Independent Director	Wen, Wang-Shou			1
Independent Director	Huang, Chiu-Chi			0

### 3. Operation status information of Salary and Remuneration Committee

- (1) The Salary and Remuneration Committee of this Company is composed by four members.
- (2) Term of Office for the existing members: From June 2, 2023 to May 24, 2026 and two sessions of meetings (A) have been convened for the Salary and Remuneration Committee during the recent year (2024). Described below is the qualification of members and their presence status:

Position	Name	Number of personal presence (B)	Number of authorized presence	Personal presence rate (%) (B/A) (Note)	Remarks
Convener	Li, Li-Hang	2	2	100%	
Committee member	Zao, Shin-Tser	2	2	100%	
Committee member	Wen, Wang-Shou	2	2	100%	
Committee member	Huang, Chiu-Chi	2	2	100%	

#### Other notations:

- I. When rejecting or amending the suggestions raised by the Salary and Remuneration Committee, the Board of Directors shall describe the Board of Director meeting date, session, discussion content, Board of Director resolutions and the handling of comments raised by the Salary and Remuneration Committee (if the salary and remuneration granted by the Board of Directors is higher than that suggested by the Salary and Remuneration Committee, then describe the variation and reasons): None
- II. If any member is opposing the resolutions made by the Salary and Remuneration Committee or reserved comments and where record or written statement is maintained, then describe the Salary and Remuneration Committee meeting date, session, discussion content, comments raised by all members and the handling of member's comments: None
- III. Meeting date held by the Salary and Remuneration Committee in recent year as well as session, discussion content and resolutions together with the handling of the comments raised by the Salary and Remuneration Committee.

Salary and Remuneration Committee meeting date and session.	Discussion content	Resolutions	Company's handling of the comments raised by the Salary and Remuneration Committee.
January 26, 2024 8th meeting of the 4th Board	2023 Board of Directors performance evaluation indicator case of the Company	Unanimously agreed by all of the presented members.	N/A
	Distribution of bonuses and remuneration for the vice president of this Company in 2023.	Unanimously agreed by all of the presented members.	N/A
	Distribution of bonuses and remuneration for the president of this Company in 2023.	Unanimously agreed by all of the presented members.	N/A
	Distribution of bonuses and remuneration for the chairman of this Company in 2023.	Unanimously agreed by all of the presented members.	N/A
February 23, 2024 9th meeting of the 4th Board	2023 employee, director and supervisor remuneration distribution case of this Company	Unanimously agreed by all of the presented members.	N/A
	Distribution of 2023 remuneration to directors	Unanimously agreed by all of the presented members.	N/A
	The Company's 2024 Vice President Performance and Remuneration Plan.	Unanimously agreed by all of the presented members.	N/A
	The Company's 2024 president performance and remuneration plan	Unanimously agreed by all of the presented members.	N/A
	Remuneration plan for the Chairman of the Company in 2024	Unanimously agreed by all of the presented members.	N/A

#### 4. Combined description of director and manager performance evaluation and remuneration

Based on the requirements specified in Article 18 of Company Rules: When earning the profit each year (i.e. the profit before deducting the employee, director and supervisor remunerations from the pre-tax profit), this Company shall allocate more than 1% for distributing the remunerations in which, the remuneration for the employee shall not be over 10% and that for the directors and supervisor shall not be over 2%.

The performance evaluation and the salary/remuneration for directors and managers are proposed by Salary and Remuneration Committee according to the salary paying standard of other companies, personal performance, company's operation performance and the correlated rationality of future risks and then it will be submitted to the Board of Directors for decision.

Provided below are the performance evaluation indicators of directors and managers:

Scope	Director member	Manager
Indicators	Control level of company target and missions. Awareness level of director duties. Engagement level of company operation. Internal relationship maintaining and communication. Specialty and advanced study. Internal control	Financial indicators (revenue, profit target) Major job indicators (key performance indicator for responsible function) Sustainability Performance

- (1) In order to motivate senior managers, and all employees to attach importance to the sustainability performance indicators set by the Company, and to link the incentive system with sustainability performance, the sustainability performance indicators of senior managers and each unit are defined as follows:
  - A. President: Sustainability performance (10%); weights: increase electricity intensity by 10% (10%)
  - B. Senior manager (key executives responsible for sustainable development strategy): sustainable development ESG indicators (25%), occupational safety (5%), internal audit defects and improvement (5%).
- (2) Short-term, mid-term and long-term performance targets:  
The President and all the officers of the Company have long adhered to the business philosophy of honesty, integrity, integrity, and simplicity, stimulated financial and key work indicators, committed to increasing shareholder value, and strengthened risk management.  
In addition, under the leadership of the President and senior executives, all employees of National Aerospace Fasteners Corporation make a commitment to product safety and truly achieve sustainable operation.
- (3) Short-term goals:
  - A. Regularly receive product safety awareness training and human factors promotion
  - B. Comply with the latest laws and regulations
  - C. Energy conservation and carbon reduction (increase of electricity consumption intensity).
  - D. Green solar energy continues to be established
- (4) Long-term goals:
  - A. Maintain product safety through Zero Defect
  - B. Cultivate outstanding talents to control products
  - C. Achieving net zero carbon emissions in line with government policies

5. Committee member nomination related information and operation status related information: Not applicable because the nomination committee is not established by this Company.

**(V) Sustainable development promotion status as well as the variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:**

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:									
	Y	N	Summary (Note 2)										
I. Has the company implemented the management framework required for promoting the sustainable development and established the sustainable development special (co-acting) unit for which, the Top Management is authorized by the Board of Directors to oversee and the execution status is also supervised by the Board of Directors?	V		To promote efforts in sustainability, the Company established a Sustainability Promotion Committee in 2023 with the President as the Chief Commissioner. The Committee comprises relevant units with corresponding responsibilities organized into the Corporate Governance Team, Sustainable Environment Team, and Social Care Team. These teams are respectively responsible for promoting and monitoring the implementation progress of various sustainable development initiatives, such as human rights, employee benefits, environmental safety and health, supplier relations, corporate ethics education and training, employee performance evaluation, stakeholder rights, corporate governance, and others. The teams consolidate and report on the matters handled to the President. The President then submits operational governance reports to the Board of Directors once a year and adjusts the implementation according to the supervision and recommendations of the Board of Directors.	Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.									
II. Has the company conducted risk evaluation according to the criticality principle for the company’s operating related environment, social and company management issues and developed the risk management policy or strategies?	V		<div>In accordance with the principle of materiality, the Company has conducted risk assessments on ESG (environmental, social, and corporate governance) issues relevant to its operations. Based on feedback from relevant stakeholders and matrix analysis to evaluate material issues and risks, the Company has formulated relevant risk management policies or strategies, which are disclosed in the ESG report as below:</div> <table><tr><th>Major issues</th><th>Risk evaluation items</th><th>Risk management policy or strategies</th></tr><tr><td>Environment</td><td>1. Climate change and energy conservation/carbon reduction</td><td>1. Maintain the effectiveness of the certified ISO14001 environment management system 2. Execute the waste and emission reduction approaches 3. Maintain the green energy certificate policy</td></tr><tr><td>Social</td><td>1. Employee occupational safety and health 2. Employee health promotion and caring 3. Promote social corporate and donate charity/public service</td><td>1. Introduce the certification of ISO45001 occupational safety management system 2. Accredited by the Health Promotion Administration, Ministry of Health and Welfare, as a Healthy Workplace.</td></tr></table>	Major issues	Risk evaluation items	Risk management policy or strategies	Environment	1. Climate change and energy conservation/carbon reduction	1. Maintain the effectiveness of the certified ISO14001 environment management system 2. Execute the waste and emission reduction approaches 3. Maintain the green energy certificate policy	Social	1. Employee occupational safety and health 2. Employee health promotion and caring 3. Promote social corporate and donate charity/public service	1. Introduce the certification of ISO45001 occupational safety management system 2. Accredited by the Health Promotion Administration, Ministry of Health and Welfare, as a Healthy Workplace.	Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.
Major issues	Risk evaluation items	Risk management policy or strategies											
Environment	1. Climate change and energy conservation/carbon reduction	1. Maintain the effectiveness of the certified ISO14001 environment management system 2. Execute the waste and emission reduction approaches 3. Maintain the green energy certificate policy											
Social	1. Employee occupational safety and health 2. Employee health promotion and caring 3. Promote social corporate and donate charity/public service	1. Introduce the certification of ISO45001 occupational safety management system 2. Accredited by the Health Promotion Administration, Ministry of Health and Welfare, as a Healthy Workplace.											

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:						
	Y	N	Summary (Note 2)							
			<table><tr><td></td><td></td><td>3. Maintain the public service donation policy established by NAFCO Social Charity Foundation.</td></tr><tr><td>Company management</td><td>1. Commercial strategies and operation performance 2. Occupational ethics and honest behavior 3. Information security</td><td>1. Corresponding to the rapid change if the international market and the internal/external objective environmental factors, the strategic meeting and the operation meeting will be held periodically in order to adjust the strategic objectives and the operating direction. 2. Maintain periodic announcement and dissemination of the honest and credible operation rules as well as the employee training approaches. 3. Help promote the ISO27001 information security management system.</td></tr></table>			3. Maintain the public service donation policy established by NAFCO Social Charity Foundation.	Company management	1. Commercial strategies and operation performance 2. Occupational ethics and honest behavior 3. Information security	1. Corresponding to the rapid change if the international market and the internal/external objective environmental factors, the strategic meeting and the operation meeting will be held periodically in order to adjust the strategic objectives and the operating direction. 2. Maintain periodic announcement and dissemination of the honest and credible operation rules as well as the employee training approaches. 3. Help promote the ISO27001 information security management system.	
		3. Maintain the public service donation policy established by NAFCO Social Charity Foundation.								
Company management	1. Commercial strategies and operation performance 2. Occupational ethics and honest behavior 3. Information security	1. Corresponding to the rapid change if the international market and the internal/external objective environmental factors, the strategic meeting and the operation meeting will be held periodically in order to adjust the strategic objectives and the operating direction. 2. Maintain periodic announcement and dissemination of the honest and credible operation rules as well as the employee training approaches. 3. Help promote the ISO27001 information security management system.								
III. Environmental issues (I) Has the company developed suitable environmental management system according to its industrial characteristics?	V		Based on the industrial characteristics, this Company has established Work Safety Office and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with the applicable regulations. To meet the global trend and customer requirements, we also set up an efficient environment management system according to the planned schedule; for example, ISO14001: In 2015, the company attained the ISO14001 certification and it will be valid until May 2027. We also set up special Work Safety Office, Wastewater Operation Division and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with applicable regulations. To meet the global trend and customer requirements, we also set up efficient environment management system and regulations according to the planned schedule. 1. Based on the environmental regulations established by the competent environmental protection bureau for handling the wastewater, wastes, air pollution and specific chemical substances, we also appointed the operators and the administrators who are granted Class-A/Class-B qualification licenses. 2.This Company (together with each plant site) also maintains the validity of the certificates that meet the international verification qualification required for ISO14001 environmental safety	Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.						



Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			management system. In this respect, the verification qualification certificate will be valid until May 2027. 3. Based on the applicable regulations, we also reported the wastewater treatment equipment, waste disposal and treatment and air pollution equipment to the local competent environmental protection authority. In the meantime, we also passed the periodic inspection and have been awarded the qualification certificate issued by the competent environmental protection authority.	
(II) Has the company engaged in enhancing the energy utilization efficiency and using the recyclable materials that will bring about low impact to the environmental load?	V		1. Based on the “only one earth” concept, active measures have been taken to enhance the performance of dealing with climate change, pollution prevention and control, energy and resource conservation, waste reduction, safety and health management and fire prevention in order to minimize the environmental protection, safety and health related risks. 2. Internally, to enhance the efficiency of resource utilization, the Company has implemented various energy-saving measures such as installing a solar power generation system, introducing a digital power monitoring platform (MES smart meters), using LED energy-saving light fixtures, rainwater recycling, automatic sensor faucets and water conservation measures, and incorporating waste reduction equipment, among others. To reduce environmental impact, the Company promotes paperless e-operations, encourages employees to use double-sided printing, and selects recycled plastic garbage bags, among other measures. Significantly improve energy efficiency year by year.	Abiding by and implementing the concept of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.
(III) Have you evaluated the potential risks and opportunities that may imposed by the climate change to the company at present time and in the future, and taken the required responding actions?	V		The Sustainability Promotion Committee and relevant stakeholders identify the main risks through questionnaires, and then discuss with the Company's business units on countermeasures, which are supervised by the ESG Sustainable Implementation Committee. The chairperson of the Sustainability Promotion Committee also reports to the Board of Directors on a regular basis based on the risk management and assessment results. Current and future potential risks and opportunities of climate change, and the relevant countermeasures are as follows: ➤ Transition risk: ● Rising of rising raw material costs: In addition to continuing to find alternative raw materials and	Abiding by and implementing the concept of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>diversifying the supply chain, the company also pays attention to the fluctuation trend of raw materials in the market, and purchases raw materials for future needs ahead of the department in advance. By doing this, we reduce the impact of future increases in raw materials and ensure that there are diversified sources of supply of raw materials and logistics to prevent interruption of a single link from affecting the overall process.</p> <ul style="list-style-type: none"> <li>● Strengthening of emission reporting obligations: In addition to timely collecting government policies and regulations, we also comply with the standards and policies. Furthermore, we have adopted the emission reporting process with reference to the international standard ISO 14064-1 and TCFD to ensure that the reporting conforms to global best practices. Regularly update and publicly disclose emission data every year to meet the requirements of transparency and enhance stakeholder trust. The data in the emission report are externally verified by a third party to ensure the independence and reliability of the report. In doing this, we effectively reduce the risk of data error or false data, and improve the credibility of the report. At the same time, through internal training and culture shaping, awareness of carbon emissions reporting and ESG issues among employees is raised to ensure effective collaboration of all departments in the Company in meeting emissions reporting requirements. Employees are also encouraged to propose innovative emission reduction methods and process improvements to help the Company achieve continuous reduction of corporate emissions.</li> </ul> <p>➤ Physical risk:</p> <ul style="list-style-type: none"> <li>● Increased severity of extreme weather events such as typhoons and floods, changes in rainfall (water) patterns, and extreme changes in climate patterns: <ol style="list-style-type: none"> <li>1. Strengthen the disaster prevention capacity of infrastructure <ul style="list-style-type: none"> <li>* Architectural design and upgrades: Improve the disaster tolerance of the Company's facilities, such as installing floodgates, digital flood warning systems and automatic water pumps, and strengthening building structures to resist strong wind and rain and flooding.</li> </ul> </li> </ol> </li> </ul>	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>* Facility location selection: Climate risk will also be taken into account when selecting facility locations in the future, to avoid building facilities in flood-prone areas or high-risk typhoon areas.</p> <p>2. Develop a disaster response plan</p> <p>* Establish a comprehensive emergency response plan, covering strategies such as employee evacuation, facility protection, and material reserves.</p> <p>* Regular disaster drills are held to ensure that all employees are familiar with emergency response procedures and can act quickly.</p> <p>* Monitor the latest climate change information and take various disaster prevention actions in advance.</p> <p>3. Employee safety and well-being</p> <p>* Provide employees with necessary disaster prevention training and support.</p> <p>* Priority is given to employee safety during extreme weather.</p> <p>➤ Opportunity:</p> <p>● Use of more efficient production and distribution processes:</p> <p>1. Introduce energy-saving technologies and automated production equipment</p> <p>* Upgrade equipment: Invest in high-performance production equipment, such as energy-saving machinery, energy-efficient Grade 1 air compressors, and intelligent control systems, to improve production efficiency and reduce energy consumption and waste generation.</p> <p>* Industry 4.0: Adopt data analysis and IoT technology to achieve production line automation and process optimization, reducing production costs and waste of resources.</p> <p>2. Adopt low-carbon energy and clean technology</p> <p>* Introduce renewable energy sources (such as solar power generation systems) at production sites to reduce dependence on power consumption.</p> <p>3. Process design and improvement</p> <p>* Conduct a comprehensive process review to identify and eliminate inefficient production steps.</p>	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>4. Establish resilient strategies to address climate risks</p> <ul style="list-style-type: none"> <li>* Formulate contingency plans (such as backup logistics routes and production alternatives in case of weather disruption).</li> <li>● Use of low-carbon energy:               <ol style="list-style-type: none"> <li>1. Formulate a low-carbon energy transformation plan                   <ul style="list-style-type: none"> <li>* Mid-term and long-term planning: Formulate mid-term and long-term goals and strategies for the use of low-carbon energy, gradually reduce dependence on traditional energy, and set progress and emission reduction targets.</li> <li>* Gradual replacement: In the short term, consider using power purchase agreements (PPA) and investing in self-built renewable energy facilities, e.g., solar panel power generation systems.</li> </ul> </li> <li>2. Monitoring energy market and price trends                   <ul style="list-style-type: none"> <li>* Regularly analyze the price fluctuations in the energy market, particularly the market dynamics of low-carbon energy. With the advancement of technology and government subsidies, the price of low-carbon energy is expected to fall further.</li> <li>* Enterprises can enter into long-term energy purchase agreements when energy prices are low to reduce the risks caused by future energy cost fluctuations.</li> </ul> </li> <li>3. Invest in energy efficiency improvement technologies                   <ul style="list-style-type: none"> <li>* Invest in energy management systems (EMS) and high-performance equipment in internal facilities to maximize energy efficiency and reduce energy waste.</li> </ul> </li> </ol> </li> </ul>	
(IV) Have you calculated the GHG emission amount, water consumption and total waste weight for the past two years, and have you developed the GHG reduction, water consumption reduction or other waste management policy?	V		<p>The impact of climate change is one of the major environmental issues encountered by all countries on this planet. Through the process improvement, the development and the implementation of energy-saving policy, it is hoped that we may realize the objectives of energy conservation, carbon reduction, lower pollution, lower energy consumption and being eco-friendly.</p> <p>The Company has completed an inventory of its total GHG emissions, which was verified by a third-party verification company, AFnor Group.</p> <p>**In 2021, the Scope 1 GHG emissions were 140.49 MtCO<sub>2</sub>e, the Scope 2 GHG emissions were 7,510.58 MtCO<sub>2</sub>e, accounting for 20% of total emissions, and the Scope 3 (category 1 to 6) GHG emissions were 30,401.59 MtCO<sub>2</sub>e, accounting for 80%. .</p> <p>**In 2022, the Scope 1 GHG emissions were 396.69 MtCO<sub>2</sub>e, the</p>	Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>Scope 2 GHG emissions were 8,722.23 MtCO<sub>2</sub>e, accounting for 76% of total emissions, and the Scope 3 (category 1 to 6) GHG emissions were 2,793.58 MtCO<sub>2</sub>e, accounting for 24%.</p> <p><b>**In 2023</b>, the Scope 1 GHG emissions were 358.0094 MtCO<sub>2</sub>e, the Scope 2 GHG emissions were 9,356.0142 MtCO<sub>2</sub>e, accounting for 67.79% of total emissions, and the Scope 3 (categories 3 to 6) GHG emissions were 4,616.5810 MtCO<sub>2</sub>e, accounting for 32.21%.</p> <p><b>**In 2024</b>, the Scope 1 GHG emissions were 419.7866 MtCO<sub>2</sub>e, the Scope 2 GHG emissions were 13,127.0277 MtCO<sub>2</sub>e, accounting for 78.24% of Scope 1 &amp; 2, and the Scope 3 (categories 3 to 6) GHG emissions were 3,766.6538 MtCO<sub>2</sub>e, accounting for 21.75%.</p> <p>The 2024 Scope 1 plus Scope 2 GHG emission intensity was 3.86 MtCO<sub>2</sub>e per million NTD.</p> <p><b>***GHG reduction management policy, aiming to improve energy efficiency every year, and to reduce (Scopes 1 + 2) carbon emission intensity (i.e. carbon emission per million revenue (Scopes 1 + 2)) year by year by 3%:</b></p> <ol style="list-style-type: none"> <li>1. Build a smart meter monitoring platform to effectively control energy consumption and improve energy efficiency.</li> <li>2. Expand the solar power generation system and gradually increase the proportion of green energy use.</li> <li>3. Replace old and energy-intensive equipment, improve energy efficiency, and reduce energy consumption.</li> </ol> <p>Starting from 2019, active moves have been taken by the Company in operating the environmental protection and energy conservation policy, promoting the environmental education, establishing the environmental protection and energy conservation culture and executing the environmental protection and energy conservation measures.</p> <ol style="list-style-type: none"> <li>1. Solar power generation statistics: Solar power generation systems have been installed at the Company's plants (Plant 1/Plant 2/Plant 3). In 2021, the solar power generation was 170,835 kWh, with 69 renewable energy certificates obtained from the Ministry of Economic Affairs; in 2022, the solar power generation was 148,739 kWh, with 60 renewable energy certificates obtained from the Ministry of Economic Affairs; in 2023, the solar power generation</li> </ol>	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>was 221,094 kWh, with 74 renewable energy certificates obtained from the Ministry of Economic Affairs; <u>in 2024, the solar power generation was 199,045 kWh, with 92 renewable energy certificates obtained from the Ministry of Economic Affairs.</u> It is expected that more solar power generation facilities will be built in 2025 to increase the proportion of green energy.</p> <p>2. Water consumption statistics: The total tap water consumption of the Company's plants (Plant #1, Plant #2 and Plant #3) was 79,877 tons in 2021 and 96,743 tons in 2022. Water consumption per million revenue reduced from 61.53 tons to 49.16 tons, effectively saving water by 20.10%. The Company continues to take various measures to conserve water. The water intensity in 2023 was 47.79 tons/million of revenue. Reduced water consumption by 2.7% from the previous year; <u>in 2024, tap water consumption was 127,740 tons, and 451 tons of rainwater were recycled. The goal is to reduce the annual water intensity (i.e. water consumption per million revenue) by more than 3% year by year.</u></p> <p>3. A rainwater recycling system was built to reduce water consumption. Rainwater recycled: The volume of rainwater recycled by the Company's plants (Plants 1, 2, 3) was 896 tons in 2021, 899 tons in 2022, 652 tons in 2023, <u>and 451 tons in 2024 .</u></p> <p>4. Waste statistics:  In 2022, the weight of hazardous waste was 127.32 tons (31%) and the weight of general business waste was 284.71 tons (69%), totaling 412.03 tons.  In 2023, the weight of hazardous waste was 241.91 tons (45%) and the weight of general business waste was 293.63 tons (55%), totaling 535.54 tons.  <u>In 2024, the weight of hazardous industrial waste was 281.89 metric tons (48%), and the weight of general business waste was 304.95 metric tons (52%), totaling 586.84 metric tons. The target is to reduce the weight of industrial waste per million revenue) by 3% year by year.</u>  In 2023, the intensity of business waste reduced to 0.196 metric tons per million NTD, which was equivalent to 0.209 metric tons in 2022, representing a further 6.2% reduction; <u>in 2024, the intensity of business waste reduced to 0.194 metric tons per million NTD.</u></p>	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>5. With the wastewater reduction equipment of the low temperature vacuum process continuously operated, the plant can reuse 75% of the returned production process wastewater as the sub-grade household water through the water separating system. In this way, 30% of waste/wastewater can be reduced.</p> <p>6. We also promoted the energy-saving activities such as elevated the utilization efficiency of the respective resource, used the solar power, remodeled the green lighting, installed the energy-saving LED lamps, used the variable-frequency devices, and changed to automatic A/C control, etc.</p> <p>7. Installed the RO hard water recovery system to reduce the water consumption.</p> <p>8. We promoted the paper-free e-based operation by encouraging employees to use double-side paper and use the recyclable plastic trash bags, etc. We promoted the paper-free e-based operation by encouraging employees to use double-side paper and use the recyclable plastic trash bags, etc.</p>	
<p>IV. Social issues</p> <p>(I) Has your company developed the required management policy and procedure according to the competent laws and International Bill of Human Rights?</p>	V		<p>1. Pursuant to the requirements specified in “The Convention on the Elimination of all Forms of Discrimination Against Women-CEDAW”, “Convention on the Rights of the Child-CRC” and “Convention on the Elimination of All Forms of Racial Discrimination-ICERD”, we respect the internationally recognized basic human rights; including the elimination of all types of discrimination against individuals, organization, corporate to female employees, children and different races and the protection of the reproductive right.</p> <p>2. To protect legal rights of employees, we established the “Working Rules“ in order to specify the rights and obligations related to the company and the employees. The purpose is to ensure that each individual employee will be treated and respected fairly and decently. We also developed the “Sexual Harassment Prevention Measures and Punishment Method” and provided a complaint channel to protect employee’s rights.</p> <p>3. We organized the “Employee Appraisal Committee and confirmed that differential treatment will not occur to the human resource implementation policy in terms of gender, race, social/economic class, age, marriage and family status. Its purpose is to realize the fairness</p>	Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and execute the operation.

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			and impartiality for employment, hiring conditions, salary, welfare, training, evaluation and promotion opportunities, etc.	
(II) Have you developed and implemented reasonable employee welfare measures (including salary, vacation and other welfares, etc.) and reflected the operation performance or results appropriately in the employee salary?	V		<p>1. Employee salary and welfare measures:</p> <p>(1) The average salary of the entire factory in 2024 was NT\$50,551, and the average salary of female employees in the factory in 2024 was NT\$52,256.</p> <p>(2) It has been specified in the company rules that if profit is earned by the company in that year (the profit before deducting the remunerations of employees, directors and supervisors from the pre-tax profit), then the company will allocate over 1% in which, less than 10% will be allocated as the employee remunerations.</p> <p>(3) Based on the Labor Standards Act, the company has developed the “Working Rules” and it comprise salary, bonus, working time, vacation, presence, evaluation and welfare measure sections. For detailed employee welfare measures, please refer to the description of labor-employer relationship provided in this Annual Report.</p> <p>2. Reflecting the operation performance in employee salary: To encourage and to urge employee’s devotion and diligence, we have set up the well-defined reward and punishment standard and bonus system. When discovering the breaching behavior, apart from asking immediate improvement, we will report the offender for punishment and the punishment result will be connected with the reward and remunerations established for the performance evaluation system. In the meantime, the company’s performance result is also connected with the employee bonus and its purpose is to expect all employees will follow applicable regulations and the internal control mechanism when performing all types of operation activities.</p> <p>3. Occupational diversity and equality</p> <p>(1) In this Company, the Ratio of female employees is 22.2% and the Ratio of the high-level female supervisors (above the Deputy Section Chief level) is 22.03%.</p> <p>(2) The employee welfare measures (for example: employee salary occupational diversity and equality, vacation, allowances, cash gift and subsidies, etc.) will remain unchanged in terms of gender or race.</p>	Abiding by and implementing the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.



Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
(III) Have you provided a safe and health working environment for the employees and conducted the employee safety and health education periodically?	V		<p>We will comply with the “Occupational Safety and Health Act” and fulfill the following requirements:</p> <ol style="list-style-type: none"> <li>1. System and measures: The purpose is to protect the safety of the working environment and the employees, execute the ISO45001 certified occupational safety and health management system, create a safe and hygiene working environment, promote the safety and health operation conception continuously, set zero safety and health incidents as the management target and urge all employees to abide by the safety and health rules and system.</li> <li>2. Pursuant to the Occupational Safety and Health Act, we have set up special Work Safety Office and Factory Medical Room. In accordance with the applicable laws, each plant site (Plant #1, Plant #2 and Plant #3) of this Company is provided with Occupational Safety Administrator, Occupational Safety Staff and Occupational Safety Supervisor that possess the required qualification license.</li> <li>3. An online audit system is implemented, where deficient items are automatically sent via email to auditees, unit supervisors, with improvement deadlines and reminder schedules set. This allows for immediate corrective actions and case closure.</li> <li>4. Occupational safety and health committee meetings are convened on a quarterly basis to review production line non-conformities, work-related injuries, education and training, contractor work, and other safety and health issues. Occupational safety risk awareness is raised through practical case studies.</li> <li>5. The annual contractor agreement organization meeting is held to review the annual non-conformities, the construction application process, hazard notices and commitments, etc. It is explicitly required to comply with the company's contractor management regulations.</li> <li>6. In 2021, we have acquired the ISO45001 occupational safety and health management system certification for each plant site (Plant #1, Plant #2 and Plant #3) of this company and such certification will be valid until August 2027. The scope of such certificate shall include each plant site of this Company.</li> <li>7. The Company has contracted occupational medicine physicians and labor health service physicians to provide on-site services and</li> </ol>	Abiding by and implementing the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>provide health education and guidance for employees who are assessed to be at high occupational safety or health risks.</p> <p>8. The number of annual employee occupational injury cases (excluding traffic accidents) reported by each plant of the Company (Plant #1, Plant #2 and Plant #3): <u>Seven cases in 2024.</u></p> <p>9. Each plant site (Plant #1, Plant #2 and Plant #3) of this Company will provide a safe and health working environment for all employees, including the required safety protection gears and equipment as well as health and first aid facilities. In the meantime, efforts have also been taken by each plant site to minimize the hazardous factors that will jeopardize the safety and health of employees in order to prevent the occupational hazard.</p> <p>10. Pursuant to the applicable laws, this Company provided the required safety and health education and training programs that will be suitable for newcomers to perform the respective work. To protect the safety and the health of all workers, they are required to coordinate with and engage in the emergency incident responding actions, the learning of the fire fighting and first aid related basic knowledge and drills. In the meantime, we also disseminated safety, hygiene and health knowledge that is relating to the worker’s operation. In terms of the working safety, the employee’s emergency responding ability and safety concept are also sharpened through continuous education, training and dissemination. Its purpose is to reinforce employee’s perception ability in order to reduce accident events that may be caused by unsafe actions.</p> <p>11. Pursuant to the applicable laws, we conducted labor working environment monitoring semi-yearly in order to learn about actual situations of their operating environment and the worker’s exposure status.</p> <p>12. Conducting semi-annual fire drills, annual fire equipment safety inspection reporting, and building safety inspection reporting.</p> <p>13. The company has set up the entrance control system to monitor the real-time status of the system and the security guards. In addition, we also conducted the regular inspection and the 24-hour monitoring for the plant site safety.</p> <p>14. We set up a health-care center to protect employee health and the</p>	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>center is also granted with a occupational health promotion certification issued by the Health Promotion Administration, Ministry of Health and Welfare.</p> <p>15. Going beyond legal requirements, the Company conducts company-wide employee health examinations every two years, annual health examinations for employees engaged in special operations, and annual health examinations for employees aged 65 and above. In 2024, health examinations for employees engaged in special operations and company-wide employee health examinations were completed. Subsequently, the Company will analyze the health examination reports and provide follow-up health management and care for employees.</p> <p>16. The Company has set up a fitness center and nursing rooms, encouraging employees to develop healthy exercise habits. It has implemented a maternity health protection program in accordance with the Occupational Safety and Health Act to ensure the physical and mental well-being of female employees during pregnancy, postpartum, and breastfeeding periods, achieving the goal of protecting the health of maternity employees. The Company has also implemented an abnormal workload hazard prevention program to create a friendly and healthy work environment.</p> <p>17. In 2024, there were 0 fire cases and 0 casualties reported.</p>	
(IV) Has the Company established effective career capability development training programs for employees, and disclosed the contents and the implementation thereof?	V		<p>It is the goal of the Company to create an efficient environment for the occupational development of the employees. Based on the need of the work, the department supervisor shall assign its associate to participate in the professional training. The purpose is to help the employees develop deeper knowledge and higher competence, enhance their working efficiency and quality so that the learning and the growth of the employees will be linked to the company’s development objectives. Based on duties or professionalism, the employee may raise be allowed to continue advanced studies. Pursuant to the statutory regulation, we also allow the employees to attend the continuous or qualification related advanced study in order to acquire the required licenses or professional skills so as to intensify their ability in occupational development. During the personnel performance evaluation and the promotion operation, we also referenced the employee’s performance status. We encouraged the employee to engage in self-learning and to</p>	Abiding by and implementing the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			<p>intensify their competence so that further harmony will be achieved in the aspect of individuals, family and work. To that extent, the virtuous cycle can be achieved in terms of talent training, talent retaining and personal growth. In the appropriate manner, we reflected the company’s operation performance or result to the employee salary policy to ensure the recruitment, retention and encouragement will be achieved for the human resources so as to attain the sustainable operation goal.</p> <p>In order to reinforce the training of new recruits, the Company's quality awareness, safety training, promotion of government policies, and career development of managers, the Company has formulated relevant training courses for employees as follows:</p> <p>Orientation for new recruits: New recruits were required to complete orientation within three months after onboarding, and the achievement rate was 100%.</p> <p>Quality awareness: Completed quality education and training, including but not limited to GHG inventory and human factors training, for 3,293 employees.</p> <p>Promotion of government policies: Including but not limited to sexual harassment prevention and promotion of gender equality; the participation rate throughout the plant was 100%.</p> <p>Career development of managers: Completed self-development training, including AI development and leadership courses, for 474 employees.</p>	
(V) Regarding the issues of the product and service related customer health and safety, customer privacy, marketing and labeling, do you following the applicable laws and international criteria and develop the policy and complaint procedure in order to protect the equity of consumers or customers?	V		<p>Our marketing and labeling of the product and service are conducted pursuant to the applicable laws and international criteria. The marketing and the labeling of the product are conducted according to the requirements of ISO and TS quality system and customer’s demand. Product marketing is conducted according to requirements of international criteria and local regulations. In the meantime, we also developed the customer right and privacy protection policy and complaint procedure such as “Service Management Procedure”, “Customer Rejection &amp; Complaint Management Method”, “Confidential Information Protection Policy” and “Customer Satisfaction Investigation Method” so that we may protect the equity pertaining to the consumers during R&amp;D, purchase, production, operation and service processes. To elevate customer’s a confidence</p>	Abiding by and implementing the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:								
	Y	N	Summary (Note 2)									
			in the company’s information security, we also introduced the ISO27001 information security management system to strengthen hacking prevention ability and to acquire a third-party certification in the meantime.									
(VI) Have you developed a supplier management policy to urge that suppliers should comply with the established requirements when handling the environmental protection, occupational safety and health or labor human rights issues and how about its execution status?	V		<div><div><div>1. We developed the “Purchase Management Procedure” to specify the supplier screening conditions in terms of environmental protection, human rights, health and sustainable development as well as the demand and expectation for the suppliers in the aspects of environment safety and health risks, ethics standard and honest operation, etc.</div><div>2. We also organized the supplier guidance project. By using cooperation as the basis, it is hoped that the sustainability will be realized in the daily supply chain management through supplier selection, audit guidance, performance evaluation, training and supplier forum. In 2024, the cooperating suppliers of this company have completely (100%) met the following conditions.</div></div><table><tr><td>Supplier evaluation</td><td>1. All suppliers must pass the supplier assessment and follow the supplier conduct code. 2. The process-related aerospace raw material supplier must pass certification for AS9100 quality management system, and the industrial raw material supplier must pass the certification of ISO9100 quality management system. 3. The factory affairs and relevant operation contractors must secure the certification for ISO45001 occupational safety and health management system.</td></tr><tr><td>Supplier audit</td><td>This Company has organized the Audit Team and the Guidance Team for monitoring supplier’s defect improvement progress so that they may work together to elevate the quality and techniques, reinforce the environmental protection related safety and health performance, and introduce the automation for improving the production capacity.</td></tr><tr><td>Supplier training</td><td>On an irregular basis, the company will guide and communicate with the supplier through supplier seminars and yearly audit assessments in order to enhance their performance in environmental protection, safety and health while meeting the international standard. The training courses shall include occupational hygiene, employee health, fire fighting maintenance, carbon inventory, climate change, legal risks and occupational ethics, etc.</td></tr><tr><td>Supplier forum and citation</td><td>On an irregular basis, this Company will hold the supplier seminars. In addition to communicating company’s sustainability concept and target, we also recognized suppliers</td></tr></table></div>	Supplier evaluation	1. All suppliers must pass the supplier assessment and follow the supplier conduct code. 2. The process-related aerospace raw material supplier must pass certification for AS9100 quality management system, and the industrial raw material supplier must pass the certification of ISO9100 quality management system. 3. The factory affairs and relevant operation contractors must secure the certification for ISO45001 occupational safety and health management system.	Supplier audit	This Company has organized the Audit Team and the Guidance Team for monitoring supplier’s defect improvement progress so that they may work together to elevate the quality and techniques, reinforce the environmental protection related safety and health performance, and introduce the automation for improving the production capacity.	Supplier training	On an irregular basis, the company will guide and communicate with the supplier through supplier seminars and yearly audit assessments in order to enhance their performance in environmental protection, safety and health while meeting the international standard. The training courses shall include occupational hygiene, employee health, fire fighting maintenance, carbon inventory, climate change, legal risks and occupational ethics, etc.	Supplier forum and citation	On an irregular basis, this Company will hold the supplier seminars. In addition to communicating company’s sustainability concept and target, we also recognized suppliers	Abiding by and implementing the concept of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”.
Supplier evaluation	1. All suppliers must pass the supplier assessment and follow the supplier conduct code. 2. The process-related aerospace raw material supplier must pass certification for AS9100 quality management system, and the industrial raw material supplier must pass the certification of ISO9100 quality management system. 3. The factory affairs and relevant operation contractors must secure the certification for ISO45001 occupational safety and health management system.											
Supplier audit	This Company has organized the Audit Team and the Guidance Team for monitoring supplier’s defect improvement progress so that they may work together to elevate the quality and techniques, reinforce the environmental protection related safety and health performance, and introduce the automation for improving the production capacity.											
Supplier training	On an irregular basis, the company will guide and communicate with the supplier through supplier seminars and yearly audit assessments in order to enhance their performance in environmental protection, safety and health while meeting the international standard. The training courses shall include occupational hygiene, employee health, fire fighting maintenance, carbon inventory, climate change, legal risks and occupational ethics, etc.											
Supplier forum and citation	On an irregular basis, this Company will hold the supplier seminars. In addition to communicating company’s sustainability concept and target, we also recognized suppliers											

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			that have performed excellently and that have made superior contributions in the aspects of quality elevation, cost reduction, on-time delivery and sustainable performance.	
V. Have you referenced the common international reports for compiling the criteria or guide or sustainability report that will be used to disclose company’s non-financial information? Have the aforesaid report been provided with the validation or guarantee comments by the third-party verification unit?	V		With reference to the international standards or guidelines for the preparation of GRI reports, the Company has completed the 2024 GHG inventory report of 2023 ISO14064-1 and its assurance, and has completed the preparation and publication of the 2023 ESG sustainability report in 2024 .	It doesnot meet the requirements of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” yet.
VI. If the company has compiled the sustainable development rules according to “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please explain the variations between its operation and the established rules. Although we haven’t compiled the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, however we also appointed the responsible unit to handle the employee equity, environmental protection, environment safety and community relationship issues, etc.				
VII. Other important information that will help promote the execution of sustainable development: (I) Environmental protection: Please refer to the description of “III. Environmental issues. (II) Community engagement, social contribution, social service and public service: 1. In May 2013, the Company established the “NAFCO Social Charity Foundation” which is affiliated to Taoyuan City. Charitable donations. The main purpose is to donate and organize social charitable organizations and activities in counties and cities across Taiwan to provide social services, social contributions and donations for social welfare every year. The work includes: (1) On an irregular basis, we contribute our donation to the social welfare groups and education groups and the public service feedback. In the meantime, we also encourage the rural children to acquire more learning opportunities. (2) On a regular basis, we keep close contact with other social welfare groups to discuss their status and the assistance required for the scheduled activity plans. (3) Irregularly we conduct volunteer activities and also encourage our employees to participate. We host a caring garden party with the Company’s vocational welfare association to jointly care for the disadvantaged groups. 2. The Company’s “NAFCO Social Charity Foundation” donated a total of NT\$1,900,000 in 2024, as follows: (1) Donated NT\$1 million to the “Hualien County Special Account for Major Disaster Relief” for the earthquake that struck Hualien on April 3, 2024. This was the strongest earthquake to hit the island in 25 years. According to reports, Hualien County was the most affected area, and the disaster situation was worse than initially indicated. Through our donation, we hope those affected would to bounce back to normal life as soon as possible. (2) The Company donated NT\$320,000 to the Hui Lung Underprivileged Family Care Center of the Presbyterian Church in Shulin District, New Taipei City, to provide care services for 80 underprivileged children from families such as single-parent families, skip-generation families, or children of foreign spouses. The donation also supported the organization of various festive events (such as Mother's Day activities, summer camps, Christmas parent-child activities, new clothes, and lunar new year meals). (3) The Company donated NT\$80,000 to Private Pingzhen Care Home, Taoyuan City, a non-profit organization, to support the accommodation and care of 55 severely and extremely disabled or mobility-impaired individuals. The donation was used for the repair and maintenance of the disabled toilets and some of the old facilities, resident’s showers, and the related daily necessities. (4) The Company makes an annual fixed donation (NT\$20,000) to the Taoyuan City Police Friends Association to assist in the promotion of various police affairs in the City. This helps in joint efforts to prevent crimes, expand safety campaigns, maintain law enforcement functions, promote police-community cooperation, and ensure				

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
that residents in Taoyuan City can maintain a simple and honest lifestyle.				
(5) We donated NT\$300,000 to the private Longtang Care Home for People With Learning Disabilities in Taoyuan City. The donation was used to improve the public safety facilities and equipment in the care home, maintain the safety and rights of the residents and staff, to prevent accidents and give the residents and their families peace of mind. The donation was also used for outings of the care home.				
(III) Consumer’s right: Please refer to the description of “IV. Social issues.				
(IV) Human rights				
1. Abiding by the spirit of concern about workers and complying with the local labor laws strictly and openly, we will observe human rights, labor and child labor related laws and regulations so as to respect human rights, improve the working environment continuously and promote amiable labor-employer relationship in the hope that we will become the corporate employer that is credible, honest and that is worthy of trust .				
2. To maintain gender equality in work and personal dignity, we have set up the rules to prohibit the sexual harassment in the job location and we also put up the posters around the job location to disseminate such message.				
(1) System and measures:				
a. Prohibiting forced labor. No hiring of child labor.				
b. The working hours, salary and welfare that are equal to or greater than the statutory regulations.				
c. Humane treatment, diversified gender equality and non-discrimination: The employment standard will be the employee’s working ability. All employees will be treated equally regardless of gender, religion, race, nationality or political party. Such approaches will be expressly specified in the employment policy to ensure that the applicants and the employees will be fairly treated in the aspects of recruitment, appointment, development, evaluation and reward, etc. Protect the human rights of workers. They will not suffer from differential treatment in employment or work regardless of any distinction in the aspects of race, color, gender, language, religion, politics or other viewpoints, nationality or social level, property, birth or other identity, etc. Maintain the working equality and dignity for the diversified gender. Prohibit the sexual harassment in the job location in order to present a working environment emphasizing the diversified gender equality.				
d. Provide a health and safe environment.				
(2) Execution status				
a. The company has never hired non-voluntary employees by means of threatening, guarantee or contract. The company has neither hired any person under 15 years in age nor a person that is lower than the age of compulsory education.				
b. We comply with the normal working hours specified by the law. We also exercised the labor relationship and paid the equivalent remuneration on the meeting of mind basis between both parties. We recognize the contribution of diversified employees. The addition of hiring conditions or the approach amendment is executed through the communication and negotiation by both parties during the Labor and Employer Meeting. The Welfare Committee elected by the employees will convene the Welfare Committee Meeting regularly and provide relevant welfare activities for labors. Enhance the employee’s physical and mental health as well as maintain pleasant mood in performing the work. No dispute until now.				
c. We respect every employee and prohibit sexual harassment, physical punishment, mental or verbal scolding for any purpose. We also commit and guarantee that different standards and unequal treatment will not be exercised when dealing with the salary, promotion, reward and training opportunities by making the human species, color, age, gender, race or political party as the excuse. The aforesaid requirements are expressly specified in the company management rules. In addition to communicating the newcomer onboarding training courses and set up the anonymous suggestion box, we also printed posters and posted them on the bulletin in order to provide a most secure working environment for all employees. No dispute until now.				
d. The Company organizes human rights (sexual harassment and bullying prevention) education and training each year. In 2024, a total of 504 employees received approximately 417.4 hours of training.				
e. By law, we also set up a medical care physician and the labor safety and health administrator and provided the pre-job and the on-the-job health, safety and hygiene				

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
related education and training. The medical care physician will trace the health status of high-risk employees periodically as well as help and instruct the employee to refrain from the behaviors or habits that may harm the health. Pursuant to the applicable laws, we also provided the protection gears required for the job location in order to provide a safest and most healthy working environment for all employees. Until now, all programs are operating normally.				
(V) Safety and health:				
(1) System and measures:				
a. To protect the working environment and the employee’s safety, we planned the ISO45001 international certification for the occupational safety and health management system in order to create a safe and hygiene working environment. Its purpose is to promote the safety and health related operation conception continuously so as to achieve the management target of zero safety and health incident and to urge all employees to observe the safety and health related regulations and systems.				
b. The Company has established a Health Center to care for employees' health and has obtained the Healthy Workplace Accreditation from the Health Promotion Administration under the Ministry of Health and Welfare.				
(2) Execution status				
a. With the ISO45001 certification acquired, we are able to implement the occupational safety and health management system in order to elevate the safety and health management performance continuously.				
b. On a regular basis, we conducted the health inspection and health promotion activities in order to provide the health-care services in the hope that all employees may maintain a healthy physical and mental conditions.				
c. We developed the “Production Work Safety and Health Operation Method for Manufacturing Location” to prevent the occupational hazard from occurring. We also created a safe and healthy working environment and promoted the safe and healthy operation conception continuously. In the meantime, we also set zero safety and health incident as the management target. Further, all employees are required to observe the safety and health related regulations and system.				
d. In addition to the aforesaid Production Work Safety and Health Operation Method for Manufacturing Location”, the Work Safety Office also audited the safety and health activities in the job location periodically to prevent the hazard from occurring.				
e. Through the employee education and training, we have executed more effective protection measures for the working environment and employee’s personal safety so as to protect the employees from the occupational injury.				
f. By setting up standardized working safety, the employee’s sense of safety has been elevated to prevent the incident. Through the safety and health management works, it is our hope to provide a comfortable and safety environment as the target for the work safety policy.				



**(V-I) Listed and OTC company climate related information**

**1. Execution status of climate-related information**

1. Execution status of climate-related information		
Item	Execution status	
1. Describe the supervision and the governance that will be executed by the Board of Directors and management for the climate-related risks and opportunities.	<ul style="list-style-type: none"><li>● The Company has established the Sustainability Promotion Committee. The President serves as the chairperson of the Committee.</li><li>● The Board of Directors is convened every year. The general manager or the assigned manager reports on the goals and progress of ESG-related topics.</li><li>● An inter-departmental Sustainability Promotion Committee has been established to be responsible for identifying climate risks and assessing and responding to climate impacts within their respective areas of responsibility.</li><li>● The highest responsible person in the management of climate issues is the chairperson of Sustainability Promotion Committee who is also the president of the Company. The chairperson leads the first level supervisors to promote the management work related to ESG development and reports directly to the Board of Directors.</li></ul>	
2. Describe how the identified climate-related risks and opportunities will affect the business, strategies and finance of the company (short-term, middle-term, long-term).	<b>Risks and opportunities</b>	<b>Financial impacts and response mechanisms</b>
3. Describe the impact of extreme climate event and transition action to the financial status.	<b>Rising raw material costs</b>	In addition to continuing to find alternative raw materials and diversifying the supply chain, the company also pays attention to the fluctuation trend of raw materials in the market, and purchases raw materials for future needs ahead of the department in advance. By doing this, we reduce the impact of future increases in raw materials.
	<b>Strengthening of emission reporting obligations</b>	In addition to timely collecting government policies and regulations, we also comply with the standards and policies. Furthermore, we have adopted the emission reporting process with reference to the international standard ISO 14064-1 and TCFD to ensure that the reporting conforms to global best practices. Regularly update and publicly disclose emission data every year to meet the requirements of transparency and enhance stakeholder trust. The data in the emission report are externally verified by a third party to ensure the independence and reliability of the report. In doing this, we effectively reduce the risk of data error or false data, and improve the credibility of the report. At the same time, through internal training and culture shaping, awareness of carbon emissions reporting and ESG issues among employees is raised to ensure effective collaboration of all departments in the Company in meeting emissions reporting requirements. Employees are also encouraged to propose innovative emission reduction methods and process improvements to help the Company achieve continuous reduction of corporate emissions.
	<b>Increased severity of extreme weather events such as typhoons and floods</b>	<b>1. Strengthen the disaster prevention capacity of infrastructure</b> * Architectural design and upgrades: Improve the disaster tolerance of the Company's facilities, such as installing floodgates, digital flood warning systems and automatic water pumps, and strengthening building structures to resist strong wind and rain and flooding. * Facility location selection: Climate risk will also be taken into account when selecting facility locations in the future, to avoid building facilities in flood-prone areas or high-risk typhoon areas.
	<b>Changes in rainfall (water) patterns and extreme changes in climate patterns</b>	<b>2. Develop a disaster response plan</b> * Establish a comprehensive emergency response plan, covering strategies such as employee evacuation, facility protection, and material reserves. * Regular disaster drills are held to ensure that all employees are familiar with emergency response procedures and can act quickly. * Monitor the latest climate change information and take various disaster prevention actions in advance. <b>3. Employee safety and well-being</b> * Provide employees with necessary disaster prevention training and support.

	<table border="1"> <tr> <td data-bbox="477 161 824 679"> <p><b>Use of more efficient production and distribution processes</b></p> </td><td data-bbox="824 161 2157 679"> <p>* Priority is given to employee safety during extreme weather.</p> <p><b>1. Introduce energy-saving technologies and automated production equipment</b></p> <p>* Upgrade equipment: Invest in high-performance production equipment, such as energy-saving machinery, energy-efficient Grade 1 air compressors, and intelligent control systems, to improve production efficiency and reduce energy consumption and waste generation.</p> <p>* Industry 4.0: Adopt data analysis and IoT technology to achieve production line automation and process optimization, reducing production costs and waste of resources.</p> <p><b>2. Promote circular economy and resource reuse</b></p> <p>* Introduce the mechanism of waste recycling and reuse into the production process to reduce the carbon emission of raw materials.</p> <p><b>3. Adopt low-carbon energy and clean technology</b></p> <p>* Introduce renewable energy sources (such as solar power generation systems) at production sites to reduce dependence on power consumption.</p> <p><b>4. Process design and improvement</b></p> <p>* Conduct a comprehensive process review to identify and eliminate inefficient production steps.</p> <p><b>5. Establish resilient strategies to address climate risks</b></p> <p>* Diversification of the supply chain: To ensure the supply of raw materials and logistics with diverse sources to prevent interruption of a single link from affecting the overall process.</p> <p>* Formulate contingency plans (such as backup logistics routes and production alternatives in case of weather disruption).</p> </td></tr> <tr> <td data-bbox="477 679 824 1094"> <p><b>Use of low-carbon energy</b></p> </td><td data-bbox="824 679 2157 1094"> <p><b>1. Formulate a low-carbon energy transformation plan</b></p> <p>* Mid-term and long-term planning: Formulate mid-term and long-term goals and strategies for the use of low-carbon energy, gradually reduce dependence on traditional energy, and set progress and emission reduction targets.</p> <p>* Gradual replacement: In the short term, consider using power purchase agreements (PPA) and investing in self-built renewable energy facilities, e.g., solar panel power generation systems.</p> <p><b>2. Monitoring energy market and price trends</b></p> <p>* Regularly analyze the price fluctuations in the energy market, particularly the market dynamics of low-carbon energy. With the advancement of technology and government subsidies, the price of low-carbon energy is expected to fall further.</p> <p>* Enterprises can enter into long-term energy purchase agreements when energy prices are low to reduce the risks caused by future energy cost fluctuations.</p> <p><b>3. Invest in energy efficiency improvement technologies</b></p> <p>* Invest in energy management systems (EMS) and high-performance equipment in internal facilities to maximize energy efficiency and reduce energy waste.</p> </td></tr> </table>	<p><b>Use of more efficient production and distribution processes</b></p>	<p>* Priority is given to employee safety during extreme weather.</p> <p><b>1. Introduce energy-saving technologies and automated production equipment</b></p> <p>* Upgrade equipment: Invest in high-performance production equipment, such as energy-saving machinery, energy-efficient Grade 1 air compressors, and intelligent control systems, to improve production efficiency and reduce energy consumption and waste generation.</p> <p>* Industry 4.0: Adopt data analysis and IoT technology to achieve production line automation and process optimization, reducing production costs and waste of resources.</p> <p><b>2. Promote circular economy and resource reuse</b></p> <p>* Introduce the mechanism of waste recycling and reuse into the production process to reduce the carbon emission of raw materials.</p> <p><b>3. Adopt low-carbon energy and clean technology</b></p> <p>* Introduce renewable energy sources (such as solar power generation systems) at production sites to reduce dependence on power consumption.</p> <p><b>4. Process design and improvement</b></p> <p>* Conduct a comprehensive process review to identify and eliminate inefficient production steps.</p> <p><b>5. Establish resilient strategies to address climate risks</b></p> <p>* Diversification of the supply chain: To ensure the supply of raw materials and logistics with diverse sources to prevent interruption of a single link from affecting the overall process.</p> <p>* Formulate contingency plans (such as backup logistics routes and production alternatives in case of weather disruption).</p>	<p><b>Use of low-carbon energy</b></p>	<p><b>1. Formulate a low-carbon energy transformation plan</b></p> <p>* Mid-term and long-term planning: Formulate mid-term and long-term goals and strategies for the use of low-carbon energy, gradually reduce dependence on traditional energy, and set progress and emission reduction targets.</p> <p>* Gradual replacement: In the short term, consider using power purchase agreements (PPA) and investing in self-built renewable energy facilities, e.g., solar panel power generation systems.</p> <p><b>2. Monitoring energy market and price trends</b></p> <p>* Regularly analyze the price fluctuations in the energy market, particularly the market dynamics of low-carbon energy. With the advancement of technology and government subsidies, the price of low-carbon energy is expected to fall further.</p> <p>* Enterprises can enter into long-term energy purchase agreements when energy prices are low to reduce the risks caused by future energy cost fluctuations.</p> <p><b>3. Invest in energy efficiency improvement technologies</b></p> <p>* Invest in energy management systems (EMS) and high-performance equipment in internal facilities to maximize energy efficiency and reduce energy waste.</p>
<p><b>Use of more efficient production and distribution processes</b></p>	<p>* Priority is given to employee safety during extreme weather.</p> <p><b>1. Introduce energy-saving technologies and automated production equipment</b></p> <p>* Upgrade equipment: Invest in high-performance production equipment, such as energy-saving machinery, energy-efficient Grade 1 air compressors, and intelligent control systems, to improve production efficiency and reduce energy consumption and waste generation.</p> <p>* Industry 4.0: Adopt data analysis and IoT technology to achieve production line automation and process optimization, reducing production costs and waste of resources.</p> <p><b>2. Promote circular economy and resource reuse</b></p> <p>* Introduce the mechanism of waste recycling and reuse into the production process to reduce the carbon emission of raw materials.</p> <p><b>3. Adopt low-carbon energy and clean technology</b></p> <p>* Introduce renewable energy sources (such as solar power generation systems) at production sites to reduce dependence on power consumption.</p> <p><b>4. Process design and improvement</b></p> <p>* Conduct a comprehensive process review to identify and eliminate inefficient production steps.</p> <p><b>5. Establish resilient strategies to address climate risks</b></p> <p>* Diversification of the supply chain: To ensure the supply of raw materials and logistics with diverse sources to prevent interruption of a single link from affecting the overall process.</p> <p>* Formulate contingency plans (such as backup logistics routes and production alternatives in case of weather disruption).</p>				
<p><b>Use of low-carbon energy</b></p>	<p><b>1. Formulate a low-carbon energy transformation plan</b></p> <p>* Mid-term and long-term planning: Formulate mid-term and long-term goals and strategies for the use of low-carbon energy, gradually reduce dependence on traditional energy, and set progress and emission reduction targets.</p> <p>* Gradual replacement: In the short term, consider using power purchase agreements (PPA) and investing in self-built renewable energy facilities, e.g., solar panel power generation systems.</p> <p><b>2. Monitoring energy market and price trends</b></p> <p>* Regularly analyze the price fluctuations in the energy market, particularly the market dynamics of low-carbon energy. With the advancement of technology and government subsidies, the price of low-carbon energy is expected to fall further.</p> <p>* Enterprises can enter into long-term energy purchase agreements when energy prices are low to reduce the risks caused by future energy cost fluctuations.</p> <p><b>3. Invest in energy efficiency improvement technologies</b></p> <p>* Invest in energy management systems (EMS) and high-performance equipment in internal facilities to maximize energy efficiency and reduce energy waste.</p>				
<p>4. Describe how the climate risk identification, evaluation and management process can be incorporated in the overall risk management system.</p>	<ul style="list-style-type: none"> <li>● The Sustainability Promotion Committee referred to "ISO 31000 - Risk Management System and Guidance" and collected information of external market, regulatory, technological, and physical climate future trends, and listed the possible climate risks and opportunities the Company may face. After considering the degree of impact and likelihood of occurrence, and material climate risks and opportunities were identified. The climate risks are then converted into financial figures, and items that may cause a financial impact of more than NTD 10 million per year are regarded as influential risks and opportunities. Risks are prioritized based on their likelihood and severity and countermeasures are formulated accordingly. For risks with higher assessment results, we also conduct climate scenario analysis, take into account the current operating layout, and calculate its potential financial impact.</li> <li>● The Sustainability Promotion Committee and relevant stakeholders identify the main risks through questionnaires, and then discuss with the Company's business units on countermeasures, which are supervised by the ESG Sustainable Implementation Committee. The chairperson of the Sustainability Promotion Committee also reports to the Board of Directors on a regular basis based on the risk management and assessment results.</li> </ul>				

<p>5. When using the scenario analysis evaluation for the resilience of climate change risks, explain the used scenarios, parameters, hypothesis, analytical factors and primary financial impact.</p>	<p><b>1.[Increased severity of extreme weather events such as typhoons and floods]</b></p> <ul style="list-style-type: none"> <li>•Under climate change, typhoons and torrential rains are becoming more serious, which may cause natural disasters to the Company's operating locations, resulting in business interruption or casualty.</li> <li>•SSP1-2.6: The average annual total rainfall increase in Taiwan is about 12% and 16% in mid-to-late 21st century. The average annual maximum one-day rainstorm intensity increase is about 15.7% and 15.3% in mid-to-late 21st century.</li> <li>•SSP5-8.5: The average annual total rainfall in Taiwan will increase by about 15% and 31% in mid-to-late 21st century. The average annual maximum one-day rainstorm intensity increase is about 20% and 41.3% in mid-to-late 21st century.</li> <li>•SSP5-8.5: In mid-to-late 21st century, the number of typhoons will be reduced by 15% and 55%; the percentage of strong typhoons will be increased by 100% and 50%; and the change rate of typhoon rainfall will be increased by 20% and 35%.</li> </ul> <p><b>2.[Average temperature increase]</b></p> <ul style="list-style-type: none"> <li>•SSP1-2.6: The average temperature may increase by 1.3°C to 1.4°C in mid-to-late 21st century. The number of days with high temperatures above 36°C will increase to 6.8 and 6.6 days in mid-to-late 21st century.</li> <li>•SSP5-8.5: The average temperature increase by more than 1.8°C and 3.4°C in mid-to-late 21st century. The number of days with high temperatures above 36°C will increase to 8.5 and 48.1 days in mid-to-late 21st century. The increase in urban areas will be more significant than other areas.</li> </ul>
<p>6. If a transition plan is available for responding to climate-related risk management, explain the content of the plan as well as the indicators and the target used to identify and manage physical risks and transition risks.</p>	<p>In the course of developing energy conservation and carbon reduction, the Company is committed to improving production efficiency and optimizing the efficiency of energy resource use. In addition to setting the targets of energy conservation, carbon reduction, waste reduction, and water conservation with reference to the SBTi progress goals, we have also been expanding and adding solar power generation systems to Increase the proportion of green electricity to reduce the impact on the environment. The contents of the plan are as follows:</p> <ul style="list-style-type: none"> <li>▪<b>From 2025, ESG-related indicators will be linked to the KPI performance of each unit head and manager</b></li> <li>▪<b>Starting in 2025, we have created projects to upgrade outdated equipment, refrigeration and air conditioning systems, and air compressors to Energy Efficiency Level 1 year by year. In doing so, we improve production efficiency and reduce energy consumption.</b></li> <li>▪<b>Energy management and optimization from 2025 onwards:</b> Build a smart meter monitoring platform to improve energy efficiency and power control. Regularly disclose GHG inventory results to ensure information transparency. Launch the green energy program: Expand the application of green energy and reduce the impact of product production on the environment. Review carbon reduction performance: Annual review of energy-saving and carbon-reduction results, strengthening of energy intensity management, and improvement of operational efficiency. Self-build solar power generation systems and obtain renewable energy certificates, and simultaneously evaluate the green power purchase contracts. Optimize manufacturing processes to improve production efficiency and energy efficiency.</li> <li>▪<b>Waste management and reduction from 2025 onwards:</b> Through strict classification and management mechanisms, source reduction and proper recycling and reuse are conducted to reduce the impact on the environment from the Company's business waste.</li> <li>▪<b>Water resource management and reduction from 2025 onwards:</b> In addition to reinforcing the promotion of water conservation among employees, all water taps have been replaced with automatic sensor taps; a rainwater recycling system has been installed to reduce water consumption.</li> </ul>

	<p><b>Carbon emissions and energy management targets:</b></p> <ul style="list-style-type: none"><li>▪Using 2024 as the base year, reduce the annual (Scopes 1 + 2) carbon emission intensity (i.e. carbon emissions per million revenue (Scopes 1 + 2)) by 3% year by year</li><li>▪Using 2024 as the base year, reduce the annual electricity intensity (i.e. electricity consumption per million kWh of revenue) by 3% year by year</li></ul> <p><b>Waste management targets:</b></p> <ul style="list-style-type: none"><li>▪Using 2021 as the base year, reduce the industrial waste intensity (i.e. the weight of business waste per million revenue) by 3% year by year</li></ul> <p><b>Water resource management targets:</b></p> <ul style="list-style-type: none"><li>▪Using 2021 as the base year, reduce the annual water intensity (i.e. water consumption per million revenue) by 3% year by year</li></ul>				
7. When using the internal carbon pricing as the planning tool, explain the price setting standard.	Internal carbon pricing not yet implemented				
8. When setting the climate-related target, explain the covered activities, the GHG emission category, the planned schedule and yearly progress accomplishment. When using the carbon offset or RECs (Renewable Energy Certificate) in order to achieve the planned target, explain the allowance source and the quantity of the offset carbon reduction or the quantity of RECs.	<table><tr><th>Emission reduction target</th><th>Strategic actions</th></tr><tr><td>Compared to the base year, 2024 Scope 1 + Scope 2 GHG emission reduction by 20% by 2030 Scope 1 + Scope 2 GHG emission reduction by 30% by 2040 Net zero by 2050</td><td><b>2024~2050:</b> **Starting in 2025, we have created projects to upgrade outdated equipment, refrigeration and air conditioning systems, and air compressors to Energy Efficiency Level 1 year by year. In doing so, we improve production efficiency and reduce energy consumption. <b>•Energy management and optimization:</b> Build a smart meter monitoring platform to improve energy efficiency and power control. Regularly disclose GHG inventory results to ensure information transparency. Launch the green energy program: Expand the application of green energy and reduce the impact of product production on the environment. Review carbon reduction performance: Annual review of energy-saving and carbon-reduction results, strengthening of energy intensity management, and improvement of operational efficiency. Self-build solar power generation systems and obtain renewable energy certificates, and simultaneously evaluate the green power purchase contracts. Optimize manufacturing processes to improve production efficiency and energy efficiency.</td></tr></table>	Emission reduction target	Strategic actions	Compared to the base year, 2024 Scope 1 + Scope 2 GHG emission reduction by 20% by 2030 Scope 1 + Scope 2 GHG emission reduction by 30% by 2040 Net zero by 2050	<b>2024~2050:</b> **Starting in 2025, we have created projects to upgrade outdated equipment, refrigeration and air conditioning systems, and air compressors to Energy Efficiency Level 1 year by year. In doing so, we improve production efficiency and reduce energy consumption. <b>•Energy management and optimization:</b> Build a smart meter monitoring platform to improve energy efficiency and power control. Regularly disclose GHG inventory results to ensure information transparency. Launch the green energy program: Expand the application of green energy and reduce the impact of product production on the environment. Review carbon reduction performance: Annual review of energy-saving and carbon-reduction results, strengthening of energy intensity management, and improvement of operational efficiency. Self-build solar power generation systems and obtain renewable energy certificates, and simultaneously evaluate the green power purchase contracts. Optimize manufacturing processes to improve production efficiency and energy efficiency.
Emission reduction target	Strategic actions				
Compared to the base year, 2024 Scope 1 + Scope 2 GHG emission reduction by 20% by 2030 Scope 1 + Scope 2 GHG emission reduction by 30% by 2040 Net zero by 2050	<b>2024~2050:</b> **Starting in 2025, we have created projects to upgrade outdated equipment, refrigeration and air conditioning systems, and air compressors to Energy Efficiency Level 1 year by year. In doing so, we improve production efficiency and reduce energy consumption. <b>•Energy management and optimization:</b> Build a smart meter monitoring platform to improve energy efficiency and power control. Regularly disclose GHG inventory results to ensure information transparency. Launch the green energy program: Expand the application of green energy and reduce the impact of product production on the environment. Review carbon reduction performance: Annual review of energy-saving and carbon-reduction results, strengthening of energy intensity management, and improvement of operational efficiency. Self-build solar power generation systems and obtain renewable energy certificates, and simultaneously evaluate the green power purchase contracts. Optimize manufacturing processes to improve production efficiency and energy efficiency.				

<p>9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).</p>	<p>As shown in the following table.</p>
---	---

### 1-1 GHG inventory information

Describe the greenhouse gas emission volume (tons of CO<sub>2</sub>e), intensity (MtCO<sub>2</sub>e/NTD million), and data coverage for the most recent two years.

The Company's inventory of GHG emissions is based on the data disclosed in ISO 14064-1:2018, and has been verified by an external third-party verification agency.

Category	2024		2023		Assurance agency and assurance description (verification certificate)
Category 1	Total emission (MtCO <sub>2</sub> e)	Density (MtCO <sub>2</sub> e/NTD million)	Total emission (MtCO <sub>2</sub> e)	Density (MtCO <sub>2</sub> e/NTD million)	
Group companies	419.7866	0.119	419.1942	0.136	Assurance through third-party external organization Verified by: AFnor Group  Assurance verification standard: ISO 14064-1:2018 GWP: Based on the 6th Assessment Report of IPCC, 2021 Type of Assurance Opinion: Unqualified Opinion
Category 2	Total emission (MtCO <sub>2</sub> e)	Density (MtCO <sub>2</sub> e/NTD million)	Total emission (MtCO <sub>2</sub> e)	Density (MtCO <sub>2</sub> e/NTD million)	
Group companies	13,127.0277	3.749	11,733.1261	3.821	
Category 3	Total emission (MtCO <sub>2</sub> e)	Density (MtCO <sub>2</sub> e/NTD million)	Total emission (MtCO <sub>2</sub> e)	Density (MtCO <sub>2</sub> e/NTD million)	
Group companies	3,766.6538	1.075	9,163.4479	2.984	

Note: The 2023 consolidated revenue was NT\$3,070 million; the 2024 consolidated revenue was 3,501 million; the subsidiary has completed the inventory in accordance with the schedule required by the competent authority.

Note: The 2024 total emission data disclosed in this annual report are subject to third-party verification. The complete and assured information will be disclosed and updated on the Market Observation Post System, the Sustainability Report and the Company's official website.

1-2GHG reduction targets, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

Emission reduction target	Strategic actions	Schedule
<p>Compared to the base year, <b>2024</b></p> <p>Scope 1 + Scope 2 GHG emission reduction by 20% by 2030</p> <p>Scope 1 + Scope 2 GHG emission reduction by 30% by 2040</p> <p>Net zero by 2050</p>	<p><b>**Starting in 2025, we have created projects to upgrade outdated equipment, refrigeration and air conditioning systems, and air compressors to Energy Efficiency Level 1 year by year. In doing so, we improve production efficiency and reduce energy consumption.</b></p> <p><b>■Energy management and optimization:</b></p> <p>Build a smart meter monitoring platform to improve energy efficiency and power control.</p> <p>Regularly disclose GHG inventory results to ensure information transparency.</p> <p><b>*Launch the green energy program:</b></p> <p>Expand the application of green energy and reduce the impact of product production on the environment.</p> <p><b>*Review carbon reduction performance:</b></p> <p>Annual review of energy-saving and carbon-reduction results, strengthening of energy intensity management, and improvement of operational efficiency.</p> <p><b>*Self-build solar power generation systems and obtain renewable energy certificates, and simultaneously evaluate the green power purchase contracts.</b></p> <p><b>*Optimize manufacturing processes to improve production efficiency and energy efficiency.</b></p>	<p>2024 - 2050</p>
Using 2024 as the base year, the Company expects to disclose the achievement status from 2025.		

**(VI) Status of fulfilling the honest operation as well as the variations with the “Honest Operation Rules for Listed and OTC Companies” and reasons.**

Evaluation item	Operation status			variations with the “Honest Operation Rules for Listed and OTC Companies” and reasons.
	Y	N	Summary	
I. Developing the honest operation policy and solutions (I) Has the company developed the honest operation policy that is approved by the Board of Directors? Have the company rules and external documents defined the honest operation policy and approaches together with the commitment that the Board of Directors and the Top Management will execute the operation policy proactively?	V		We have developed the “Honest Operation Rules” and it has been approved by the Board of Directors. Further, we have published the rules on our website and defined the honest operation policy in the aforesaid rules. Based on the aforesaid rules, the Board of Directors and the Top Management will execute the required operations. This Company will engage in the commercial activities according to the fair, honest, credible and transparent principles. To realize the honest operation policy and prevent the dishonest behaviors, we urge all of our employees (including the subsidiaries) to obey and comply when executing the operations. In the aspect of proactive execution being committed by the Board of Directors and the Top Management, all directors of this Company are abiding by the high-level of self-discipline rules. When dealing with the issues that may present conflicts of interests with themselves or the representing legal person that will impair company’s benefits, they will provide comments and answer the questions only without being involved in the discussion. In the meantime, they will recuse themselves during the discussion and the voting and will not represent other directors in exercising their voting right. All directors are also abiding by the self-discipline rules and will not collude with each other improperly.	Abide by the honest operation rules required for the listed and OTC companies.
(II) Has the company established the dishonest behavior related risk assessment mechanism? Has the company analyzed the business activities periodically to learn about the business operations that may present higher dishonest behavior risks and developed the dishonest behavior prevention solutions according to the analysis result? Further, such assessment mechanisms shall at least cover the prevention measures against the behaviors specified in the clauses of Item 2 under Article 7 of “Honest Operation Rules for the Listed and OTC companies”.	V		In the “Honest Operation Rules”, this Company has defined the prevention measures that will be taken for dealing with the business activities carrying higher dishonest behavior risks within the operation scope. It also contains the rules prohibiting the offering and the receiving of bribery, the offering of illegal politic contribution, the improper charity donation or sponsorship as well as the offering or receiving of unreasonable gift, services, entertainment or other improper benefits and the engagement in unfair competition, etc. As such, the rules will be proactively disseminated in order to realize the honest operation policy.	Abide by the honest operation rules required for the listed and OTC companies.
(III) Has the company defined the operation procedure, conduct guideline, violation punishment and complaint system in the dishonest behavior prevention solution and has it been strictly executed, reviewed and corrected periodically?	V		In the “Honest Operation Rules”, this Company has clearly and comprehensively defined the dishonest behavior prevention solution (including employee conduct rules and employee complaint management method, etc.) and it has been strictly executed during the internal management and commercial activities. In this Company, the Human Resource Department is responsible for the compilation and the supervision of honest operation policy and prevention solutions. In the meantime, the internal audit unit will check the compliance status periodically and then	Abide by the honest operation rules required for the listed and OTC companies.



Evaluation item	Operation status			variations with the “Honest Operation Rules for Listed and OTC Companies” and reasons.
	Y	N	Summary	
			submit the prepared audit report to the Board of Directors.	
II. Implementing the honest operation (I) Has the company evaluated the credibility record of the transaction target and defined the honest behavior clauses in the contract signed with the business transaction target?	V		We have signed the “Integrity Guarantee Agreement” with the distributor, supplier, customer of other business transaction target.	Abide by the honest operation rules required for the listed and OTC companies.
(II) Has the company set up the special unit that belongs to the Board of Directors for promoting the honest operation and that shall report to the Board of Directors about the honest operation policy, the dishonest behavior prevention solution and the supervising result?	V		This Company has assigned the Human Resource Department to develop and supervise the honest operation policy and the prevention solution. In the meantime, the internal audit unit will check the compliance status irregularly and then submit the prepared audit report to the Board of Directors. The Board of Director will fulfil the duty of care pertaining to a good-faith administrator in order to supervise and prevent dishonest behaviors. In addition, the Board of Directors will also review the execution effect and will execute the continuous improvement to ensure that the honest operation policy will be strictly executed. The Company implements the ethical management policy, and the implementation in 2024 is as follows: 1. Anti-corruption courses (ethics) Compulsory courses for new recruits 2. The Legal Department disseminates the "Employee Code of Conduct" to employees every six months.	Abide by the honest operation rules required for the listed and OTC companies.
(III) Has the company developed the interest confliction prevention policy, provided appropriate explanation channel and put it into execution?	V		This Company has developed the interest confliction prevention policy and also has provided an appropriate channel for the Board of Directors and the managers to explain if any potential interest conflict exists within the company.	Abide by the honest operation rules required for the listed and OTC companies.
(IV) Has the company executed the honest operation and developed an effective accounting system and internal control system? Has the company authorized the internal audit unit to develop an audit plan according to the dishonest behavior risk evaluation result in order to audit the compliance when executing the dishonest behavior prevention solution or authorized the CPA to execute the audit?	V		This Company has developed an effective accounting system and internal control system. Based on the risk assessment result, we developed the Annual Audit Plan in order to execute the respective internal audit. In this regard, we also reported the Audit Plan execution status and the subsequent improvement solution to the Audit Committee and the Board of Directors in order to realize the audit effect. Through the annual company internal self-evaluation, we urged each department subsidiary to design the self-inspection internal control system in order to confirm the execution effectiveness.	Abide by the honest operation rules required for the listed and OTC companies.
(V) Have you provide the internal and external education and training for honest operation periodically?	V		On an irregular basis, we will conduct the education and training and dissemination so that the employees will understand company’s determination in executing the honest operation, policy and prevention solution as well as the consequences breaching the	Abide by the honest operation rules required for the

Evaluation item	Operation status			variations with the “Honest Operation Rules for Listed and OTC Companies” and reasons.
	Y	N	Summary	
			honest behavior. In 2024, the Company has provided mandatory education and training on anti-corruption courses (code of ethics), with 109 employees receiving a total of approximately 163.5 hours of training.	listed and OTC companies.
III. Operation status of the company’s offence-reporting system (I) Has the company developed a practical offence-reporting and reward system, implemented convenient offence-reporting channel and assigned the case-accepting person for dealing with the reported target?	V		This Company has set up a practical offence-reporting system, implemented and announced the independent internal offence-reporting box and direct line for use by the person inside and outside the company . We also assigned special person or unit to accept the reported case and conduct the investigation.	Abide by the honest operation rules required for the listed and OTC companies.
(II) Has the company developed a standard investigation operation procedure for accepting the offence-reporting case as well as the subsequent measures and relevant confidential mechanism that should be taken after completing the investigation?	V		This Company has appointed the special person or unit to accept reports and establish the category of the reported case and relevant standard investigation operation procedure. Establish a reporting confidentiality mechanism to ensure case investigations and audit documents are confidentially stored.	Abide by the honest operation rules required for the listed and OTC companies.
(III) Has the company taken the measures for protecting the reporting person from improper disposition due to the reporting action?	V		We have taken the measures for protecting the reporting person from improper disposition due to the reporting action.	Abide by the honest operation rules required for the listed and OTC companies.
IV. Reinforcing the information disclosure (I) Has the company disclosed the content of the developed honest operation rules and the promotion effect on your website and Public Information Observatory?	V		We have developed the “Honest Operation Rules” and have also published on our website and Public Information Observatory. In addition, we also disclosed the execution information about the “Honest Operation Rules”.	Abide by the honest operation rules required for the listed and OTC companies.
V. If you have developed your “Honest Operation Rules” according to “Honest Operation Rules for the Listed and OTC Companies”, please explain the variation between its operation and the developed rules. We have developed the “Honest Operation Rules” and it also meets the conception and the execution requirements specified in the “Honest Operation Rules for the Listed and OTC Companies”.				
VI. Other important information that will help understand the company’s honest operation status: (for example, company’s review and correction of the developed “Honest Operation Rules” ): None				

**(VII) Please also disclose other important information that will help further understand the company’s governance operation status: None**

## **(VIII) Execution status of internal control system**

### **1. Internal Control Statement**

#### **National Aerospace Fasteners Corporation**

##### **Internal Control System Statement**

Date: February 20, 2025

Based on the self-evaluation result, we hereby certify the internal control system for 2024 as below:

- I. We are aware of that the development, execution and maintenance of internal control system are the responsibilities that should be fulfilled by the Board of Directors and managers. By now, we have established such system. It is developed to provide a reasonable guarantee for achieving the target being established for the operation effect and efficiency (including profit-earning, performance and asset safety protection, etc.), the reliability, timeliness and transparency of the report as well as the compliance with applicable requirements and applicable regulations.
- II. The internal control system has its innate limitation. Regardless of how perfect the design will be, an effective internal control system will provide reasonable guarantee for the accomplishment of the aforesaid three targets only. Besides, the effectiveness of the internal control system may change along with the change of the environment and the situation. In spite of this, our internal control system is equipped with a self-monitoring mechanism. Once identifying the defect, it allows this Company to take corrective action immediately.
- III. Pursuant to the internal control system effectiveness judgment items specified in the “Regulations Governing Establishment of Internal Control System by Public Companies” (hereunder briefed as the “Governing Regulations”, we are able to determine whether the design and the execution of internal control system are effective or not. Based on the judgment items of the internal system control adopted by the “Governing Regulations” and the management control process, the internal control system is divided into the following 5 composing elements: 1) Environment control; 2) Risk assessment; 3) Control operation; 4) Information and communication; and 5) Supervision operation. Each composing element also comprises several items. For details of the aforesaid items, please refer to the regulations specified in “Governing Regulations”.
- IV. Based on the judgment items of the aforesaid internal control system, we evaluated the effectiveness of the design and the execution of the internal control system.
- V. Based on the aforesaid evaluation result, we consider that the internal control system reported on December 31, 2024 (including the supervision and the management of subsidiaries), including the accomplishment extent of operation effect and efficiency target, is reliable, timely, transparent and meeting the applicable requirements and laws. As such, it is concluded that the design and the execution of the internal control system are effective and that it can guarantee the accomplishment of aforesaid target in reasonable way.
- VI. This Statement will become the main content of the Annual Report and the Prospectus of this Company and it will be disclosed to the public as well. If any illegal forgery and hiding occurs to the aforesaid disclosed content, then we shall be subject to the legal responsibilities specified in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This is to certify that the Statement has been approved by the Board of Directors of this Company on February 20, 2025. Among 9 presented directors, none of them are holding objections and so this Statement is approved by all of the directors unanimously.

National Aerospace Fasteners Corporation

Chairman:

Signature/seal

President:

Signature/seal

2. When authorizing the CPA is to review the internal control system in project type, the CPA review report should be disclosed: None

**(IX) Important resolutions reached in Shareholder Meeting and Board of Directors in previous year and up to the Annual Report printing date:**

Shareholder's meeting

Meeting date:	Important motions	Resolutions	Execution status
May 21, 2024	1. Ratification of the 2023 business report and financial statements	The case is approved after the voting.	Execute the resolution result.
	2. Ratification of 2023 earnings distribution Shareholder dividend: (cash dividend at NT\$2.5/share).	The case is approved after the voting.	March 27, 2024 was set as the distribution base date; and cash dividends were distributed on April 19, 2024
	3. Discussion on the amendment case for part of the clauses provided in "Company Rules"	The case is approved after the voting.	Operate according to the amended "Company Rules".
	4. Amendment to the "Rules and Procedures of Shareholders' Meeting" in part.	The case is approved after the voting.	Implemented in accordance with the amended "Rules and Procedures of Shareholders' Meeting"
	5. Discussion of motion of removing the ban on competition of Directors to avoid the conflict of interest	The case is approved after the voting.	The resolution result has been complied with.

Board of Directors

Meeting date:	Summary of important motions
January 26, 2024	1. Indirect capital increase in the subsidiary in Malaysia through the overseas subsidiary. 2. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. February 16, 2024 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 204,000 shares.
February 23, 2024	1. Approved 2023 employee and director remuneration distribution: Employee remuneration: NT\$4,000 thousand in cash. Director remuneration: NT\$2,179 thousand. 2. Approved 2023 profit distribution case: Shareholder bonus: Cash dividend per share – NT\$2.50. 3. Approved the "Company Rules" amendment case. 4. Approved the "Rules and Procedures of Shareholders' Meeting" amendment case. 5. Released the director's non-compete restriction case. 6. Approved the "2024 shareholder regular meeting convening date, convening reasons and shareholder motion raising period". 7. Assessment of the Company's CPA independency and competency.
April 26, 2024	1. Approved capital loan to subsidiary NAFCO Suzhou Precision by the Company. 2. Approved endorsement/guarantee to NAFCO Suzhou Precision by the Company. 3. Approved the "Procedures for Compilation and Verification of Sustainability Report". 4. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. May 22, 2024 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 364,000 shares.
July 30, 2024	1. Approved the external endorsement guarantee case 2. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. July 30, 2024 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 252,000 shares.
October 30, 2024	1. Amendment to the Company's "Internal Control System", "Implementation Rules of Internal Audit", and "Procedures for Transactions with Related Parties, Specific Companies and Group Companies". 2. Amendment to the Company's "Board of Directors Meeting Rules" 3. Amendment to the Company's "Audit Committee Charter". 4. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. November 10, 2024 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 112,000 shares.
January 16, 2025	1. Indirect capital increase in Malaysia through the establishment of overseas subsidiary. 2. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. February 8, 2025 was set as the base date for issuance of new shares. The number of

	common shares that the stock option holders have requested to subscribe for is 637,500 shares.
February 20, 2025	1. Approved the 2024 employee and director remuneration distribution: Employee remuneration: NT\$6,000 thousand in cash. Director remuneration: NT\$2,400 thousand
	2. Approved the 2024 profit distribution case: Shareholder bonus: Cash dividend per share – NT\$3.02.
	3. By-election of independent directors.
	4. Approved the list of candidates for independent directors.
	5. Assessment of the independence and suitability of the Company's CPAs
	6. Approved the amendment to the "Articles of Incorporation".
	7. Approved the date of the 2025 annual shareholders' meeting, reasons for convening the shareholders' meeting, and the deadline for shareholders' proposals and nomination of independent director candidates.

**(X) In the previous year and up to the Annual Report printing date, controversies are held by the director or the supervisor for the important resolutions reached in the Board of Directors, with the record or written statement being maintained; the main content: None**

#### IV . Information on CPA Fees

##### (I) Charge information relating to the CPA

Amount unit: NT\$ thousand

Name of CPA office:	Name of CPA:	CPA auditing period:	Auditing charge	Non-auditing charge	Total	Remark
Pricewaterhouse Coopers	Li Yen-Na	2024.01.01-2024.12.31	2,430	502	2,932	Internal rotation within the CPA firm
	Liu, Chien-Yu	2024.01.01-2024.12.31				

Note 1: If CPA or the CPA office should be changed by this Company in the current year, please indicate the audit period and then explain the reasons for such change in the Remarks column.

Note 2: The non-audit remuneration amounted to NT\$502 thousand, which is the fee for the review of transfer pricing, CPA's report, and disbursement.

**(II) If the change of CPA office and the paid audit charge during the change year is less than that of the year before the change, then disclose the amount of audit charges before and after the change and the reasons: No such situation.**

**(III) If the audit charge is less than that of previous year by more than 10%, then disclose the amount of the reduced audit charge together with its percentage and reasons: No such situation.**

## V. Replacement of CPA:

### (I) About the former CPAs

Date of replacement	January 2024		
Reason and explanation for replacement and	In conjunction with the internal rotation policy of the CPA firm, starting from the Q1 2024, the CPAs for financial statements have been changed from Wu, Wei-Hao and Li, Yen-Na to Li, Yen-Na and Liu, Chien-Yu of PricewaterhouseCoopers Taiwan.		
Explanation for the reason why the appointment was terminated or why the CPA did not accept appointment	Parties		
	Situation	CPAs	The Company
	Voluntary termination of appointment	N/A	N/A
	Did not accept/continue appointment	N/A	N/A
Reasons for issuing opinions other than unqualified opinions in the past 2 years	N/A		
Different opinion from the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedure
			Others
	N/A	V	
	Description		
Other disclosures (Article 10, paragraph 6, item 1 (4) to item 1 (7) of the Regulations should be disclosed)	N/A		

### (II) About the succeeding CPAs

Name of CAP firm	Pricewaterhouse Coopers
Name of CPA	Li, Yen-Na ; Liu, Chien-Yu
Date of appointment	January 2024
Consultation in designated accounting method or accounting principles and comments on possible opinions of the CPA on the financial audit prior to the appointment, and the result	N/A
Written opinions of the successor accountant on the dissenting opinions of the former CPA	N/A

(III) The former accountant's reply to Article 10, paragraph 6, item 1 and item 2 of item 3 of the Regulations: Not applicable.

VI. If the company's Chairman, President, or the manager responsible for the financial or accounting matters has served in the office or its affiliate owned by the CPA in previous year, please disclose the name, the position and the period working in the office or its affiliate owned by the CPA: None.

**VII. Equity transfer and pledged share change status of the director, supervisor, manager and the shareholder owning the shares more than 10%, which has occurred in previous year and up to the Annual Report printing date:**

**(I) Equity change status of directors, supervisors, managers and major shareholders**

Position	Name	2024		2025 up to April 7	
		Share increase (decrease):	Pledge share increase (decrease)	Share increase (decrease):	Pledge share increase (decrease)
Chairman	Tsai, Feng-Tzu	82,000	-	-	-
Director	Getac Holdings Corporation	-	-	-	-
	Representative: Miao, Hua-Bing	-	-	-	-
	Representative: Lin, Wei-Tsun	33,000	-	-	-
More than 10% of shareholders	Getac Holdings Corporation	-	-	-	-
Director	National Development Fund, Executive Yuan	-	-	-	-
	Representative: Li, Pei-Yu (Note 1)	-	-	-	-
	Representative: Li, Kun-Chung (Note 2)	-	-	-	-
Director	Lien Jie Er Investment Co., Ltd.	-	-	-	-
	Representative: Hsieh, Feng-Jen	-	-	-	-
Independent Director	Li, Li-Hang				
Independent Director	Zao, Shin-Tser	-	-	-	-
Independent Director	Wen, Wang-Shou	-	-	-	-
Independent Director	Huang, Chiu-Chi	-	-	-	-
President	Lin, Wei-Tsun	33,000	-	-	-
Vice President	Li, Jia-Jui	30,000	-	-	-
Vice President and Accounting Supervisor, Corporate Governance Officer	Li, Wen-Cheng	30,000	-	26,000	-
Vice President	Chang, Ya-Chu	15,000	-	10,000	-

Note 1: Appointed on April 01, 2025 (re-assigned representative).

Note 2: Dismissed on April 01, 2025 (re-assigned representative).

Note 3: The counterparty of the equity transfer or equity pledge is a non-related party.

**(II) Equity transfer information: N/A**

**(III) Equity pledge information: N/A**



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

April 7, 2025

Name (Note 1)	Shares owned by the principal.		Shares owned by spouse and minor children		Total shares owned under the names of others		If the interested party or spouse or relative within 2nd-degree is existed amount the Top 10 shareholders, please indicate the title or name and relationship (Note 3)		Remarks
	Shares	Ratio of shares (%)	Shares	Ratio of shares (%)	Shares	Ratio of shares (%)	Title (or name)	Relation	
Getac Holdings Corporation Representative: Huang, Ming-Han	20,578,174	36.95	-	-	-	-	-	-	-
National Development Fund, Executive Yuan	3,773,188	6.78	-	-	-	-	-	-	-
Cheng, Wei-hong	2,160,000	3.88	-	-	-	-	-	-	-
Management Committee of Yaohua Glass Co., Ltd.	1,915,304	3.44	-	-	-	-	-	-	-
Cheng Shi Investment Co., Ltd. Representative: Da Kuan Capital Co., Ltd.	1,300,000	2.33	-	-	-	-	-	-	-
Hsiao, Chia-Chi	1,001,000	1.80	-	-	-	-	-	-	-
Lih Ta Fasteners Co., Ltd. Representative: Wang, Tsang-Chung	849,616	1.53	-	-	-	-	-	-	-
Lien Chuang Investment Co., Ltd Representative: Chang, Chih-Cheng	709,000	1.27	-	-	-	-	-	-	-
Lin, Shih-Hsiang	535,000	0.96	-	-	-	-	-	-	-
Chen, Hui-Chu	450,000	0.81	-	-	-	-	-	-	-

Note 1: The Top 10 shareholders shall be listed. In case of the legal person shareholder, the name of the legal person shareholder and the name of the representative should be listed separately.

Note 2: The Ratio of shares is calculated under the name of the principal, the spouse, the minor children or others.

Note 3: The relationship between the shareholders, including legal person and natural person, being listed above shall be disclosed according to the requirements of "Financial Report Compilation Criteria for Share Distribution Companies".

Note 4: The information is valid up to April 7, 2025, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

**IX. The shares of the same reinvestment business that are owned by the company, the company's director, supervisor, manager or the business directly or indirectly controlled by the company and the Ratio of share owning shall be calculated altogether:**

Unit: Shares  
December 31, 2024

Reinvestment business (Note)	Invested in this Company		The investment made by the director, the supervisor or the business directly or indirectly controlled by the company.		Summary of investment	
	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership
NAFCO Group Ltd.	13,000,000	100.00%	-	-	13,000,000	100.00%
NAFCO Holdings Ltd.	13,000,000	100.00%	-	-	13,000,000	100.00%
CYPRESS SKY INVESTMENT LTD	8,500,000	100.00%	-	-	8,500,000	100.00%
NAFCO Suzhou Precision (Note 1)	-	100.00%	-	-	-	100.00%
MY NAFCO PRECISION. BHD.	38,987,815	100.00%			38,987,815	100.00%

Note 1: The subsidiary in Mainland China is organized in Limited Company type that does not own any shares.

Note 2: The long-term investment conducted by the company pursuant to "Equity Law".

## Three. Fund raising status

### I. Capital and shares

#### (I) Distributed shares

April 30, 2025

Unit: NT\$ thousand / thousand shares

Year and month	Distributed price	Approved capital		Paid-in capital		Remark		
	(NT\$/share)	Shares	Amount	Shares	Amount	Source of fund	Offsetting the capital with the properties other than cash.	Others
2023.05	10	580,000	5,800,000	52,659	526,591	Employee Stock Option: 12	-	Jing-Shou-Shang-Tze 11230082110 dated May 19, 2023
2023.08	10	580,000	5,800,000	53,314	533,141	Employee Stock Option: 655	-	Jing-Shou-Shang-Tze 11230166110 dated August 24, 2023
2023.12	10	580,000	5,800,000	53,802	538,021	Employee Stock Option: 488	-	Jing-Shou-Shang-Tze 11230237850 dated December 19, 2023
2024.03	10	580,000	5,800,000	54,006	540,061	Employee Stock Option: 204	-	Jing-Shou-Shang-Tze 11330033110 dated March 12, 2024
2024.07	10	580,000	5,800,000	54,370	543,701	Employee Stock Option: 364	-	Jing-Shou-Shang-No. 11330093110 dated July 9, 2024
2024.09	10	580,000	5,800,000	54,622	546,222	Employee stock options 252	-	Jing-Shou-Shang-No. 11330150000 dated September 6, 2024
2024.12	10	580,000	5,800,000	54,734	547,342	Employee stock options 112	-	Jing-Shou-Shang-Zi No. 11330205190 dated December 12, 2024
2025.03	10	580,000	5,800,000	55,371	553,717	Employee stock options 637	-	Jing-Shou-Shang-Zi No. 11430023910 dated March 3, 2025
2025.03	10	580,000	5,800,000	55,685	556,851	Employee stock options 313	-	Change registration not handled yet

#### (II) Type of shares

April 7, 2025

April 7, 2025

Type of shares	Approved capital				Remarks
	Circulated shares		Undistributed shares	Total	
	Listed (OTC)	Note listed (OTC)			
Common stock	55,685,055	0	524,314,945	580,000,000	N/A

**(III) List of major shareholders: specify the shareholders with a shareholding of 5% or more. If there are fewer than ten, the names, shareholdings and ratios of the top ten shareholders shall be disclosed**

April 7, 2025

No.	Name of major shareholders	Shares held	Ratio of shares (%)
1	Getac Holdings Corporation	20,578,174	36.95%
2	National Development Fund, Executive Yuan	3,773,188	6.78%
3	Wei-hong Cheng	2,160,000	3.88%
4	Management Committee of Yaohua Glass Co., Ltd.	1,915,304	3.44%
5	Cheng Shi Investment Co., Ltd.	1,300,000	2.33%
6	HSIAO, Chia-Chi	1,001,000	1.80%
7	Lih Ta Fasteners Co., Ltd.	849,616	1.53%
8	Lien Chuang Investment Co., Ltd	709,000	1.27%
9	Shih-Hsiang Lin	535,000	0.96%
10	CHEN Hui-Chu	450,000	0.81%

Note: The information is valid up to April 7, 2025, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

Note: Two shareholders with a shareholding of more than 5%

**(IV) Company dividend policy and execution status:**

1. Described below is the dividend policy being developed according to the "Company Rules":

If the annual general final accounts reveal that profits are earned, then this Company shall allocate the due income tax and remedy the yearly loss first and then allocate 10% for using as the statutory surplus reserve; except where the statutory surplus reserve has reached the total capital amount of the company. As a next step, the company will allocate or revolve special surplus reserve pursuant to the regulations imposed by the law or the competent authority. If reserve still remains, then its balance will be added with the cumulative undistributed surplus for the Board of Directors to conclude the distribution. If the reserve is issued by distributing new shares, then this Company shall submit the case to the Shareholder's Meeting for determining the distribution method. If the reserve is issued to distributing the cash, then the Board of Director will be authorized, pursuant to the regulations specified in Item 5 under Article 240 of Company Act, to distribute according to the resolutions that have been agreed by over two-thirds of the presented directors and over half of the presented directors. After that, the aforesaid distribution will be reported to the shareholder's meeting.

The ratio of cash dividend of shareholder dividend shall be determined by the Board in consideration of the financial structure, the capital requirement in the future and profitability of the Company, and shall not fall below 10% of the total dividend.

2. It is the plan of this Company to maintain stabilized dividend policy and the distributed dividend will not be less than 30% of the reserve that can be distributed in that year according to the company's demand of future development. However, the actual amount to be distributed shall be discussed and resolved by the Board of Directors.
3. Discussion of dividend distribution of the current-term Board of Directors meeting:
  - (1) According to the regulations specified in Item 5 under Article 240 of Company Act and Item 3 under Article 18 of Company Rules, where the dividend will be distributed in cash, it shall be authorized to the Board of Directors for determining the distribution method and then the result will also be reported to the Shareholder's Meeting.
  - (2) On February 20, 2025, the Company's Board of Directors resolved to contribute a cash dividend of NTD 167,634,326 to shareholders, or NTD 3.02 per share in cash dividend (due to the subsequent change in the number of shares entitled to participate in the allotment as a result of the execution of the subscription of common shares under the employee stock option certificates, the allotment rate was adjusted to NT\$3.01040065 per share.). The cash dividends are scheduled to be distributed on May 2, 2025.
4. Briefing on the anticipated significant change of dividend policy: It is estimated that significant change will not occur to the company's dividend policy.

**(V) Impact of stock grants to be discussed in the shareholder's meeting to the company's performance and the reserve per share:**

Not applicable, as there were no stock dividends distributed from 2024 earnings distribution.

**(VI) Remuneration to employees and directors:**

1. Portion or scope of remunerations for the employees and directors as mentioned in the Company Rules:  
If the Company makes profit (the earnings before taxation and the deduction of remuneration to the employees and the Directors) in the fiscal year, appropriate 1% to 10% of the said profit as remuneration to the employees, and no more than 2% of the said profit as remuneration to the Directors pending on the resolution of the Board. If the Company has carryforward loss, the Company shall appropriate the profit for covering carryforward loss.  
The target qualified for receiving the stock or cash for using as the remunerations shall include the employees of the companies controlled by and subordinating to this Company that meet the specified conditions. In this regard, the Chairman will be authorized to determine the specified conditions
2. The recognition of the remuneration amount for employees and directors estimated for current term: The basis for calculating the number of shares that will be distributed to the employee as the remuneration and the accounting process when actual amount to be distributed is different from the estimated recognition number:
  - (1) Recognition of the amount allocated for employee and director remunerations: In 2024, the employee remunerations are recognized at 1%~10% of the profit before deducting the employee and director remunerations from the pre-tax profit; whereas, the remunerations for directors are recognized according to the estimated distribution amount.
  - (2) The basis for calculating the number of shares that will be distributed to the employee as the remuneration and the accounting process when actual amount to be distributed is different from the estimated recognition number: Not applicable because the stock distribution has not been executed for using as the employees remuneration in 2024.
  - (3) Accounting process when actual amount to be distributed is different from the estimated recognition number: If variation exists between the distributed amount and the recognized amount; If variation exists between the distributed amount and the recognized amount, then it will be listed as a gain or loss of the following year.
3. Approving of remuneration distribution by the Board of Directors:
  - (1) In 2024, if the employee remuneration distributed by means of cash or stock and the remuneration amount for directors and supervisors are different from the amount of the expense recognition year, please explain the amount of variation, reasons and handling status:  
Provided below are the employee remunerations and the director/supervisor remunerations that will be distributed according to the resolutions reached in Board of Director on February 20, 2025:

Expressed in thousands of New Taiwan Dollars

Distribution items	Distributed amount (A)	Recognized amount (B)	Variation (A) – (B)	Variation reasons and handling status
Employee cash remuneration	6,000	6,000	-	No difference
Director remuneration	2,400	2,400	-	

- (2) Ratio of employee remuneration through stock distribution in the remuneration amount of directors:  
Not applicable because cash dividend will be distributed for the current-term fiscal year.

4. Distribution status of employee, director remunerations in 2023 (including distributed stocks, amount and stock price). If variation exists among the recognized employee, director remunerations, please explain the variation amount, reasons and handling status:

Expressed in thousands of New Taiwan Dollars

Distribution items	Distributed amount (A)	Recognized amount (B)	Variation (A) – (B)	Variation reasons and handling status
Employee cash remuneration	4,000	4,000	-	It is because of the variations estimated by Accounting and such variation amount will be adjusted as a gain or loss for 2024.
Director remuneration	2,179	3,600	(1,421)	

**(VII) Company's buying back the stocks of this Company: None.****II. Company debt handling status: None.****III. Preferred stock handling status: None.****IV. Depository Receipt (DR) handling status: None.**

**V. Employee Stock Option certificate handling status:**

**(I) Handling status for disclosing the undue Employee Stock Option certificate up to the Annual Report printing date and its impact to the shareholder's equity:**

April 30, 2025

April 30, 2023

Type of Employee Stock Option certificate	5th Employee Stock Option certificate	6th Employee Stock Option certificate																
Reporting effective date and total number of units	December 19, 2018 3,560 (Note 1)	August 26, 2022 2,412 (Note 1)																
Distribution (execution) date	December 13, 2019	October 21, 2022																
Number of outstanding units	3,560 (Note 1)	2,412 (Note 1)																
Distribution unit number available	-	-																
Ratio of the stock option number in the total distributed shares	6.76%	4.58%																
Stock option existence period	6 years	6 years																
Contract execution method	Distributing new shares	Distributing new shares																
Restrictive stock subscription period and percentage (%)	Two years after the authorized Employee Stock Option certificate until 10 days before the expiry date, except for the ownership transfer suspension period, the share subscriber may exercise the stock option right according to the schedule provided below. <table><tr><td><u>Schedule</u></td><td><u>Ratio of stock option available</u></td></tr><tr><td>Expired for 2 years</td><td>50%</td></tr><tr><td>Expired for 3 years</td><td>75%</td></tr><tr><td>Expired for 4 years</td><td>100%</td></tr></table>	<u>Schedule</u>	<u>Ratio of stock option available</u>	Expired for 2 years	50%	Expired for 3 years	75%	Expired for 4 years	100%	Two years after the authorized Employee Stock Option certificate until 10 days before the expiry date, except for the ownership transfer suspension period, the share subscriber may exercise the stock option right according to the schedule provided below. <table><tr><td><u>Schedule</u></td><td><u>Ratio of stock option available</u></td></tr><tr><td>Expired for 2 years</td><td>50%</td></tr><tr><td>Expired for 3 years</td><td>75%</td></tr><tr><td>Expired for 4 years</td><td>100%</td></tr></table>	<u>Schedule</u>	<u>Ratio of stock option available</u>	Expired for 2 years	50%	Expired for 3 years	75%	Expired for 4 years	100%
<u>Schedule</u>	<u>Ratio of stock option available</u>																	
Expired for 2 years	50%																	
Expired for 3 years	75%																	
Expired for 4 years	100%																	
<u>Schedule</u>	<u>Ratio of stock option available</u>																	
Expired for 2 years	50%																	
Expired for 3 years	75%																	
Expired for 4 years	100%																	
Number of shares subscribed	2,228,000 shares	809,900 shares																
Share subscription amount paid	NT\$193,144,400	NT\$45,516,380																
Number of shares not subscribed (Note 2)	410,000 shares	1,292,100 shares																
Subscription price per share for the shares not subscribed	NT\$82.7	NT\$54.5																
Ratio of share not subscribed in the total distributed shares (%)	0.74%	2.32%																
Impact to shareholder's equity	Two years after the expiry of the authorized Employee Stock Operation certificate, the stock subscriber of this Company will be allowed to exercise the stock option according to the schedule provided in this Method. Therefore, it will not bring about significant impact to shareholder's equity.	Two years after the expiry of the authorized Employee Stock Operation certificate, the stock subscriber of this Company will be allowed to exercise the stock option according to the schedule provided in this Method. Therefore, it will not bring about significant impact to shareholder's equity.																

Note 1: Each individual unit of Stock Operation certificate may subscribe 1,000 shares of common stock distributed by this Company.

Note 2: The result by deducting the shares being confiscated or overdue.

**(II) The name, acquisition and subscription status of the managers that have acquired the Employee Stock Option certificate and the Top 10 employees that have acquired the shares permitted by the certificate until the Annual Report printing date.**

Unit: NT\$thousand /thousand share

April 30, 2025

	Position	Name	Number of shares subscribed	Ratio of subscribed shares in the total distributed shares	Subscribed				Not subscribed			
					Number of shares subscribed	Price of shares subscribed	Amount of subscription	Ratio of subscribed shares in the total distributed shares	Number of shares subscribed	Price of shares subscribed	Amount of subscription	Ratio of subscribed shares in the total distributed shares
Manager	President	Lin, Wei-Tsun	390,000	0.70%	154,000	85.3 56.2	9,702	0.28%	236,000	82.70 54.50	15,908	0.42%
	Vice President	Li, Jia-Jui										
	Vice President and Accounting Supervisor	Li, Wen-Cheng										
	Vice President	Chang, Ya-Chu										
Employee	Manager	Tseng, Chi-Feng	610,000	1.10%	342,000	85.3 56.2	26,903	0.61%	268,000	82.70 54.50	15,508	0.48%
	Managing Director	Liu, Min-Kung										
	Manager	Chang, Ting-Chia										
	Managing Director	Ho, Ming-Tang										
	Manager	Tseng, Shuan-Ching										
	Manager	Li, Tse-Jian										
	Manager	Chi, Chih-Jieh										
	Assistant Manager	Luan, Hui-Ye										
	Manager	Tao, Yu-Ching										
	Assistant Manager	Chou, Ping-Hao										

**VI. Employee right restriction execution status: None**

**VII. Execution status of merging or acquiring new share distributed by other companies:**

**VIII. Capital implementation plan execution status: None.**

## Four. Overview of operation

### I. Business operation content

#### (I) Scope of business operation

The main products manufactured by this Company are the fasteners that meet the requirements of Aerospace Quality System (AS9100) and Automotive Quality System (TS16949). These products are primarily applied in the aerospace engine structural body, thin-plate bonding system and automotive equipment, etc.

1. Provided below is the main business operation content and the operation percentage currently executed by this Company in 2024:

Main business operation content	Percentage in revenue
Aerospace fasteners and aerospace turning-processed parts.	88.83%
Industrial fasteners	11.17%

2. Merchandises and service items rendered by this Company up until now

Abiding by the higher level of professional ethics, this Company is providing excellent core competence in the aspects of manufacturing and services. The company is operated by focusing on the manufacturing of “aerospace-class parts and special automotive fasteners”. Our purpose is to provide the advanced professional precision fasteners and turning-processed parts for the global aerospace sector, the structural vendors and the custom-made automotive products. On this basis, we provide the following full-face manufacturing services for our customers:

- (1) Manufacturing, fabrication, distribution and transaction of fasteners and structural parts used by aircrafts and vessels.
- (2) Manufacturing, fabrication, distribution and transaction of fasteners and structural parts used by vehicles and industries.
- (3) Import/export trading business for the products manufactured by the aforesaid local and foreign vendors.
- (4) Agent operation of marketing business for the products manufactured by local and foreign vendors.

3. New product to be developed

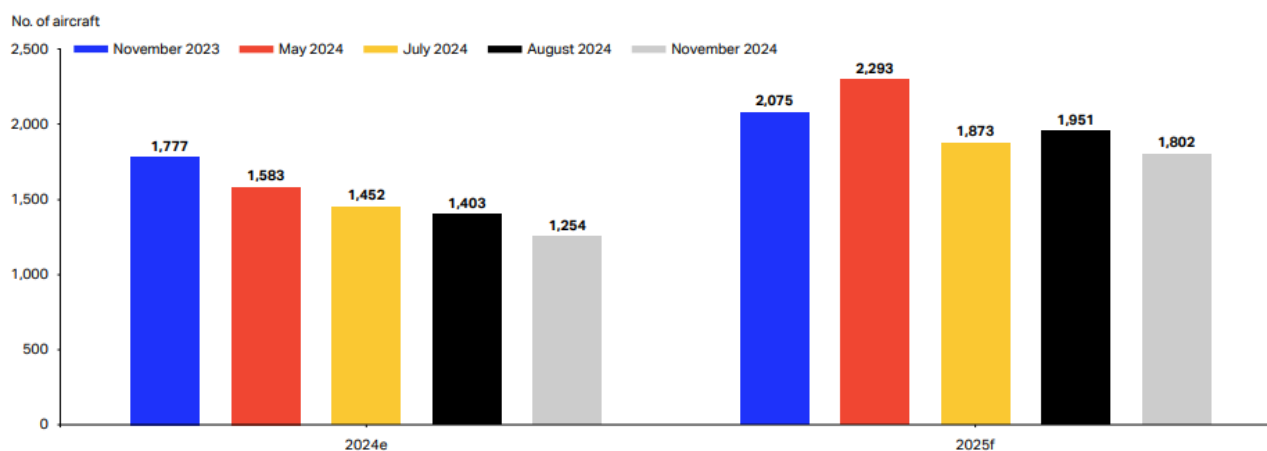
For the product that will be developed in the current year, please refer to the R&D plan of the coming years as mentioned in the Overview of R&D provided in the following item.

#### (II) Overview of the industry

1. Present industrial status and development

The delivery of aircraft in 2024 was significantly lower than expected, down by 30% from the original estimate. Only 1,254 aircraft were expected to be delivered for the whole year. This was mainly due to supply chain bottlenecks and the strike of the employees at Boeing, resulting in production constraints and delivery delays. Although IATA's delivery forecast for 2025 has continued to be revised down due to supply chain challenges and quality issues with Boeing, the annual delivery is still expected to reach 1,802 aircraft, a 43.7% growth compared to 2024, and is expected to set a new record.

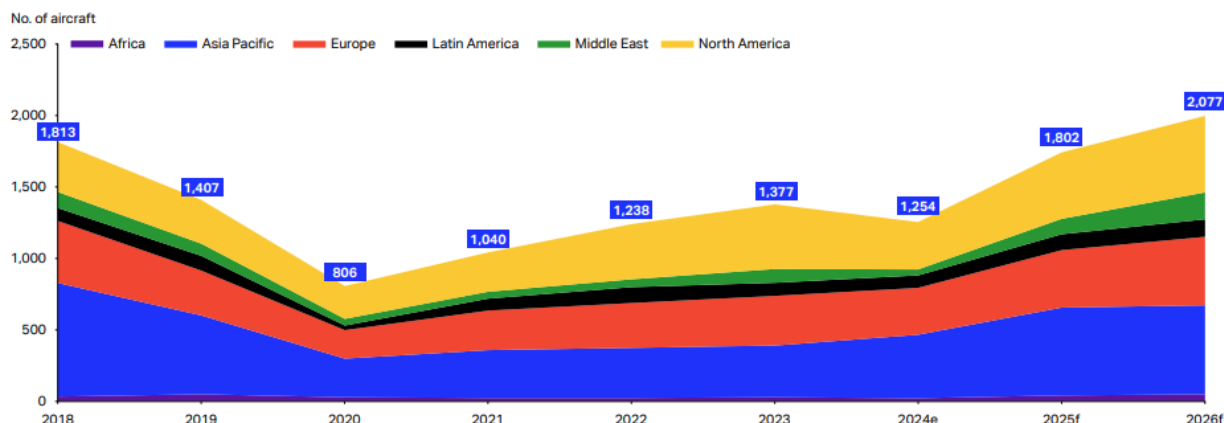
**Chart 24: Revision of scheduled aircraft deliveries**



Source: Cirium, IATA Sustainability and Economics

The delay in aircraft delivery has caused the average age of the global fleet to reach a record high of 14.8 years, higher than the average of 13.6 years from 1990 to 2024. The delivery delay not only increases the maintenance cost, but also forces the airline to continue to use the outdated aircraft. The aircraft order backlog reached a record high of 17,000. At the current delivery rate, it will take 14 years to complete the delivery, which is much higher than the average of 6 years from 2013 to 2019.

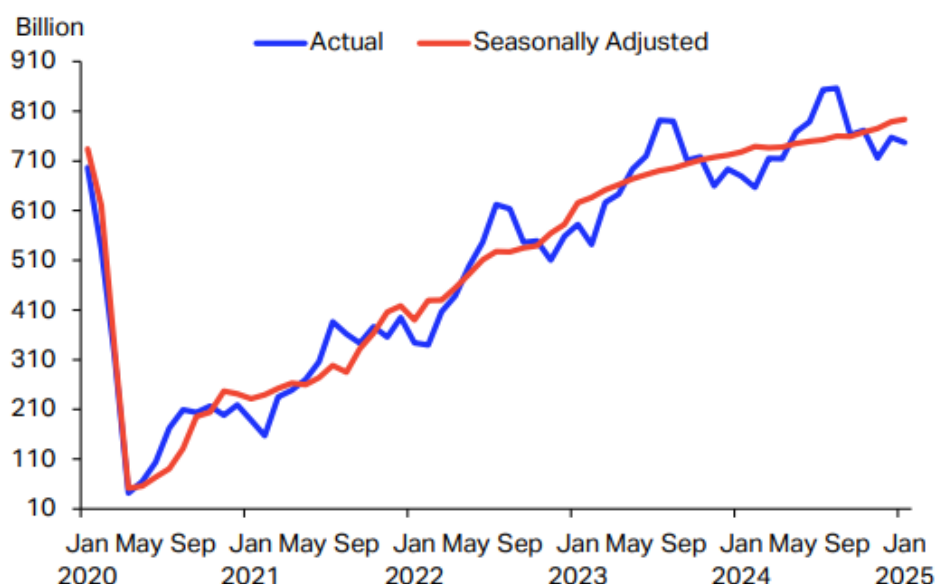
**Chart 25: Aircraft deliveries by region (placed and scheduled), Cirium estimate**



Source: Cirium estimate, November 2024, IATA Sustainability and Economics

The increase in the number of airline passengers has led to a significant growth in the demand for maintenance and repair. In January 2025, the global revenue passenger kilometers (RPK) increased by 10.0% year-on-year, returning to double-digit growth, and the passenger load factor (PLF) hit a new record high of 82.1% in January. Available seat kilometers (ASK) increased by 7.1% year-on-year. Domestic routes grew by 6.1% year-on-year, of which China's growth was 10.0%, leading the world; international routes grew by 12.4%, mainly due to the growth of Asia Pacific and European carriers.

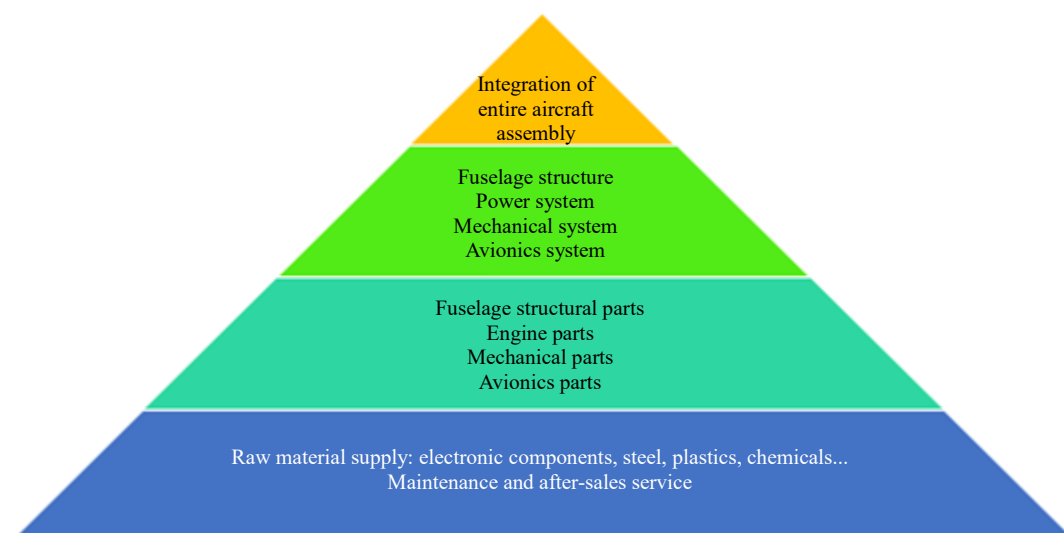
Currently, about 700 aircraft have been grounded due to engine maintenance. If the problem is resolved in 2025, the market capacity is expected to increase by about 2%, alleviating the tight supply.



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics



## 2. Correlativity between upstream, middle stream and downstream of the industry



At present stage, the commercial aircrafts of the world are mainly manufactured and assembled by Boeing and Airbus companies for which, the main engine suppliers are GE, Rolls-Royce, Pratt & Whitney and Safran S.A. groups. This Company is mainly engaging in the manufacturing of parts and fasteners required for the engine, fuselage structure, brake and landing gear system.

In addition to supplying aerospace fasteners, we also cooperated with special automotive fasteners and Tier 1 vehicle manufacturers in developing custom-made automotive fasteners. These fasteners are mainly designed for the vehicle body and the chassis.

## 3. Product development trends and competition status

Since the outbreak of COVID-19, the global supply chain has faced significant changes. Factors such as labor shortage and inflation have had an impact on the production capacity of major competitors in Europe and the U.S. Even though the pandemic has gradually subsided, the problem of labor shortage has not been effectively alleviated. As the demand for international travel is picking up speedily, manufacturers in Europe and the U.S. are finding it harder to meet the demands of end-users. In response to supply chain bottlenecks, customers are actively looking for second sources of supply in other regions to diversify risks and ensure a stable supply.

### (III) Overview of techniques and R&D:

The R&D expenses invested in current fiscal year and the techniques or the products successfully developed:

High-temperature engine self-lock nuts	The fasteners mainly used for the high temperature environment where the jet engine is operated. Including the reversible nuts, handle-mounted nuts, flat plate nuts.
Gang Channel	The rail-molding techniques. It is used for the self-lock nuts secured by anchoring method. By saving the drilling and rivet installation time, it achieves faster assembly and dismantling.
Automotive Front End fasteners	As these fasteners are mainly the parts designed for the automotive Front End module, they can help the company expand the revenue scale.
Milling techniques	These techniques are mainly used for the CNC machining of the aerospace parts in order to develop more complicated assembly parts.
Special Process	By implementing Special Process, it not only elevates the add-on value for the aerospace products but also expands the revenue scale of the company.
Aerospace engine bolts	We developed the bolts that can be used for assembling the aerospace fuselage and the engine.

We also established the R&D Center and Smart-base Development Department to focus on carrying out the forging and the smart-base production. Until April 30, 2025, all R&D plans are being executed in this Company.

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

#### 1. Long-term Business Development Plan

- (1) Expand the production line, ranging from the aircraft engine to the fuselage parts.
- (2) Contact the aircraft parts distributor system proactively in order to expand more types of the company's customer group.
- (3) Transform from the OEM market to the automotive assembly direct supply market. For this

purpose, we have taken active moves in cooperating with the Tier 1 Suppliers of the automotive industry.

## 2. Short-term Business Development Plan

- (1) In response to the approval of the new customer's quality system and the impact of the fire at the SPS factory, the Company will strengthen existing customers and explore new customers, and actively assist customers to solve the problem of supply shortage.
- (2) Active move will be taken to expand the T1 suppliers in the European and American marketplaces for the automotive industry. To achieve this, we will maintain mutual cooperation with the customers in order to solve their problems with the production line assembly. Further, we will also develop our ability in providing the custom-made products.
- (3) Optimize quality, promote automated and machine learning production, strengthen existing customer relations, and actively develop and introduce new customers.
- (4) We will provide efficient custom-made services in order to develop the automotive and industrial fastener customers.

## II. Overview of market and marketing

### (I) Market analysis

#### 1. Sales region of main merchandises:

The products of this Company are mainly sold to the important channel vendors in other countries. In this respect, 98.91% of our products is sold to foreign companies based in America, Europe and Asia. Provided below is the turnover being sold to each region over the past 3 years:

Expressed in thousands of New Taiwan Dollars

region \ year		2022		2023		2024	
		Amount	%	Amount	%	Amount	%
Export	American market	951,260	43.38	1,393,336	45.38	1,649,500	47.11
	European market	860,877	39.26	1,135,716	36.99	1,249,360	35.68
	Asian market	337,008	15.36	501,695	16.34	563,029	16.08
	Mid-East market	-	-	-	-	-	-
	Australian market	2,405	0.11	2,300	0.07	1,512	0.04
	African market	-	-	-	-	-	-
Domestic market		41,371	1.89	37,577	1.22	38,319	1.09
Total		2,192,921	100.00	3,070,624	100.00	3,501,720	100.00

### (II) Market share

Expressed in thousands of New Taiwan Dollars

Product items	Net turnover	Market share in Taiwan
Aerospace fasteners and aerospace turning-processed parts.	3,110,607	Note
Industrial fasteners	391,113	Note
2024 turnover	3,501,720	

Note: The products manufactured by this Company are mainly intended for export purposes, and the export ratio in 2024 was 98.91%. As such, the market share in Taiwan will not be applicable for our products.

#### 1. Current market supply and demand and future growth:

Taiwan's industrial fastener manufacturing technology has matured, with independent research and development and innovation capabilities, and is very competitive in the international market. The current annual output is about 1.3 million metric tons, with a production value of about US\$1.8 billion, of which 86% are exported, and the main export market is the U.S., accounting for about 48%.

The Company is one of the few aerospace fastener suppliers in the Asia Pacific region that has been certified by international engine manufacturers, such as Howmet Aerospace, PCC, and LISI, and is ranked as the fourth largest aerospace engine fastener manufacturer in the world, and the smallest among them. The recent fire incident at the factory of SPS Technologies, a major competitor in the U.S., has motivated

customers to actively seek second and third suppliers, bringing the Company opportunities for expansion and promising future development potential. At the same time, China and India are also actively investing in the aerospace nut industry to supply the growing demand in the Asian market.

The market for aircraft parts and components mainly comes from two major sources: parts and components required for new aircraft manufacturing; and maintenance and spare parts for in-service aircraft.

(1) Aerospace fastener market:

The pandemic, labor shortage and the Russo-Ukrainian war have limited the production capacity of aerospace fastener manufacturers in the U.S. and Europe. In addition, inflation has pushed up costs, leading to engine manufacturers turning to Asia to develop new suppliers. In the past few years, we have been actively developing commercial sources for large-scale parts and components. However, the recent accident at the SPS factory has caused the supply to be further tightened, and the Asian supplier's role has become increasingly critical.

(2) Automotive fastener market:

The average vehicle in the U.S. uses about 2,000 fasteners per vehicle, covering the engine, suspension, interior and exhaust systems. In the future, the average annual growth rate of the demand for fasteners in the U.S. auto industry is estimated at 3.3%.

2. Competitive niche:

The Company adopts the form of strategic alliance and cooperates with international major manufacturers to jointly develop the international and Asian markets. Both parties complement each other's advantages. The Company provides R&D capabilities, manufacturing efficiency, and cost-advantageous production technologies, together with the market reputation of international brands and a global sales network, to enhance product competitiveness. Leveraging on NAFCO's operating experience in the Asian market, combining international brand product lines and organized marketing strategies, we will proactively expand the rapidly growing Asian market, and further develop diverse application areas to expand the scale of revenue and market share.

3. Favorable and unfavorable factors of development prospects and countermeasures:

(1) Advantageous factors

A. High value-added products with stable demand and potential for import substitution

Since its establishment, the Company has focused on the manufacturing and sales of aerospace fasteners and structural parts. According to a report by the Metal Industries Research & Development Centre, Ministry of Economic Affairs, fasteners for aerospace, automobile, and building bridges are high value-added products that domestic manufacturers can actively invest in. The high cost of aircraft R&D, long service life and stable market demand for aerospace fasteners, coupled with the launch of a new generation of engines, are driving a wave of replacement, further boosting the demand.

B. Complete international certification system for world-class competitiveness

The Company has obtained ISO 9001, TS-16949, NADCAP, AS9100 and other international quality system certifications, and has been certified by manufacturers, such as GE, Safran, Rolls-Royce, Pratt & Whitney, Collins, Honeywell, Moog. We are fully equipped with the capability to undertake orders from the global aerospace and automotive industries.

C. Complete marketing channels, difficult to be replaced by traditional fastener manufacturers.

We can directly serve airline companies, automobile OEM and parts manufacturers, electronic product manufacturers and industrial fastener suppliers. With a wide range of sales channels, we are not limited to the traditional OEM model, compared to the traditional fasteners factory in Taiwan, which is mainly based on traders. This gives us the advantage of direct access to the market.

D. Strategic cooperation with suppliers to grasp cost advantages

The Company has established long-term strategic cooperative relations with major suppliers, and the procurement is stable and competitive in price. As the manufacturing capacity in Europe and the U.S. are mapping out an eastward shift, Asian suppliers with quality, technology and cost integration capabilities are still scarce. However, the Company has long been positioned in the high-end market and has the advantage to undertake the wave of order transfer.

(2) Disadvantageous factors and countermeasures:

A. Longer material delivery time:

Due to the impact of the pandemic, after a year, labor shortages among manufacturers in Europe and the United States still persist, resulting in lead times for raw material suppliers extending by over a year.

Responding actions of this Company:

Facing the impact and the test of the lengthened delivery time, we will confirm with the customer for expediting the order placement through the production and marketing mechanism so that we may prepare the materials beforehand in order to minimize the impact posed by long delivery time.

B. Facing the international market testing and the historical competition from competitors:

In view that lower demand will be presented by local market for the high-precision fasteners manufactured through aerospace techniques, the economic scale kind of production capacity cannot be achieved by local manufacturers at current stage. When engaging in the production, manufacturing and transaction of aerospace-class fasteners, the vendor must consider the global market demands; in other words, they must encounter the test posed by the international market directly. To the new rise vendors, it is undoubtedly a cruel change. Besides, all of the competitors are experienced western enterprises possessing sophisticated production ability and techniques. To meet the price reduction demanded by the customers, they are forced to erect factories in the low-cost countries (e.g. Mexico, India, Turkey and North Africa) in order to enhance their market competitiveness.

Responding actions of this Company:

By considering the product value and the production ability of local market, the primary product will be positioned at moderate and high unit price structural fastening system for the aviation engines. In the meantime, we will take active moves in applying for and acquiring the required certifications in order to prove that the products manufactured by this Company shall meet the stringent quality requirements established for the aerospace industry. By acquiring the certification from major international manufacturers, we will expand the required channels in the hope to expand the market share for the same products so as to achieve the economic scale at an earlier stage. Further, we will keep promoting product technique improvement projects with a hope to reduce the production cost, improve the quality, shorten the delivery time, and develop new products for the engine bolt. The final purpose is to intensify the market competition standard and to expand the market share.

C. Facing the climbing pressure of raw material prices:

Responding actions of this Company:

- (A) In terms of the technical development, we will keep developing the super alloy forging techniques, promoting the automation, combining the optical inspection techniques and conducting the vertical integration in order to achieve higher production efficiency and quality. Through the privately developed smart-based manufacturing system, it is our hope to optimize the production process, elevate the Yield rate and reduce the production cost to ensure that the long-term competitiveness will be maintained for the company.
- (B) By promoting the TPS (Toyota Production System) and the near line production. Further, the production process will be adjusted according to the product line concept. Through the advanced production scheduling system and the production IoT, we will integrate the production schedule in order to elevate the production capacity and the production efficiency for the company.
- (C) We will raise the price increase demand to the customer in order to reflect the pressure imposed on the raw material cost.

D. Impacts of the U.S. tariff policy:

In March and April 2025, the U.S. levied steel and aluminum tariffs and reciprocal tariffs on imported goods from many countries. Some of the high-carbon metal products have also been included. This has increased the tax cost for Asian suppliers when exporting to the U.S., creating potential pressure.

Responding actions of this Company:

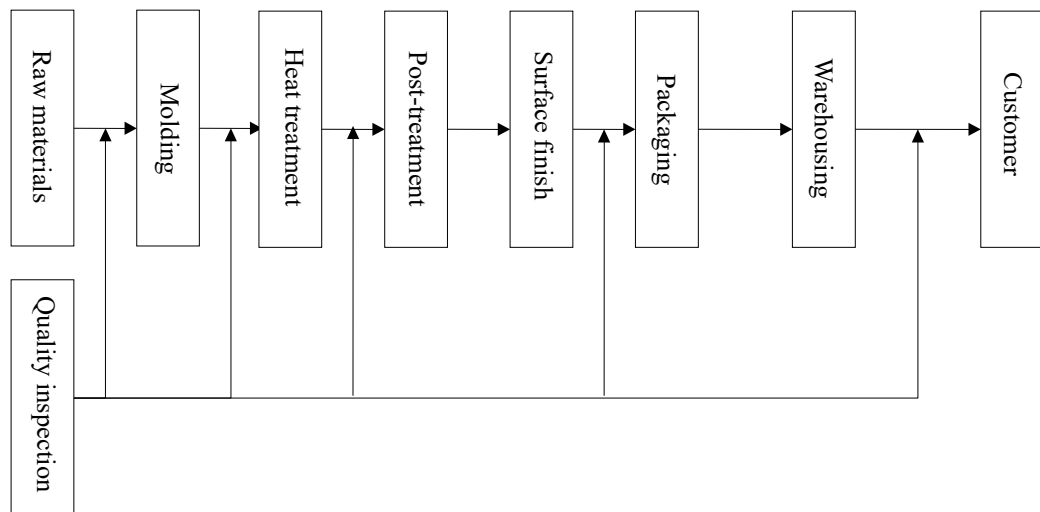
- (A) Priority is given to working with U.S. customers who apply for tariff exemptions or exclusion requests, emphasizing the irreplaceability and criticality of our products.
- (B) Strengthen cooperation and long-term contractual arrangements with US customers, and reduce risks caused by trade frictions through stable delivery and rapid response.

### (III) Important purpose of primary products and production process

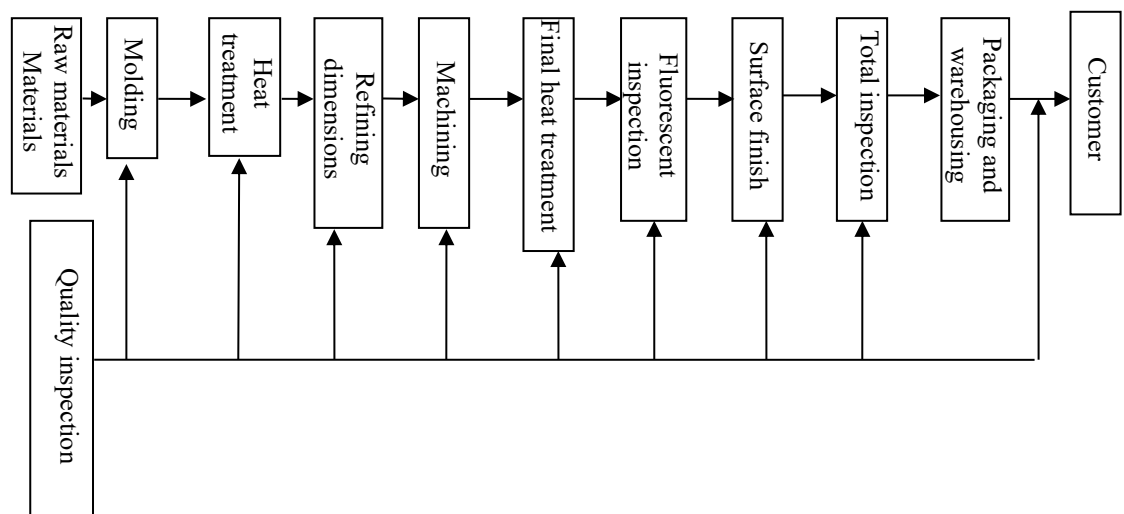
#### 1. Purpose of primary product

Name of product	Important function of purpose (scope that can be applied)
INSERT	Electronic/communication/aerospace/automobile/ high-speed rail/medial
BRASS INSERT	Electronic/communication/aerospace/ high-speed rail/medial
Fixed Nut	Aerospace power structure system/automotive engine system
Special Bolt & Screw	Aerospace / electronic/ communication/ high-speed rail/automobile
GangChannel	Aerospace power structure system
Tube Cap	Aerospace hydraulic pipeline

#### 2.(1) Industrial product production process



#### (2) Aerospace product production process



**(IV) Supplying status of primary materials**

Primary materials	Main supply source	Supplying status
Nickel Alloy Steel	C Company	Stabilized
Nickel Alloy Steel	HA Company	Stabilized
C3604 Free Cutting Copper	S Company	Stabilized
Nickel Alloy Steel	ATS Company	Stabilized
Nickel Alloy Steel	ATF Company	Stabilized
Low-carbon steel coil	CSC Company	Stabilized
Nickel Alloy Steel	Company B	Stabilized
Nickel Alloy Steel	CC Company	Stabilized
Stainless Steel & Titanium Alloy	TWS Company	Stabilized
Nickel alloy steel and stainless steel	D Company	Stabilized

**(V) Name of customers that has accounted for over 10% of the total sales amount in any year of the past two years as well as its purchase/sales amount and percentage**

1. Supplier list that has accounted for over 10% of total purchase/sales amount for its purchase in the past two years: Unit: NT\$K

Item	2023				2024			
	Title	Amount	Ratio of net purchase in the entire year (%)	Relationship with the publisher	Title	Amount	Ratio of net purchase in the entire year (%)	Relationship with the publisher
1	C Company	694,472	52.31	N/A	C Company	1,075,985	66.62	N/A
2	ATS Company	138,386	10.42	N/A	-	-	-	-
	Others	494,797	37.27	N/A	Others	539,083	33.38	N/A
	Net purchase amount	1,327,655	100.00	N/A	Net purchase amount	1,615,068	100.00	N/A

Note 1: Please indicate the name of the supplier that has accounted for over 10% of total purchase amount in the past two years, together with its purchase amount and percentage; however the code can be indicated for such supplier if it has specified in the contract that the name of such supplier cannot be disclosed or where the target is the individual and not the interested party.

Note 2: If the company has been listed or engaging in the transaction in the business office of the securities firm up the Annual Report printing date, then its financial being lately audited, certified or reviewed by the CPA should be disclosed.

2. Customer list that has accounted for over 10% of total sales amount for its sales in past two years: Unit: NT\$K

Item	2023				2024			
	Title	Amount	Ratio of net sales amount in the entire year (%)	Relationship with the publisher	Title	Amount	Ratio of net sales amount in the entire year (%)	Relationship with the publisher
1	B Company	741,182	24.13	N/A	Company B	834,069	23.82	N/A
2	S Company	399,975	13.03	N/A	S Company	392,440	11.21	N/A
	Others	1,929,467	62.84		Others	2,275,211	64.97	
	Net sales amount	3,070,624	100.00		Net sales amount	3,501,720	100.00	

Note 1: Please indicate the name of the customer that has accounted for over 10% of total sales amount in the past two years, together with sales amount and percentage; however the code can be indicated for such customer if it has specified in the contract that the name of such customer cannot be disclosed or where the target is the individual and not the interested party.

Note 2: If the company has been listed or engaging in the transaction in the business office of the securities firm up the Annual Report printing date, then its financial being lately audited, certified or reviewed by the CPA should be disclosed.

### III. Overview of employees

Employee information in past 2 years and up to the Annual Report printing date:

Year		2023	2024	Current year up to March 31, 2025
Employee number	Management person	161	169	172
	R&D, technical person	139	159	159
	Operators	407	432	460
	Total	707	760	791
Average age		37.89	38.22	37.89
Average service seniority		6.04	6.28	6.08
Education distribution rate	PhD	0.14%	0.13%	0.13%
	Master	6.08%	6.32%	5.56%
	College	64.07%	60.39%	61.95%
	Senior high school	26.45%	29.34%	28.57%
	Below senior high school	3.25%	3.82%	3.79%

### IV. Information of environmental protection expenditures:

The losses resulting from the environment pollution in previous year and up to the Annual Report printing date (including the compensation and the item breaching the Environmental Protection Act as revealed by the environmental protection audit result, indicating the disposition date, disposition document number, statutory clauses offended, content of regulations offended and content of disposition). Please also disclose the estimated amount that may occur at present time and in the future as well as the responding actions. If the losses cannot be estimated reasonably, please explain the fact that cannot be reasonably estimated: The Company has not had losses resulting from the environment pollution in previous year and up to the Annual Report printing date.

- (I) To realize the environmental protection conception and fulfill due social responsibilities, this Company will execute and follow the applicable environmental protection regulations. We will execute environmental protection according to the applicable laws and the specified discharge standard and we also authorized the qualified treatment disposal vendor to dispose the waste produced by the factory.
- (II) In addition to observing the applicable environmental protection laws and the environmental protection requirements imposed by the competent authority, we also elevate employee's consciousness and concept for the environmental protection. Provided below are the environmental protection measures established by this Company:
  1. Based on the industrial characteristics, this Company has established Work Safety Office and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with the applicable regulations. To meet the global trend and customer requirements, we also set up an efficient environment management system according to the planned schedule; for example, ISO14001: In 2015, the company attained the ISO14001 certification and it will be valid until May 2027. We also set up special Work Safety Office, Wastewater Operation Division and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with applicable regulations. To meet the global trend and customer requirements, we also set up efficient environment management system and regulations according to the planned schedule.
  2. Quality Certification System  
Each factory of this Company is operated according to the attributes of the product. By now, we have been honored the following management system certifications specified in the international standards such as ISO 9001 Quality Management System, ISO 14001 Environment Management System, IATF16949:2016 (ISO/TS16949) Automobile Industry Quality Management System, AS9100 Aerospace Quality Management System and ISO 45001 Occupational Safety and Health Management System.
  3. The wastewater discharge and the waste management are executed according to the applicable regulations and the specified discharge standard. Based on the environmental regulations established by the competent environmental protection bureau for handling the wastewater, wastes, air pollution and specific chemical substances, we also appointed the operators and the administrators who are granted Class-A/Class-B qualification licenses. Based on the applicable regulations, we also reported the wastewater treatment equipment, waste disposal and treatment and air pollution equipment to the local competent environmental protection authority. In the meantime, we also passed the periodic



inspection and have been awarded the qualification certificate issued by the competent environmental protection authority.

4. To realize the environmental protection conception and fulfill due social responsibilities, this Company initiated the following measures such as energy conservation/carbon reduction and cherish water resources as well as putting investment in installing solar panels, wastewater treatment facilities and water recovering equipment. It is our goal to fulfill the responsibilities due to the enterprise citizen in order to protect the earth.
5. Climate change impact is one of the common global environmental issues. Since 2019, the Company has been actively investing in environmental protection and energy conservation policies, promoting environmental education, establishing an eco-friendly and energy-saving culture, and implementing environmental protection and energy-saving measures. Through continuous process improvements, formulation and implementation of energy-saving policies, the Company aims to achieve the goals of energy conservation, waste reduction, low pollution, low energy consumption, and environmental friendliness. Described below are the examples of environment performance and measures executed by this Company:

**(1) Reduction of carbon emission intensity:**

The Company's total GHG emissions have been inventoried over the years, and verified by a third-party verification company, AFNOR Group. Scope 1 and Scope 2 emissions were 7,651.0748 MtCO<sub>2</sub>e and 9,118.9295 MtCO<sub>2</sub>e, respectively in 2021; 12,152.3203 MtCO<sub>2</sub>e in 2023; 13546.8143 MtCO<sub>2</sub>e in 2024. The goal is to reduce the annual (Scopes 1 + 2) carbon emission intensity (i.e. carbon emissions per million revenue (Scopes 1 + 2)) by 3% year by year.

**(2) Addition of solar power systems:**

The solar power generation system installed at each of the Company's plants (Plant #1, Plant #2 and Plant #3) recovered power of 84,508 kWh in 2019, 168,144 kWh in 2020, and 170,835 kWh in 2021, equivalent to a reduction in greenhouse gas emission of 85,417.5 kg/CO<sub>2</sub>e. The Company obtained 69 renewable energy certificates from the Ministry of Economic Affairs; the solar energy recovered 148,739 kWh of power in 2022, equivalent to reducing greenhouse gas emission by 74,369.5 kg/CO<sub>2</sub>e, and obtained 60 national renewable energy certificates. In 2023, solar power generation was 221,094 kWh, equivalent to reducing GHG emissions by 110,547 kg/CO<sub>2</sub>e. In 2024, solar power generation was 199,045 kWh, equivalent to reducing GHG emissions by 98,328 kg/CO<sub>2</sub>e, and 92 renewable energy certificates were obtained from the Ministry of Economic Affairs.

**(3) Effects of water-saving equipment:**

Among the Company's various plants (Plant #1, Plant #2 and Plant #3), in 2019, the tap water consumption is 113,667 tons and the rainwater recovered is 1,005 tons. In 2020, the tap water consumption is 93,647 tons and the rainwater recovered is 903 tons. In 2021, the tap water consumption is 79,877 tons and the rainwater recovered is 896 tons. In 2022, the tap water consumption is 96,743 tons and the rainwater recovered is 899 tons. In 2023, the tap water consumption was 130,590 metric tons, and the rainwater recovery volume was 652 metric tons. In 2024, the tap water consumption was 127,740 metric tons, and the rainwater recovery volume was 451 metric tons. The goal is to reduce the annual water intensity (i.e. water consumption per million revenue) by more than 3% year by year.

**(4) Effects of waste reduction:**

The total waste volume of the Company's plants (Plant #1, Plant #2 and Plant #3) was 387.29 tons in 2021 and 412.03 tons in 2022. Waste output per million revenue was reduced from 0.298 tons in 2021 to 0.209 tons in 2022, effectively reducing waste output by 29.81%. In 2023, waste reduction equipment was purchased. The total amount of waste was 535.535 tons, and the waste output intensity was 0.196 tons/million revenue, a decrease of 6.38% from the previous year. The total weight of waste in 2024 was 586.84 tons, and the waste output intensity was 0.194 tons/million revenue. The goal is to reduce the industrial waste intensity (i.e. the weight of business waste per million revenue) by more than 3% year by year

**(5) Other outcomes:**

With the wastewater reduction equipment of the low temperature vacuum process continuously operated, the plant can reuse 75% of the returned production process wastewater as the sub-grade household water through the water separating system. In this way, 30% of waste/wastewater can be reduced. We also promoted the energy-saving activities such as elevated the utilization efficiency of the respective resource, used the solar power, remodeled the green lighting, installed the energy-saving LED lamps, used the variable-frequency devices, and changed to automatic A/C control, etc. Installed the RO hard water recovery system to reduce the water consumption. We promoted the paper-free e-based operation by encouraging employees to use double-side paper and use the recyclable plastic trash bags, etc.

## **V. Labor-employer relationship:**

### **(I) Described below are the employee's welfare measures, advanced study, training, retirement system and execution status as well as the agreement between labors and employer and the employee equity upholding measures:**

#### **1. Employee welfare measures**

Listed below are the employee welfare measures provided by the company currently:

- (1) Labor Insurance, National Health Insurance and Employee Commercial Group Insurance.
- (2) Sponsoring or subsidizing employee travel.
- (3) Yearly free health inspection
- (4) Other welfare measures like employee legal consultation, employee canteen, aerial garden, fitness center and breastfeeding room, etc.
- (5) Operation performance bonus, festival and birthday cash bonus and or/or gift.
- (6) Appoint professional factory medical care physician to provide labor care, employee health education and injury/disease consultation, plan human-factor improvement measure, prevent over-working and occupation bullying, and develop female employee protection plan.

#### **2. Retirement system**

To appreciate and show solicitude for the employee's care and devotion, a well-based employee retirement method has been established in the Company Rules. In this Company, the employee's retirement system will be implemented according to the regulation specified in Labor Standards Act. For this purpose, the Labor Retirement Preparatory Fund Supervising Committee was organized on August 10, 1998 by the company. Currently, the pension will be allocated by retrieving 2% from the total monthly salary for using as the retirement reserve. Starting from October 1998, the retrieve pension fund was deposited in the bank account opened at Bank of Taiwan. Pursuant to "Enforcement Rules of the Labor Pension Act", the retrieving rate of the pension fund to be borne by the employees was changed to 6% of employee's monthly salary since July 1, 2005.

#### **3. Advanced study and training system**

This Company provides the newcomer training program for newcomers in order to help them to break into the working environment more quickly. We provide internal employee education and training programs for existing employees. In each year, we will also develop occupational advanced study plans for our employees.

#### **4. Labor-employer agreement:**

Abiding by the employee caring and profit-sharing conception and adequate coordination with employees, we will convene labor and employer coordination meetings irregularly.

In the meantime, we will also explain the company's operation status to our employees so that we may understand and reply their opinions and suggestions in order to maintain an amiable labor and employer relationship. Based on the concept of humane management, we will provide multiple communication channels in the future in order to intensify their cohesion for the company. Apart from maintaining the existing amiable relationship between employees and employer, we are hoping that the labor and employer relationship will be upgraded to another level.

#### **5. Employee equity protecting measures:**

- (1) On a regular basis, we will convene a total employee communication meeting in order to clearly communicate the company's operating status and the target to all employees. In this way, we may expect and encourage our employees to work together with the company for achieving the required quality, delivery time and profits for the company. It is our ultimate goal to create the maximum benefits for the company, the employees and shareholders.
- (2) Provide occupational safety and health related protection gears and spares, conduct the labor safety seminar periodically, and launch a complete occupational safety education and training plan.
- (3) Organize the well-based Employee Welfare Committee. On a regular basis, we also convened the meeting for discussing the employee welfare measures and activities; for example, sponsoring the employee travel, additional dishes for festivals, etc. The purpose is to achieve closer fellowship and intensify their cohesion for the company.
- (4) By the end of each year, we collected the demands raised by each unit for compiling the training program of the following year. The training program will be supported with the contingent professional or generality training that will be held irregularly.
- (5) In each year, we will evaluate company's profit-earning status of previous year or revenue profit status of current year. In the meantime, we will also adjust the company's salary policy according to the salary investigation result or consumer commodity price index.

## **(II) Social responsibilities and feedback:**

1. In May 2013, the Company established the “NAFCO Social Charity Foundation” which is affiliated to Taoyuan City. Charitable donations. The main purpose is to donate and organize social charitable organizations and activities in counties and cities across Taiwan to provide social services, social contributions and donations for social welfare every year. The work includes:
  - (1) On an unscheduled basis, we contribute our donation to the social welfare groups and education groups and the public service feedback. In the meantime, we also encourage the rural children to acquire more learning opportunities.
  - (2) On a regular basis, we keep close contact with other social welfare groups to discuss their status and the assistance required for the scheduled activity plans.
  - (3) The Company organizes and encourages employees to participate in relevant volunteer activities from time to time. We host a caring garden party with the Company’s vocational welfare association to jointly care for the disadvantaged groups.
2. The Company’s “NAFCO Social Charity Foundation” donated a total of NT\$1,900,000 in 2024, as follows:
  - (1) Donated NT\$1 million to the “Hualien County Special Account for Major Disaster Relief” for the earthquake that struck Hualien on April 3, 2024. This was the strongest earthquake to hit the island in 25 years. According to reports, Hualien County was the most affected area, and the disaster situation was worse than initially indicated. Through our donation, we hope those affected would bounce back to normal life as soon as possible.
  - (2) The Company donated NT\$320,000 to the Hui Lung Underprivileged Family Care Center of the Presbyterian Church in Shulin District, New Taipei City, to provide care services for 80 underprivileged children from families such as single-parent families, skip-generation families, or children of foreign spouses. The donation also supported the organization of various festive events (such as Mother's Day activities, summer camps, Christmas parent-child activities, new clothes, and lunar new year meals).
  - (3) The Company donated NT\$80,000 to Private Pingzhen Care Home, Taoyuan City, a non-profit organization, to support the accommodation and care of 55 severely and extremely disabled or mobility-impaired individuals. The donation was used for the repair and maintenance of the disabled toilets and some of the old facilities, resident’s showers, and the related daily necessities.
  - (4) The Company makes an annual fixed donation (NT\$20,000) to the Taoyuan City Police Friends Association to assist in the promotion of various police affairs in the City. This helps in joint efforts to prevent crimes, expand safety campaigns, maintain law enforcement functions, promote police-community cooperation, and ensure that residents in Taoyuan City can maintain a simple and honest lifestyle.
  - (5) We donated NT\$300,000 to the private Longtang Care Home for People With Learning Disabilities in Taoyuan City. The donation was used to improve the public safety facilities and equipment in the care home, maintain the safety and rights of the residents and staff, to prevent accidents and give the residents and their families peace of mind. The donation was also used for outings of the care home.

## **(III) The loss suffered from the labor and employer dispute in previous year and until the Annual Report printing date (including the case where the labor inspection result breaches the Labor Standards Act, listing the disposition date, disposition document reference number, statutory clause offended, regulations offended and disposition content). Please also disclose the estimated amount that may occur at present time and in the future, together with the responding measures. If reasonable estimation is impossible, please explain the fact that cannot be reasonably estimated:**

There isn’t any loss case that is caused by the labor and employer dispute in previous year and until the Annual Report printing date.

## **VI. Cybersecurity management:**

### **(I) Describe the cybersecurity risk management structure, cybersecurity policy, substantial management solution and the resources used in the cybersecurity management.**

#### **1. Information security risk management framework**

To respond to the rapid changes in the technological environment and diversified business development, effectively protect the company's and customers' operational information, and provide sound information security governance in order to safeguard the information asset security of the company and relevant stakeholders, the company established an Information Security Committee in 2022, implemented the ISO 27001 information security standard specifications, and obtained relevant international information security certifications. The certification was passed on May 30, 2023, and the certificate is still valid .



# Certificat

Certificate

N° 2022/100987.1

AFNOR Certification certifies that the management system implemented by:  
AFNOR Certification certifie que le système de management mis en place par :

## NATIONAL AEROSPACE FASTENERS CORPORATION

for the following activities:  
pour les activités suivantes :

MANAGEMENT DEPARTMENT MIS SUPPLY MAINTENANCE OF SERVER ROOM (INCLUDE BASE NETWORK CONFIGURATION) AND ERP SYSTEM. THIS IS IN ACCORDANCE WITH THE STATEMENT OF APPLICABILITY VERSION: A, DATED: JAN. 30, 2022.

has been assessed and found to meet the requirements of:  
a été évalué et jugé conforme aux exigences requises par :

**NF EN ISO/IEC 27001:2017 (Europe) - ISO/IEC 27001:2013 +  
COR 1:2014 + COR 2:2015 (International)**

and is developed on the following locations:  
et est déployé sur les sites suivants :

NO.1, TAI-PING E. RD., PINGZHEN DIST., TAOYUAN CITY 324, TAIWAN (R.O.C.)  
NO.38, LN. 99, TAI-PING W. RD., PINGZHEN DIST., TAOYUAN CITY 324, TAIWAN (R.O.C.)

This certificate is valid from (year/month/day)  
Ce certificat est valable à compter du (année/mois/jour)

2022-07-08

until  
jusqu'au

2025-07-07



On document est signé électroniquement. Il constitue un original électronique à valeur probatoire.  
This document is electronically signed. It stands for an electronic original with probatory value.

**Julien NIZRI**  
**Managing Director of AFNOR Certification**  
Directeur Général d'AFNOR Certification



The electronic certificate only, available at [www.afnor.org](https://www.afnor.org), attests in real-time that the company is certified. Seul le certificat électronique, consultable sur [www.afnor.org](https://www.afnor.org), fait foi en temps réel de la certification de l'organisme. COFRAC: accréditation 42001, Management System Certification. Scopes available on [www.afnor.org](https://www.afnor.org). Accréditation COFRAC n° 42001, Certification des systèmes de management. Portée disponible sur [www.afnor.org](https://www.afnor.org). AFNOR is a registered trademark. AFNOR est une marque déposée. CERTIF 1 F 00563-9 - EN 002020

Scan this QR code to  
check the validity of  
the certificate

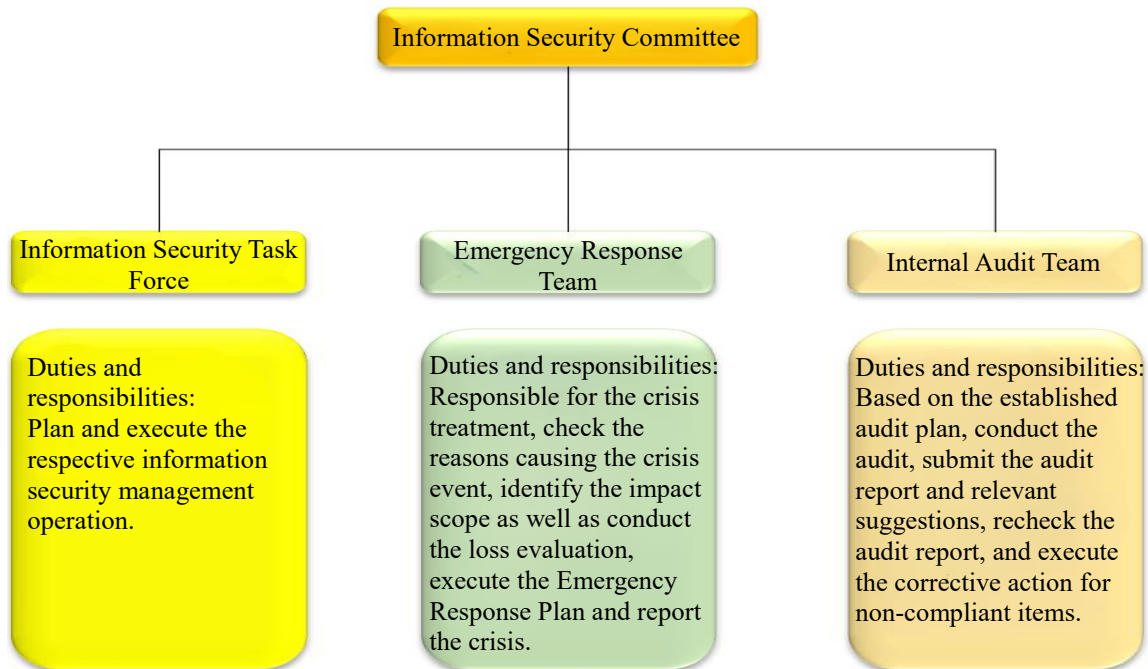
11 rue Francis de Pressensé - 93571 La Plaine Saint-Denis Cedex - France - T. +33 (0)1 41 62 80 00 - F. +33 (0)1 49 17 90 00  
SAS au capital de 18 187 000 € - 479 076 002 RCS Bobigny - [www.afnor.org](https://www.afnor.org)



## 2. Information security management organization

The company has established the Information Security Committee to elevate the overall information service management performance of the company, to ensure the consistency between information and business requirements, and to execute the information security management effectively. The Vice President of the Management Department shall serve as the Chief Member and the Executive Secretary shall be served by the highest-ranking supervisor of Information Department. The Information Security Committee comprises Information Security Task Force, Internal Audit Team and Emergency Response Team. The information security policy and requirements of this Company are reviewed and amended

according to the information security strategic approaches, the operation need of this Company, statutory regulation changes, customer security demands, technical changes and acceptable risk assessment, etc. Organization operation mode: The PDCA (Plan-Do-Check-Act) circulation type of management is adopted to ensure that the reliability target will be accomplished and improved continuously. Based on the cybersecurity inspection and audit items specified in the Annual Audit Plan, the Audit Room will conduct the audit and then report the result to the Board of Directors.



### 3. Information security policies

- (1) Establish an information security management organization to be responsible for the establishment and promotion of information security systems.
- (2) Regularly implement information security education and training to promote information security policies and related implementation regulations.
- (3) Establish a management mechanism for the use of mainframes and networks to coordinate the allocation and utilization of resources.
- (4) Before installing new equipment, risks and safety factors must be taken into account to prevent situations that endanger system safety.
- (5) Establish physical and environmental security protection measures for the IT room, and perform related maintenance on a regular basis.
- (6) The access permissions of the network system are clearly regulated to prevent unauthorized access.
- (7) Formulate an internal audit plan for the information security management system, regularly review the use of all personnel and equipment within the scope of the information security management system, and formulate and implement corrective and preventive measures according to the audit report.
- (8) Formulate business continuity management regulations and practice drills to ensure the business continuity of this department.
- (9) Maintain information security and comply with relevant information security management specifications.
- (10) The information security management system document should have clear management specifications.

### 4. Invest resources in cyber security management

This Company will reinforce the information security related systems in order to prevent the new-rise malicious threat:

- (1) Implement the physical network isolation and monitoring mechanism to prevent the external threat effectively.
- (2) Implement the anti-virus system and proactive prevention warning platform. Intensify the monitoring of the known and the unknown information security threat.
- (3) Implement the service backup platform and the multi-layer backup system.

- (4) Execute the information security education and the case dissemination, which will be included in the compulsory courses of the employee education and training in order to elevate their consciousness of information security.
  - (5) Timely amend the hazardous factors and conduct responding actions in order to strengthen the internal information security of the company.
  - (6) Information security meetings, information security education and training, information security drills:  
In 2024, the company has convened 2 information security management review meetings, 2 information security risk assessment meetings, 1 information security internal audit plan meeting, 16 monthly and quarterly report meetings on information security. Additionally, there was 2 factory-wide social engineering drills and 16 factory-wide information security case advocacy and training sessions.
  - (7) The Company invested NT\$3,807 thousand in information security in 2024.
5. Information service continuity plan  
Ensure that correct response measures can be taken when major hazard occurs to the information service so as to minimize its impact to the business operation and to restore the operation within the shortest period of time. This Company has developed the Information Service Continuous Management Plan which will be drilled and reviewed each year in order to maintain the responding ability and the company's continuous operation.
- (II) Indicate the loss suffered from the major cybersecurity event in previous year and until the Annual Report printing date, as well as the potential impact and the responding measures. If reasonable estimation is impossible, please explain the fact that cannot be reasonably estimated.**  
There isn't losses resulting from the major cybersecurity event in previous year and until the Annual Report printing date.

## VII. Important contract:

The supply and sales contract, the technical cooperation contract, the construction contract and the long-term loaning contract that is still effectively existence until the Annual Report printing date, together with the parties of important contract that will affect the shareholder's equity.

Nature of the contract	Parties	Contract starting/ending date	Main content	Restrictive clauses
PROCUREMENT AGREEMENT	Party B, Party C	We will supply the product to Party B and Party C starting from January 01, 2022 to December 31, 2026.	Provide products to Party B and C.	N/A
Long-term Loaning Contract	BANK OF TAIWAN	From January 9, 2025 to December 9, 2036.	A long-term secured loan has been granted by Bank of Taiwan Co., Ltd. to meet operational needs.	Per the agreement specified in the contract.
Long-term Loaning Contract	Taiwan Cooperative Bank	From September 11, 2013 to September 11, 2033.	To meet the requirements of operation and the purchase of land and erection of plant, the Taiwan Cooperative Bank hereby offers the credit for the long-term secured loan borrowed by this Company.	Per the agreement specified in the contract.

## Five. Review and analysis of financial status and financial performance and risks

### I. Financial status

Unit: NTD thousand

Item \ Year	2024	2023	Variation	
			Amount	%
Current Assets	2,941,488	2,069,489	871,999	42.14%
Property, plant and equipment	3,238,541	2,930,310	308,231	10.52%
Intangible assets	8,718	7,296	1,422	19.49%
Other assets	123,706	71,008	52,698	74.21%
Total assets	6,312,453	5,078,103	1,234,350	24.31%
Current Liabilities	1,508,524	1,280,644	227,880	17.79%
Non-current Liabilities	2,076,496	1,467,168	609,328	41.53%
Total Liabilities	3,585,020	2,747,812	837,208	30.47%
Capital stock	553,717	540,062	13,655	2.53%
Capital surplus	635,826	536,531	99,295	18.51%
Reserved surplus	1,544,258	1,298,180	246,078	18.96%
Total Equity	2,727,433	2,330,291	397,142	17.04%

Description of the differences of items with major changes in assets, liabilities and equity in the most recent two years:  
(The increase/decrease ratio is over 20% and the amount changed has reached NT\$10 million)

1. Increase in current assets: Mainly due to the increase in customer demand, revenue, accounts receivable, and inventory in response to the shortage of materials .
2. Increase in other assets: Mainly due to the increase in customer demand and the increase in down payment for equipment purchase .
3. Increase in total assets: Mainly due to the increase in customer demand, the increase in current assets and real estate .
4. Increase in non-current liabilities: Mainly due to the increase in long-term borrowings for capacity expansion.
5. Increase in total liabilities: Mainly due to the increase in long-term borrowings for capacity expansion, and the increase in liabilities .

## II. Financial performance

Expressed in thousands of New Taiwan Dollars

Item \ Fiscal year	2024	2023	Variation	
			Amount	%
Net revenue amount	3,501,720	3,070,624	431,096	14.04%
Operating Costs	(2,531,968)	(2,258,080)	273,888	12.13%
Gross profit	969,752	812,544	157,208	19.35%
Operating Expenses	(502,091)	(469,135)	32,956	7.02%
Operating profit (loss)	467,661	343,409	124,252	36.18%
Non-operating income and expenses	4,459	11,864	(7,405)	-62.42%
Income tax (expenses) profit	(96,144)	(47,670)	48,474	101.69%
Net current-term profit (loss)	375,976	307,603	68,373	22.23%

(I) Analysis of changes in the percentage of increase or decrease in the past two years: (The increase/decrease ratio is over 20% and the amount changed has reached NT\$10 million)

1. Increase in operating income: Mainly due to the increase in customer demand and profit.
2. Increase in income tax expenses: Mainly due to the increase in profit in 2024, resulting in the increase of income tax expenses from 2023.
3. Increase in net income for the current period is mainly due to the increase in demand from customers and the increase in profit.

(II) Estimated sales amount and its basis. Potential impact to future financial operation and the response plan.

In 2025, the sales amount planned by this Company will be about 185,169 thousand pieces. Based on the operating strategies developed by the company, the operation target and the budge of each unit will be estimated and planned reasonably according to the prospective development trend of the entire industry.



### III. Cash flow

Expressed in thousands of New Taiwan Dollars

Beginning Cash Balance	Net cash flow due from the total year operating activities	Total year cash flow	Remaining (shortage) cash amount	Remedies for cash shortage	
				Investment planning	Financial planning
\$105,116	(\$140,731)	76,051	\$181,167	-	-

- (I) Analysis of cash flow fluctuation in current year:
1. Operating activities: Cash outflow from operating activities in the current period was mainly due to the increase in inventory.
  2. Annual cash inflow: Cash inflow for the year was mainly due to the increase in pre-tax net profit and long-term borrowings.
- (II) Remedies for cash shortage and liquidity analysis: N/A.
- (III) Cash liquidity analysis for the coming year:

Expressed in thousands of New Taiwan Dollars

Beginning Cash Balance	By estimate, it will from the operating activities in the entire year (net cash flow)	Projected cash inflows (outflows) for the year	Estimated cash remaining (shortage) amount	Remedies for the estimated cash shortage	
				Investment planning	Financial planning
\$181,167	\$977,631	(\$21,467)	\$159,700	-	-

1. Analysis of cash flow fluctuation:
  - (1) Operating activities: The operating fund estimated for the business operation of this Company.
  - (2) Annual cash inflows (outflows): Expected to be loan repayment, capital investment and payment of cash dividends.
2. Remedies for cash shortage and liquidity analysis: Not existed

### IV. Impact of major capital expenditures to financial operation in previous year: None.

### V. The main reasons causing the profit or the loss of the reinvestment policy in previous year together with the improvement plan and the investment plan of the coming year:

- (I) Previous year reinvestment policy: Long-term strategies will be planned for reinvestment according to the future business requirements in order to achieve higher revenue and profit.
- (II) Main reasons for the profit or loss from reinvestment in the year: The profit is mainly due to the increase in customer demand, proper cost control, and increased profit.
- (III) Investment plan of the coming year: In the future, our investment plan will be developed according to the company's operating strategies. Its purpose is to expand the investment that is connected with the company's business operation, to develop the original business and to achieve higher operating performance.

## VI. Risks:

### (I) The effect upon the Company's 2024 profits (losses) of exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. Impact of interest and foreign exchange change as well as inflation to the company's gains and losses, as encountered during 2024.

Expressed in thousands of New Taiwan Dollars

Item	2024	
	Amount	Ratio in operating income (%)
Interest income (expenditure)	42,001	1.20%
Foreign exchange income (loss)	21,475	0.61%
Financial instrument assessment income (loss)	(3,568)	-0.10%

Note: The inflation did not pose too much impact as far as the company's profit and loss are concerned.

### 2. Provided below are practical actions responding to the interest and foreign exchange fluctuation and the inflation:

- (1) We have signed the contract when dealing with the monetary sum that will be borrowed by this Company. Based on the interest rate specified in the contract, we will pay the interest expenses required for settling the bank loans.
- (2) We will evaluate the bank's loan interest periodically and will keep close contact with the bank in order to acquire more favorable loan interest so as to minimize the impact of interest fluctuation to the company's gains and losses.
- (3) The main revenue of this Company is calculated in US\$ currency. For this reason, we will engage in long-term foreign exchange transactions according to actual situation so as to evade the foreign exchange risks that may occur to the foreign currency net assets and the net liabilities. On a regular basis, we will also evaluate the gains and losses in order to minimize the impact of foreign exchange rate to the overall profit earning ability.
- (4) We will collect the foreign exchange fluctuation related information whenever required for controlling the fluctuation trends in order to take the required hedging actions.  
By doing so, we will add the fluctuation of foreign exchange rate in the price offered by Sales Department and will also adjust the selling price in order to reflect the cost.
- (5) On a monthly basis, the Financial Department will assess the hedging action that should be taken for the net foreign currency assets (liabilities) and then report the result to the Top Management.
- (6) Based on the regulations enforced by Securities and Futures Institute under Financial Supervisory Commission, we have developed the "Procedures Governing the Derivatives Transaction" in which, stringent rules are established to regulate the operating procedure for transaction of derivative financial instrument, risk management, supervision and audit. Its purpose is to execute stringent risk control when using the derivative financial instrument to evade the foreign exchange risks in the company.
- (7) There was no obvious inflation from 2024 to the publication date of the annual report.

### (II) The policy relating to the high-risk and high leverage investment, the loaning to others, the guarantee endorsement and the transaction of derivatives, as well as the main reasons causing the profit or loss and subsequent responding actions:

1. In recent years, the company did not engage in high risk and high leverage investments. The balance endorsed by the company in 2024 and until March 31, 2025 was NT\$29,507 thousand and NT\$29,885 thousand, respectively. Relevant work was done in accordance with the "Procedures for Handling Endorsements and Guarantees" formulated by the Company.
2. When loaning the fund to others, it is executed according to "Operation Procedure for Loaning Fund to Others" established by the company. During 2024 and until March 31, 2025, the loaned fund and the total limit was NT\$545,487 thousand and NT\$541,068 thousand, respectively. Until December 31, 2024 and March 31, 2025, the loaning balance was NT\$114,748 thousand and NT\$116,218 thousand, respectively.
3. The transaction of derivatives is executed according to the "Procedure Governing the Derivatives Transaction" established by the company.

### (III) Future R&D plan and estimated R&D investment cost

It is the plan of this Company to intensify the ability in core engineering, the development of new product project and the integration of AI automation. In terms of the R&D, the expenses that will be invested is estimated at about NT\$126,837 thousand in 2025.

**(IV) Impact of the change of local and foreign major policy and laws to the company's financial operation and the responding actions: None**

**(V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.**  
In response to fast changes in the tech. environment, information safety risks are rapidly increasing. Ensure that correct response measures can be taken when major hazard occurs to the information service so as to minimize its impact to the business operation and to restore the operation within the shortest period of time. This Company has developed the Information Service Continuous Management Plan which will be drilled and reviewed each year in order to maintain the responding ability and the company's continuous operation.

**(VI) Impact of corporate image to company's enterprise risk management and the responding actions: None.**

**(VII) Anticipated effect of merger, potential risks and the responding actions: None**

**(VIII) Anticipated effect of plant expansion, potential risks and the responding actions: None**

**(IX) Risks encountered by the concentrated purchase and sales and the responding actions:**

1. Purchase: Over the past years, this Company has maintained mutual long-term cooperation with our suppliers. Besides, we also signed the long-term contract with main suppliers to ensure that the required materials will be supplied continuously. Further, there hasn't been a supply shortage or interruption event over the past two years. Therefore, the supply is maintained as normal and is in satisfactory condition.
2. Sales: In previous years, the percentage of our sales for a single customer has been maintained at below 50%. Based on the techniques and production ability being accumulated over the past years, we are not only able to maintain long-term cooperation with the existing customers but also develop new customers in order to expand the fastener market. Further, we also adjusted the revenue weight with the customers so as to maintain stabilized growth.

**(X) Impact of the massive transfer or change of equity by directors or shareholders owning over 10% of shares to the company and relevant risks and responding actions:**

Until the Annual Report printing date, there hasn't been a massive equity transfer event that will be executed by the director or the major shareholder owning over 10% of shares of this Company. Based on the schedule specified in the regulations of Securities & Futures Act, this Company also reported the share owning status of the directors and the major shareholder owning over 10% of shares.

**(XI) Impact of operation right change to the company as well as the risks and the responding actions: None**

**(XII) Law suit or non-litigation suit event:**

In recent years and until the Annual Report printing date, where a litigation suit, a non-litigation suit or an administrative dispute event was filed against the company, the company's director, supervisor, President, physical responsible person as well as the major shareholder and its subsidiary owning over 10% of shares has been adjudicated or is still under seizure process; and where its result may pose major impact to the shareholder's equity or the stock price, then it is required to disclose the fact of dispute, the amount of target, the starting/ending date of the suit, the primary parties involved in the dispute and present handling status: None.

**(XIII) Other major risks and responding actions: None.**

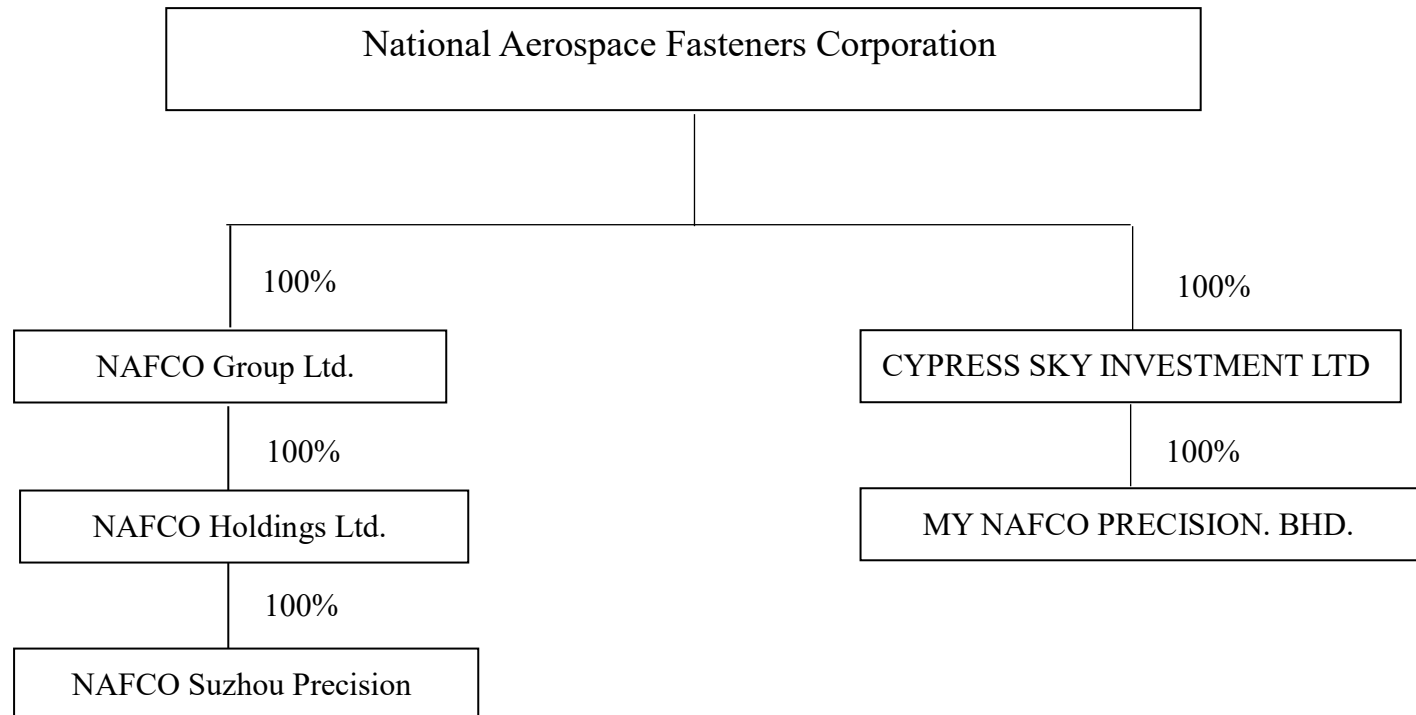
**VII. Other important items: None.**

## Six. Special items

### I. Affiliate-related information:

#### (I) Consolidated business report of affiliated enterprises

##### 1. Affiliate organizational chart



2. Basic information of the respective affiliate

Unit: NT\$K

Company name	Incorporation date	Address	Paid-in capital	Main business or production items
NAFCO Group Ltd.	Aug.15,2011	Intershore Chambers, P.O. Box 4342 Road Town, Tortola British Virgin Islands	US\$13,000	General investment business
NAFCO Holdings Ltd.	Aug.17,2011	Intershore Chambers, P.O. Box 4342 Road Town, Tortola British Virgin Islands	US\$13,000	General investment business
CYPRESS SKY INVESTMENT LTD	Oct. 30, 2023	3rd Floor, Quastisky Building, Road Town, Tortola, British Virgin Islands.	USD8,500	General investment business
NAFCO Suzhou Precision	December 13, 2011	No. 269, Ave. #2, Kungshan General Tax-bonded Park, Jiangsu Province	US\$13,000	Production of high-performance basic parts for aerospace and engine transportation tools.
MY NAFCO PRECISION. BHD.	Nov. 14, 2023	JALAN TECHVALLEY 6/2 BANDAR SRI SENDAYAN SEREMBAN NEGERI SEMBILAN MALAYSIA	MYR38,988	Manufacturing of automotive and aerospace fasteners.

3. Information of the same shareholders being concluded as that the controlled or the subordinating relationship is existed: None

4. The business covered by the operation of the affiliate and its connection:

Type of business	Name of affiliates	Correlativity with the business operated by other affiliates
Investment holdings company	NAFCO Group Ltd.	Investment of overseas subsidiaries
	NAFCO Holdings Ltd.	Investment of overseas subsidiaries
	CYPRESS SKY INVESTMENT LTD	Investment of overseas subsidiaries
Production and sales of aircraft engines and airframe related components	NAFCO Suzhou Precision	Production of high-performance basic parts for aerospace and engine transportation tools.
Production and sales of aviation parts	MY NAFCO PRECISION. BHD.	Production of high-performance basic parts for aerospace and engine transportation tools.

5. Information of directors, supervisors and president of the respective affiliate

Company name	Position	Name or the representative	Shares owned	
			Shares	Ratio of ownership
NAFCO Group Ltd.	Director	Tsai, Feng-Tzu	0	0.00%
	Director	Lin, Wei-Tsun	0	0.00%
	Director	Zhi, Wen-Hui	0	0.00%
NAFCO Holdings Ltd.	Director	Tsai, Feng-Tzu	0	0.00%
	Director	Lin, Wei-Tsun	0	0.00%
	Director	Zhu, Wen-Hui	0	0.00%
CYPRESS SKY INVESTMENT LTD	Director	Tsai, Feng-Tzu	0	0.00%
	Director	Lin, Wei-Tsun	0	0.00%
	Director	Li, Wen-Cheng	0	0.00%
NAFCO Suzhou Precision	Chairman	Representative of NAFCO Holdings Ltd.: Tsai, Feng-Tzu	N/A	100.00%
	Director	Representative of NAFCO Holdings Ltd.: Lin, Wei-Tsun	N/A	100.00%
	Director	Representative of NAFCO Holdings Ltd.: Zhu, Wen-Hui	N/A	100.00%
	Supervisor	Representative of NAFCO Holdings Ltd.: Li, Wen-Cheng	N/A	100.00%
	President	Lin, Wei-Tsun	N/A	0.00%
MY NAFCO PRECISION. BHD.	Director	Representative of CYPRESS SKY INVESTMENT LTD.: Tsai, Feng-Tzu	N/A	100.00%
	Director	Representative of CYPRESS SKY INVESTMENT LTD.: Lin, Wei-Tsun	N/A	100.00%
	Director	Representative of CYPRESS SKY INVESTMENT LTD.: Li, Wen-Cheng	N/A	100.00%
	Director	Representative of CYPRESS SKY INVESTMENT LTD.: Lim, Chun Heng	N/A	100.00%
	President	Lin, Wei-Tsun	N/A	0.00%

6. Overview of operation of the affiliate

Expressed in thousands of New Taiwan Dollars

Company name	Capital	Total amount of assets	Total amount of liabilities	Net value	Operating revenue	Operating gains and losses	Current-term net profit (after-tax)	Earning Per Share (NT\$)
								(after-tax)
National Aerospace Fasteners Corporation	553,717	6,178,714	3,451,281	2,727,433	3,024,117	370,939	375,976	6.88
NAFCO Group Ltd.	405,897	510,338	0	510,338	0	0	107,338	8.26
NAFCO Holdings Ltd.	405,897	510,338	0	510,338	0	0	107,338	8.26
CYPRESS SKY INVESTMENT LTD	271,277	280,902	0	280,902	0	0	(5,689)	(0.67)
NAFCO Suzhou Precision	405,897	815,376	305,038	510,338	793,937	104,234	107,338	-
MY NAFCO PRECISION. BHD.	271,277	296,085	15,183	280,902	0	(5,234)	(5,689)	(0.15)

(II) Consolidated financial statements of affiliates:

National Aerospace Fasteners Corporation

Representation Letter

The entities that are required to be included in the combined financial statements of National Aerospace Fasteners Corporation as of and for the year ended December 31, 2024, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 Consolidated Financial Statements. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, National Aerospace Fasteners Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declared by

National Aerospace Fasteners Corporation

Responsible Person: Tsai, Feng-Tzu

February 20, 2025

(III) Relationship Report: N/A



- II. Handling of private placement of marketable stocks in recent years and until the Annual Report printing date: None.**
- III. Other supplementary description: None.**
- IV. Please describe the event that has posed a major impact to the shareholder equity or the stock price, as specified in Clause 2, Item 3 under Article 36 of Securities and Exchange Act in recent year and until the Annual Report printing date: None.**

National Aerospace Fasteners Corporation

Person in charge: Tsai, Feng-Tzu

**April 30, 2025**