

**Stock code: 2369**



# **LINGSEN PRECISION INDUSTRIES, LTD.**

## **2024 Annual Report**

**【Translation】**

This Annual Report is available at the following websites:

Website of Taiwan Stock Exchange Market Observation: <https://mops.twse.com.tw>

Company Website: <https://www.lingsen.com.tw>

Printed On February 28, 2025

---Notice to readers---

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

**a. Spokesperson and Deputy Spokesperson**

Spokesperson

Name : Ming-Wei Lai

Title : Chief Financial Officer

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Deputy Spokesperson

Name : His-Tzu Tsai

Title : Manager

Tel : (04)2533-5120

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**b. Headquarters, Branches and Factories**

Headquarter : No. 5-1, S. 2<sup>nd</sup> Rd., Tanzi Dist., Taichung City

Factory T1 : No. 5-1; No. 5-2; No. 5-3, S. 2<sup>nd</sup> Rd., Tanzi Dist., Taichung City

Factory T2 : No. 36; No. 36-1; No. 36-2; No. 36-3; No. 38; No. 38-1; No. 38-2; No. 38-3;  
No. 40; No. 40-1; No. 40-2; No. 40-3; No. 42; No. 42-1; No. 42-2; No. 42-3,  
S. 2<sup>nd</sup> Rd., Tanzi Dist., Taichung City

Factory T3 : No.3; No. 5, Jiangou Rd., Tanzi Dist., Taichung City

Factory T4 : No. 4; No. 4-1; No. 4-2; No. 6; No. 6-1; No. 6-2; No. 8-1; No. 8-2; No. 10-1;  
No. 10-2, S. 2<sup>nd</sup> Rd., Tanzi Dist., Taichung City

Factory T5 : No. 22; No. 22-1; No. 22-2, S. 2<sup>nd</sup> Rd., Tanzi Dist., Taichung City

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**c. Stock Transfer Agent**

Agency : Transfer Agency Department, CTBC Bank Co., Ltd.

Address: 5F, No. 83, Section 1, Chongqing S. Rd., Zhongzheng Dist. 100003, Taipei City

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Tel : (02)6636-5566

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**d. Auditors**

Auditors : Lie-Dong, Wu, Li-Wei, Liu

Name of the Firm : Deloitte & Touche Taiwan

Address : 22F, No.88, Sec. 1, Huizhong Rd., Xitun Dist., Taichung City 407025

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Tel : (04)3705-9988

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**e. Overseas Securities Exchange**

N/A

**f. Corporate Website**

<https://www.lingsen.com.tw>

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# I. Letters to the Shareholders

Dear Shareholders,

In 2024, macroeconomic weakness and geopolitical conflicts still persist, which further weighing on end market demand potentially. Against that backdrop, we witnessed the rising trend of new AI applications driven by 5G mobile communications, which presents a new opportunity for the semiconductor industry.

Driven by 5G mobile communications, promote mobile, autonomous driving and IOT applications. In the diverse applications of AI, various edge AI are developing rapidly, such as AI mobile, AI PCs and AI in-vehicle electronics are worth the expectations, and we expect that the semiconductor industry is projected to usher in a new round of growth driven in the next decade.

The company will continue to expand capacity and focus on the fundamentals of our business. By combining market structure with customer needs to improve equipment utilization rate and investment returns, these will ensure the company to seize the enormous business opportunities along with new generation trends.

Summary of 2024 business result and 2025 business plan of the Company are as follows:

## 1.1 2024 Business Result

### 1.1.1 Result of 2024 Business Plan

Due to macroeconomic weakness conditions prolonged the semiconductor inventory adjustment cycle in 2024, the company's operating revenue totaled NT\$ 5.37 billion, or a decrease of 3% from 2023, with a net loss attributable to shareholders of the parent company of NT\$0.168 billion or a basic loss per share of NT\$ 0.45.

Over the past few years, the global economy has been challenging for the industry. The company keeps improving its operational resilience and adaptability through advancing technologies and services, improving the structure of efficiency, enhancing human resources.

### 1.1.2 2024 Budget Implementation Status: The Company did not prepare financial forecast for 2024.

### 1.1.3 Financial Revenue and Expenditure Status and Profitability Capacity Analysis

Item analyzed		Year 2024	Year 2023
Financial Structure	Debt Ratio (%)	26.93	28.49
	Ratio of Long-term capital to property, plant and equipment (%)	181.62	162.26
Solvency	Current Ratio (%)	255.14	236.67
	Quick Ratio (%)	220.28	199.47
Profitability	Return On Assets (%)	(2.37)	(1.55)
	Return On Equity (%)	(3.60)	(2.75)
	Operating profit to paid-in capital (%)	(10.08)	(5.89)
	Pre-tax income to paid-in capital (%)	(5.39)	(5.02)
	Profit Margin (%)	(3.74)	(2.83)
	EPS (NT\$)	(0.45)	(0.42)

#### 1.1.4 R&D Status

Unit: NT\$ in Thousands

Year	Year 2024	Year 2023	Year 2022
R& D Expenses	133,265	136,376	165,769
R&D Expenses to operating revenue (%)	2	3	3

### 1.2 Summary of 2025 Business Plan

#### 1.2.1 Operating Policy

- (1) Improving service quality, strengthen the communication with customers and build up a balanced relationship with customers.
- (2) Improving current manufacturing process, innovating new manufacturing process, improve the quality and reduce costs to create profits, proactively.
- (3) Continuously innovating product development and available in diverse products package manufacturing process to meet customers' needs.
- (4) Improving internal operation efficiency and enhance the quality for employee's operation.
- (5) Strengthening the function of information systems to improve manufacturing and automatic inspection operation.
- (6) Introducing 5S activities to optimize the working environment to avoid occupational accident and reduce wastage.
- (7) Continuously enhancing the educational training to train the talent to assists the company's sustainable management and development.

#### 1.2.2 Estimated Sales Volume and Supporting Information

##### (1) Basis

The amount of the expected sales of the company is set by considering the management strategy, the production ability, operating goals of all the departments and the budget, the future development trend of the entire industry, market supply and demand and the actual operating performance of the past years reasonably.

##### (2) Estimated Sales Volume

Item	Estimated Sales Volume
Packaging and Testing	5.5 Billion units

#### 1.2.3 Key Production and Marketing Policies

##### (1) Marketing Policies

- A. Enhancing the quality of products and improving product yield to meet customers' satisfaction.
- B. Establishing market analysis mechanism to improve the future planning of products and marketing strategy.
- C. Diverse development of packaging product manufacturing and providing customer service with comprehensive needs.
- D. Enhancing research and development ability to shorten the time required for research and development to increase the revenue and profit of the new products.
- E. Proactively expand business by attending business expos and seeking for distributors of different region to extend the trading internationally and domestically.

## **(2) Production Policies**

- A. Improving accurate delivery date and on time delivery.
- B. Optimizing the production preparation and improve the transparency of production.
- C. Improving management efficiency (Reducing the cost of inspection, optimizing the production preparation and enhancing the mobilization of the personnel).
- D. Improving equipment efficiency and equipment availability.
- E. Simplify and improving the manufacturing process, reducing the manufacturing process, material costs and to improve the quality for product shipment.

### **1.3 Future Developing Strategy of the Company**

- 1.3.1 Provide the customers with all-rounded services, customer development and relation management proactively.
- 1.3.2 Be committed to environmental protection and obey the environmental protection laws and regulations and introduced green fabrication and package products.
- 1.3.3 Proactively innovating, leading the development of new technics and new products to meet the market trend and needs.
- 1.3.4 Continuously enhancing the management of cost expense of existing production line.
- 1.3.5 Dedicated in “Corporate Governance, Corporate Commitment, Social Contribution and Environmental Protection” four major fields of Corporate Social Responsibility.

### **1.4 Impacts from External Competitive Environment, Legal Environment and Macro-Economic Environment**

The International Monetary Fund (IMF) indicated in its World Economic Outlook in January of 2025, the global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.7% in 2024 and predicts a further decrease to 4.2% in 2025, there is sustained easing from the price pressures but not yet returned to pre-pandemic. In terms of economic growth, the IMF predicted the growth rate at 3.2% in 2024, and predicts a growth rate of 3.3% during 2025 and 2026, which is slightly higher than year 2024.

Recent developments, such as growing price fluctuations of energy-transition concerns, and the intensifying competition between US-China, major economies monetary policies etc., which bring about uncertainty in economic development and growth.

The company actively responds to the necessity of climate adaptation, such as performed GHG reduction, energy optimization, put greater endeavour in circular economy issues as well as recycling, and aims to integrate ESG into the operations to create shared value for a sustainable future.

Chairman: Shu-Chyuan Yeh

## II. Corporate Governance Report

### 2.1 Directors and Management Team

#### 2.1.1 Directors

##### 2.1.1.1 Information of Directors

February 28, 2025 Unit: Shares

Title (Note10)	Nationality	Name	Gender /Age	Date Elected/ Appointed	Term (Year)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience/ Education	Other Position	Executives, Directors or Supervisors who are Spouses or within Two Degree of Kinship			Remark (Note11)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Shu-Chyuan Yeh	Male 61~70	2022.06.10	3	1987.04.30	14,526,754 (Note 9)	3.82%	14,626,754 (Note 9)	3.85%	440,866	0.12%	No	No	•Graduated from Department of Psychology, National Taiwan University •Chairman of Lingsen Precision Industrial Co., Ltd.	Note1	No	No	No	No Such Condition
Director	R.O.C.	Tse-Sung Tsai	Male 61~70	2022.06.10	3	2019.06.12	100,000	0.03%	234,000	0.06%	No	No	No	No	•Graduate from Department of Physic, Fu Jen Catholic University •General Manager of Lingsen Precision Industrial Co., Ltd.	Note2	No	No	No	No Such Condition
Director	R.O.C.	Ming-Te Tu	Male 51~60	2022.06.10	3	2019.06.12	214,829	0.06%	486,684	0.13%	40,320	0.01%	No	No	•Master Degree from Institute of Computer Science and Engineering, National Chung Hsing University Graduated from Inst •Vice President of Lingsen Precision Industrial Co., Ltd.	Note3	No	No	No	N/A
Director	R.O.C.	Sheunn-Ching Yang	Male 71~80	2022.06.10	3	2011.06.15	1,303,654	0.34%	1,303,654	0.34%	No	No	No	No	•Graduated from Department of Physics, Chinese Culture University •General Manager of Lingsen Precision Industrial Co., Ltd. •Associates of Siliconware Precision Industries Co., Ltd.	Note4	No	No	No	N/A
Director	R.O.C.	Shu-Hsun Yeh	Male 51~60	2022.06.10	3	2015.06.10	275,475	0.07%	435,756	0.11%	No	No	No	No	•Graduated from Tung Nan Jr. College of Technology •General Manager of Long Ting (DongGuan) Decoration Co., Ltd. •Supervisor of Etrend Hightech Co.,Ltd.	No	Associate	Shu-Hui Yeh	Brothers	N/A
Director	R.O.C.	Pin-Wen Fang	Male 71~80	2022.06.10	3	2019.06.12	150,000	0.04%	150,000	0.04%	No	No	No	No	•Department of Industrial Management, Tamsui Commercial Industrial Vocational Senior High School •Chairman of YiliDe Business Administration Consultant Co., Ltd. •Chairman of Ming Yuan Sport Leisure Co., Ltd.	Note5	No	No	No	N/A
Independent Director	R.O.C.	Feng-Hsien Shih	Male 61~70	2022.06.10	3	2016.06.15	394,080	0.10%	394,080	0.10%	No	No	No	No	•PhD in Computer Science, University of Maryland •General Manager of Global Mixed-mode Technology Inc. •General Manager of Lingsen Precision Industrial Co., Ltd. •Director and Supervisor of Etrend Hightech Corp.	Note6	No	No	No	N/A
Independent Director	R.O.C.	Wan-Ping Chen	Male 71~80	2022.06.10	3	2016.06.15	150,000	0.04%	150,000	0.04%	No	No	No	No	•Executive Master of Business Administration, National Sun Yat-Sen University •Chairman of Chang Ruei Investment Corporation	Note7	No	No	No	N/A
Independent Director	R.O.C.	Pin- Chi Wei	Male 61~70	2022.06.10	3	2016.06.15	362,000	0.10%	362,000	0.10%	No	No	No	No	•Master of Business Administration, New York University •Director and General Manager of Fu Chu Knitting Co., Ltd. •Director and General Manager of Chin Fu Long Industrial Co., Ltd.	Note8	No	No	No	N/A

Note 1 :

Vice President of the Company  
Chairman of Lee Shin Investment Co., Ltd.  
Chairman of Lingsen America Inc.  
Chairman of Nexus Material Co., Ltd.  
Chairman of Panther Technology Co., Ltd.  
Chairman and General Manager of Sooner Power Semiconductor Co. Ltd.  
Chairman of Lingsen Holding (Samoa) Inc.  
Chairman of Li Yuan Investments Co., Ltd.

Note 2 :

General Manager of the Company,  
Legal Person Representatives of Nexus Material Corporation,  
Legal Person Representative of Panther Technology Co., Ltd.,  
Legal Person Representatives of Sooner Power Semiconductor Co., Ltd.

Note 3 :

Legal Person Representatives of Nexus Material Corporation,  
Legal Person Representative of Panther Technology Co., Ltd.,  
Legal Person Representatives of Sooner Power Semiconductor Co. Ltd.

Note 4 :

Independent director, Member of Audit Committee and Compensation Committee of JMC Electronics Co., Ltd.  
(List 6552).  
Independent director, Member of Audit Committee and Compensation Committee of Megawin Technology Co., Ltd.  
(OTC 3122).  
Independent director, Member of Audit Committee and Compensation Committee of Fittech Co., Ltd. (List 6706).

Note 5 :

Chairman of YILiDe Business Administration Consultant Co., Ltd. ,

Note 6 :

Chairman of Jing Hua International Inc.,  
Chairman of Nian Pei International Co., Ltd.,  
Chairman of Weishun International Co., Ltd.

Note 7 :

Independent director, Member of Audit Committee and Compensation Committee of Chia Yi Steel Co., Ltd  
Managing Director of Tainan Ji Yi Co, Ltd.,  
Chairman of Changrui Investment Co., Ltd.,

Note 8 :

Chairman and General Manager of Fu Chu Knitting Co., Ltd.,  
Chairman and General Manager of Chin Fu Long Industrial Co., Ltd.,  
Chairman and General Manager of Hwa Kwei Knitting Co., Ltd.,  
Chairman of Shen Bin Investment limited.

Note 9 :

5,000,000 shares as pledged shares.

Note 10 :

Still in position as until the date of the publication and printed of the annual report.

Note 11 :

Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

Note 12 :

Main Shareholders of the Directors that are Institutional Shareholders

(1) Major shareholders of the institutional shareholder: Not Applicable.

(2) Major shareholders of the company's major institutional shareholder: Not Applicable.



### 2.1.1.2 Disclosure of information as professional qualifications and independent status of directors and independent directors

<div>Qualification</div> <div>Name</div>	Professional qualifications and experience	Independent status	Number of other public companies concurrently serving as an independent director
Shu-Chyuan Yeh	<p>Mr. Yeh is the Chairman of the company.</p> <p>Joined the Board from 1987.</p> <p>He is also the Chairman of the company's subsidiaries (a non-public company).</p> <p>He has more than 30 years of semiconductor experience.</p> <p>He also has extensive experience in corporate governance affairs.</p>	<p>1. Mr. Yeh is currently the vice president of the company.</p> <p>2. He is the director of the company's subsidiaries.</p> <p>3. Not a shareholder that directly holds five percent or more of the total number of issued shares of the company, but the ranking in the top 10 in holdings.</p> <p>4. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>5. Not been a person of any conditions defined in Article 30 of the company Law.</p>	None
Tse-Sung Tsai	<p>Mr. Tsai is director and General Manager of the company.</p> <p>Joined the Board from 2019.</p> <p>He is also the representative director of the company's subsidiaries (a non-public company).</p> <p>He was formerly Vice President of the company which is responsible for developing assembly process technologies.</p> <p>He has more than 30 years of semiconductor experience.</p> <p>He also has extensive experience in corporate governance affairs.</p>	<p>1. Mr. Tsai is currently the General Manager of the company.</p> <p>2. He is the director of the company's subsidiaries.</p> <p>3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>4. Not been a person of any conditions defined in Article 30 of the company Law.</p>	None
Ming-Te Tu	<p>Mr. Tu is director of the company.</p> <p>Joined the Board from 2019.</p> <p>He is also the representative director of the company's subsidiaries (a non-public company).</p> <p>He was formerly served as our R &amp; D officer from July 2007 to June 2024 which is responsible for developing advanced assembly technology.</p> <p>He has more than 30 years of semiconductor experience.</p>	<p>1. Mr. Tu is currently the Special Assistant of the company.</p> <p>2. He is the director of the company's subsidiaries.</p> <p>3. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.</p> <p>4. Not been a person of any conditions defined in Article 30 of the company Law.</p>	None

Qualification Name	Professional qualifications and experience	Independent status	Number of other public companies concurrently serving as an independent director
Sheunn-Ching Yang	Mr. Yang is director of the company. Joined Board from 2011. Mr. Yang was formerly served as our General Manager from March 2008 to June 2019. He is currently served as independent director of JMC ELECTRONICS CO., LTD. (List6552), FITTECH CO., LTD. (List6706), Megawin Technology Co., Ltd. (OTC3122). He has more than 30 years of semiconductor experience. He also has extensive experience in corporate governance affairs.	1. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company. 2. Not been a person of any conditions defined in Article 30 of the company Law.	3
Sh-Hsun Yeh	Mr. Yeh is director of the company. Joined Board from 2015. He was the representative director of the company's subsidiaries (a non-public company). He was also formerly served as the head of Operational Support Division of the company and a Supervisor of ETREND High-tech Corp. (OTC3567). He is experienced in corporate governance.	1. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company. 2. Not been a person of any conditions defined in Article 30 of the company Law.	None
Pin-Wen Fang	Mr. Fang is director of the company. Joined Board from 2019. He is serves as the chairman of Yi-Li-De Business Administration Consultant Co., Ltd. He is experienced in corporate governance and entrepreneurship.	1. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company. 2. Not been a person of any conditions defined in Article 30 of the company Law.	None

Qualification Name	Professional qualifications and experience	Independent status	Number of other public companies concurrently serving as an independent director
Feng-Hsien Shih	Mr. Shih is independent director of the company and also the member of Audit Committee. Joined the Board from 2016. He was served as the director of ETREND High-tech Corp. (OTC3567). He was also formerly served as the General Manager of GLOBAL MIXED-MODE TECHNOLOGY INC. (LIST8081 GMT). He has more than 30 years of semiconductor experience. He also has extensive experience in corporate governance affairs.	Each independent directors of the company meet the independence requirements stipulated by laws and regulations during the two years before being elected or during the term of office. 1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Law. 6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. 7. If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company	None
Wan-Ping Chen	Mr. Chen is independent director of the company and also the member of Audit Committee. Joined the Board from 2016. He was formerly served as vice president of HONGXING ACCOUNTING. He has extensive experience in finance management fields. He is currently the independent director of CHIA YI STEEL CO., LTD. (OTC2067). He is experienced in corporate governance.	9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. However, serving as a member of the company's Compensation Committee is not subject to this restriction. 10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law. 12. Not been a person of any conditions defined in Article 30 of the company Law.	1
Pin- Chi Wei	Mr. Wei is independent director of the company and also the member of Audit Committee. Joined the Board from 2016. He is currently the Chairman and General Manager of HWA KWEI KNITTING CO., LTD. and FU CHU KNITTING CO., LTD. HWA KWEI KNITTING CO., LTD. is the leading brand of hosiery's manufacturing industries. He is experienced in corporate governance and entrepreneurship.		None

### 2.1.1.3 Diversity and independent of Board of Directors:

#### (1) Diversity of Board of Directors :

The diversity guidelines and concrete management goals for members of the Board have been set forth in the “Corporate Governance Best Practice Principles” formulated by the company. The composition of the Board takes into account gender, age, nationality and culture, professional knowledge and industry experience as multiple complementarities. The Company aims to have no less than three independent directors while they shall not be less than one third of the total number of directors. The composition of the Board of Directors members meets that objective.

The 20th board of directors was elected in the annual shareholders’ meeting on June, 10, 2022. The tenure of a board director is 3 years. Currently, all board members represent diverse range of professional backgrounds, skills, and experience. The implementation status of the board diversity policy is as follows.

Title	Chairman	Director					Independent Director		
Name	Shu-Chyuan Yeh	Tse-Sung Tsai	Sheunn-Ching Yang	Ming-Te Tu	Shu-Hsun Yeh	Pin-Wen Fang	Feng-Hsien Shih	Pin-Chi Wei	Wan-Ping Chen
Nationality	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Male
Age	61-70	61-70	71-80	51-60	51-60	71-80	61-70	61-70	71-80
Employed by the company	✓	✓		✓					
Professional Background	Psychology	Physics	Physics	Information Technology	Business Administration	Industrial Administration	Electrical Engineering	Finance and Business Administration	Business Administration
Skills and Experience									
Operational Judgement-Making Ability	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business Management Ability	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial								✓	✓
Risk/Crisis Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Industry Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓
Global Market Perspective	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership Skill	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic Decision-making	✓	✓	✓	✓	✓	✓	✓	✓	✓

#### Composition of Board members :

Independent	Age distribution of directors	The proportion of directors with employee status
Directors 67% (6persons)	51~60yrs 22% (2persons)	33% (3persons)
Independent directors 33% (3persons)	61~70yrs 45% (4persons)	
	71~80yrs 33% (3persons)	

There are no female board members so far. Due to the specificity of the semiconductor industry, the Company hopes to recruit more talents who had work experience in semiconductor industry to serve as directors. However, based on gender equality, the Company will increase the female director seats progressively.

#### (2) Independence of the board of directors:

The company’s Chief Corporate Governance Officer evaluates the independence and competency of Independent Directors and reports to the Board. The recent year’s evaluation result was reported to Board on NOV.06, 2024. Currently, all Independent Directors satisfy the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no marital or is within the second degree of kinship relationship between or among the Directors. Therefore, complies with the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act. As such, the Board of the company carries independence.

## 2.1.2 Management Team (Information of general manager, vice president, associates, department and branch directors)

February 28, 2025 Unit: Shares

Title (Note1)	Nationality	Name	Gender	Date of appointment to position (Note2)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or within Two Degrees of Kinship			Remarks (Note7)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C	Tse-Sung Tsai	Male	2007.10.04	234,000	0.06%	No	No	No	No	•Graduate from Department of Physic, Fu Jen Catholic University	Note 4	No	No	No	No such condition
Vice President	R.O.C	Shu-Chyuan Yeh	Male	2001.04.12	14,626,754	3.85%	440,866	0.12%	No	No	•Graduated from Department of Psychology, National Taiwan University	Note 5	No	No	No	No such condition
Vice President & CFO & Corporate Governance Officer	R.O.C	Ming-Wei Lai	Male	2000.07.01	54,000	0.01%	No	No	No	No	•Graduated from Department of Accounting, National Cheng Chi University •CPAs of the Republic of China •Underwriting Department of Grand Cathay Securities Corporation	Note 6	No	No	No	N/A
Vice President	R.O.C	Chun-Liang Lin	Male	2002.08.01	50,400	0.01%	No	No	No	No	•Graduated from Department of Management Science, National Chiao Tung University. •Associate of Department of Sales, Orient Semiconductor Electronics Co., Ltd.	No	No	No	No	N/A
Vice President	R.O.C	Jih-Ming Hsu (Note3)	Male	2006.09.01	33,000	0.01%	No	No	No	No	•Executive Master of Business Administration, Tong Hai University •Production Management Department Manager of Etronic Precision Co., Ltd.	No	No	No	No	N/A
Associates	R.O.C	Shu-Huei Yeh	Male	2001.02.01	80,000	0.02%	No	No	No	No	•Graduated for Department of Industrial and Information Management, National Cheng Gong University •Personnel of Computer Software Design, China Airlines	No	No	No	No	N/A

Note 1 :

Still in position as of the date of the publication and printed of the annual report.

Note 2 :

Date of appointment to position means the date of First Appointment as manager.

Note 3 :

Mr. Jih-Ming Hsu was promoted to Vice Presidents, effective July 1, 2024.

Note 4 :

Refer to the Information of Directors.

Note 5 :

Refer to the Information of Directors.

Note 6 :

Legal Person Representative as Supervisor of Nexus Material Corporation,

Independent Director, Member of Remuneration Committee, Member of Audit Committee of VSO Electronics Co., Ltd. (‘ 6913)

Note 7 :

Where the General Manager or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

## 2.2 Remuneration of Directors, General Manager and Vice President in latest year

### 2.2.1 Remuneration of Directors and Independent Directors (Disclose names and ways of remuneration separately)

Unit: NT\$ in Thousands

Title	Name	Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) and proportion of Net Income(%)		Compensation from Non-Consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowance (E)		Severance Pay (F)		Employee Compensation (G) (Note1)						
		The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company		From all Consolidated Entities		The Company	From all Consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairman	Shu-Chyuan Yeh	0	3,799	0	0	0	0	120	129	120 -0.07%	3,928 -2.33%	6,913	6,913	0	0	0	0	0	0	7,033 -4.18%	10,841 -6.45%	5
Director	Tse-Sung Tsai	0	0	0	0	0	0	120	126	120 -0.07%	126 -0.07%	4,494	4,494	0	0	0	0	0	0	4,614 -2.75%	4,620 -2.75%	0
Director	Ming-Te Tu	0	0	0	0	0	0	120	123	120 -0.07%	123 -0.07%	2,227	2,227	0	0	0	0	0	0	2,347 -1.40%	2,350 -1.40%	0
Director	Shu-Hsun Yeh	0	0	0	0	0	0	120	120	120 -0.07%	120 -0.07%	0	0	0	0	0	0	0	0	120 -0.07%	120 -0.07%	5
Director	Sheunn-Ching Yang,	0	0	0	0	0	0	120	120	120 -0.07%	120 -0.07%	0	0	0	0	0	0	0	0	120 -0.07%	120 -0.07%	0
Director	Pin-Wen Fang	0	0	0	0	0	0	120	120	120 -0.07%	120 -0.07%	0	0	0	0	0	0	0	0	120 -0.07%	120 -0.07%	0
Independent Director	Feng-Hsien Shih	360	360	0	0	0	0	0	0	360 -0.21%	360 -0.21%	0	0	0	0	0	0	0	0	360 -0.21%	360 -0.21%	277
Independent Director	Wan-Ping Chen	360	360	0	0	0	0	0	0	360 -0.21%	360 -0.21%	0	0	0	0	0	0	0	0	360 -0.21%	360 -0.21%	0
Independent Director	Pin-Chi Wei	360	360	0	0	0	0	0	0	360 -0.21%	360 -0.21%	0	0	0	0	0	0	0	0	360 -0.21%	360 -0.21%	0

1.The policy, system, standard and construction of independent directors' payment and describe the relevance of the amount of payment according to the factors, such as responsibility, risk and times: Please refer to Page 14 of this annual report

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements and reinvestment companies in the most recent year to compensate directors for their services, such as being independent contractors:

The company's remuneration committee consists of three independent director, each member (Feng-Hsien Shih, Wan-Ping Chen, Pin-Chi Wei) received NT\$120,000 .

Note 1: Due to the loss in the current year, the Board resolved not to allocate director and employee remuneration on February 24, 2025.

## 2.2.2 Compensation of General Manager and Vice President

( Summary in according to the Compensation Level and disclose the names and ways of compensation )

Unit: NT\$ in thousands

Title	Name	Salary (A)		Severance Pay (B) (Note1)		Bonus, Allowance and etc.(C)		Employee Compensation (D) (Note2)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of Net Income (%)		compensation from Non-Consolidated Affiliates or Parent Company
		The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company		From all Consolidated Entities		The Company	From all Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Tse-Sung Tsai	17,081	17,081	261	261	2,776	2,776	0	0	0	0	20,118 -11.96%	20,118 -11.96%	5
Vice President	Shu-Chyuan Yeh													
Vice President & CFO & Corporate Governance Officer	Ming-Wei Lai													
Vice President	Ming-Te Tu (Note 3)													
Vice President	Chun-Liang Lin													
Vice President	Jih-Ming Hsu (Note 4)													

### Range of Remuneration

Range of Remuneration	Names of General Manager and Vice President	
	The Company	From All Consolidated Entities and Invested Companies
NT\$ 0~NT\$ 999,999		
NT\$ 1,000,000~NT\$ 1,999,999	Ming-Te Tu Jih-Ming Hsu	Ming-Te Tu Jih-Ming Hsu
NT\$ 2,000,000~NT\$ 3,499,999	Ming-Wei Lai Chun-Liang Lin	Ming-Wei Lai Chun-Liang Lin
NT\$ 3,500,000~NT\$ 4,999,999	Tse-Sung Tsai	Tse-Sung Tsai
NT\$ 5,000,000~NT\$ 9,999,999	Shu-Chyuan Yeh	Shu-Chyuan Yeh
NT\$ 10,000,000~NT\$ 14,999,999		
NT\$ 15,000,000~NT\$ 29,999,999		
NT\$ 30,000,000~NT\$ 49,999,999		
NT\$ 50,000,000~NT\$ 99,999,999		
NT\$ 100,000,000 and above		
Total	6	6

Note 1: Pensions funded according to applicable law.

Note 2: Due to the loss in the current year, the Board resolved not to allocate employee remuneration on February 24, 2025.

Note3: The amounts did not include compensation for the period after Ming-Te Tu resigned on June 30, 2024.

Note4: Mr. Jih-Ming Hsu was promoted to Vice Presidents, effective on July 1, 2024.

## 2.2.3 Remuneration paid to top five management personnel

Title	Name	Salary (A)		Severance Pay (B) (Note1)		Bonus, Allowance and etc. (C)		Employee Compensation (D) (Note2)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of Net Income (%)		compensation Received from Non-Consolidat ed Affiliates or Parent Company
		The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company	From all Consolidated Entities	The Company		From all Consolidated Entities		The Company	From all Consolidated Entities	
								Cash	Stock	Cash	Stock			
Vice President	Shu-Chyuan Yeh	5,994	5,994	0	0	919	919	0	0	0	0	6,913 -4.11%	6,913 -4.11%	5
General Manager	Tse-Sung Tsai	3,813	3,813	0	0	681	681	0	0	0	0	4,494 -2.67%	4,494 -2.67%	0
Associate	Shu- Hui Yeh	1,318	3,110	76	76	239	239	0	0	0	0	1,633 -0.97%	3,425 -2.04%	0
Vice President & CFO & Corporate Governance Officer	Ming-Wei Lai	2,396	2,396	108	108	380	380	0	0	0	0	2,884 -1.71%	2,884 -1.71%	0
Vice President	Chun-Liang Lin	2,383	2,383	108	108	380	380	0	0	0	0	2,871 -1.71%	2,871 -1.71%	0

Note 1: Pensions funded according to applicable law.

Note 2: Due to the loss in the current year, the Board resolved not to allocate employee remuneration on February 24, 2025.

## 2.2.4 Managers with Employee Remuneration Distribution

December 31, 2024  
Unit: NT\$ in thousands

Managers	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income(%)
	General Manager	Tse-Sung Tsai	0	0	0	0.00%
	Vice President	Shu-Chyuan Yeh				
	Vice President & CFO & Corporate Governance Officer	Ming-Wei Lai				
	Vice President	Chun-Liang Lin				
	Vice President	Jih-Ming Hsu				
	Associates	Shu-Huei Yeh				

Note 1: The Manager in position as until Dec.31, 2024.



**2.2.5 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, general managers, and vice president , and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.**

- (1) Analysis on the total remuneration paid to the directors, general managers and vice presidents of the company in the past two years as a ratio to the net income for parent company only financial statement or individual financial statement.

Unit: NT\$ in Thousands

Title	Year 2023				Year 2024			
	The Company		From all Consolidated Entities		The Company		From all Consolidated Entities	
	Total remuneration	Ratio to net profit after tax	Total remuneration	Ratio to net profit after tax	Total remuneration	Ratio to net profit after tax	Total remuneration	Ratio to net profit after tax
Director	18,990	-12.13%	22,581	-14.43%	15,434	-9.17%	19,251	-11.44%
General Manager & Vice President	21,849	-13.96%	21,849	-13.96%	20,118	-11.96%	20,118	-11.96%

- (2) The policy, standards and packages of remunerations, the procedures for such decisions and relation to business performance and future risks.

A. Remuneration to the company's directors are distributed in accordance with the Articles of Incorporation and the law, after referencing industry standards in Taiwan and overseas, the length of the tenure of related members, actual participation, and contributions. Remunerations are summarized as follows:

- Independent director: Receives fixed remuneration on a monthly basis regardless of the company's profit or loss, and not participate in earning distribution.
- Non-independent director: Calculated and distributed based on the director's performance evaluation items (e.g. attendance in board meetings and shareholders' meetings and continuing education), length of tenure, actual participation, and contributions in accordance with the company's Articles of Incorporation and the law, after referring to industry standards in Taiwan and overseas, provided that it does not exceed 2% of profits after deducting accumulated losses.

B. A monthly travel allowance for Non-Independent director.

C. The company annually evaluates its salary and the salary structure. The salary can be divided into fixed and variable. Fixed compensation is determined by basing on job duties and position. Variable compensation is based on the execution and achievement status of the operating objectives that the manager is responsible. Evaluation items, which include financial indicators (e.g. revenue and profits), and sustainability indicators, including increasing revenue proportion of sustainable products, minimize environmental footprint. In recent years, the company is committed to the advancement of ESG, therefore, ESG key performance indicators is added to variable compensation gradually.

D. Others:

With consideration to future changes in the economic environment, remuneration paid to our management team will be carefully established in accordance with the law, based on business performance and future risks, as well as industry standards in Taiwan and overseas.

## 2.3 Implementation of Corporate Governance

### 2.3.1 Operation of the Board of Directors

#### 2.3.1.1 Duties of Board of Directors

The company elected the 20<sup>th</sup> Board of Director on the shareholders' meeting on June 10, 2022, including 9 directors (with 3 independent directors). The member of the board of directors shall base on the premise of loyal, cautious and highly aware of the company's interest. The members of the board of directors shall perform their duties on significant matters, such as evaluating the company's operating strategies, risk management, annual budget, business performance and invigilating major capital expenditure, merger, acquisitions, investment, disposal and others. The member of the board of directors shall ensure the accuracy of the accounting system and financial statements to prevent the behavior of the board members to harm the company or the board members' interest conflicts with the shareholders. The board of directors shall elected carefully, invigilating the management team, make objective judgement to the company affairs and elected the suitable internal audit supervisor to ensure the effectiveness of the internal control system, and to prevent any abuses and corruption.

The company convenes a board of directors' meeting at least once per quarter, currently. The management team report to the board of directors with regards to the operating performance and the board of directors making decisions on the company's future operating directions and major policies. Under the board of directors, there are audit office, audit committee and remuneration committee of reviewing the senior managers' compensation. With the review and suggestions of audit office, audit committee and remuneration committee, reported to the board of directors and assisting the board of directors in decision-making.

#### 2.3.1.2 The principle of avoiding interest conflicts

The company enacted Rules of Procedure in accordance to the Regulation Governing Procedure for Board of Directors Meetings of Public Company. Directors were avoided themselves within discussions and voting related to their interest.

#### 2.3.1.3 Information on the operating condition of the Board of Directors

A total of 6 meetings of the Board of Directors were held in 2024.

The attendances of directors were shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (Note)	Remarks
Chairman	Shu-Chyuan Yeh	5	1	83%	
Director	Tse-Sung Tsai	6	0	100%	
Director	Ming-Te Tu	5	1	83%	
Director	Sheunn-Ching Yang	6	0	100%	
Director	Shu-Hsun Yeh	6	0	100%	
Director	Pin-Wen Fang	5	1	83%	
Independent Director	Feng-Hsien Shih	6	0	100%	
Independent Director	Wan-Ping Chen	5	1	83%	
Independent Director	Pin-Chi Wei	6	0	100%	

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Annotations:

1. If any of the following circumstances occurs in the operation of the Board of Directors' meeting, please indicate the date of the Board of Directors' meeting, the session number, the contents of the motion, the opinions of all independent directors and the company's handling of the opinions of the Independent Director:
  - (1) Matters listed in Article 14-3 of the Securities and Exchange Act :

The Securities and Exchange Act §14-3 is not applicable because the company has established the Audit Committee. For relevant information, please refer to the "2.3.2 The operation of the audit committee" in this Annual Report.
  - (2) Other than the aforementioned matters, any other matters approved by the Board of Directors which an independent director expresses an objection or reservation that has been included in records or stated in writing:

None.
2. For the situation where a director avoids a motion related to his/her own interest, please specify the directors' name, the contents of the motion, the reason for the avoidance of interest and the voting result :

None.
3. The evaluation cycle and period of the board's self-evaluation, scope, method and content of the self-evaluation of the Board of Directors, please refer to the execution situation of assessment of the Board of Directors :

Please refer to Note 2 for details.
4. The goals for strengthening the board's functions in the current and the recent year (e.g. establishment of an Audit Committee, promotion for information transparency, etc.) and assessment of the implementation:
  - The board members continuously attending training courses related to corporate governance to strengthening the functions of the board and to promote communication and interaction. Training courses attending by the Board of Directors please refer to Page 25-26 of this annual report.
  - Improve the disclosure timeliness in financial statements and enhance non-financial and ESG information disclosure.

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**Note1** : The actual attendance rate (%) is calculated by the number of Board of Director's meeting convened and the numbers of actual meeting attend when in position.

**Note2: Implementation Status of Board Evaluations**

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annual Internal self-evaluation	From Jan. 1, 2024 To Dec.31,2024	The Board of Directors as a whole	Internal evaluation of the Board of Directors	The Board of Directors are assessed on the following five aspects: 1. Involvement in the company's operation 2. Enhancement to the quality of the board's decision- making 3. Makeup and structure of the board 4. Election of board members and continuous knowledge development, and 5. Internal controls.
		The Individual Directors	Self-evaluation by each board member	The Individual Directors are assessed on the following six aspects: 1.Understanding of the company's goals and missions 2. Awareness of director's duties 3. Involvement in the company's operation 4. Internal relationships and communication; 5. The director's professionalism and knowledge development 6. Internal controls.
		Audit Committee	Self-evaluation of the Functional committee	The Functional committees are assessed on the following five aspects: 1.Involvement in the company's operation 2.Awareness of the Functional committee's duties 3.Enhancement to the quality of the Functional committee's decision-making 4.Makeup of the Functional committee and election of its members 5 .Internal controls.
		Remuneration Committee	Self-evaluation of the Functional committee	The Functional committees are assessed on the following four aspects: 1.Involvement in the company's operation 2.Awareness of the Functional committee's duties 3.Enhancement to the quality of the Functional committee's decision-making 4.Makeup of the Functional committee and election of its members.

The company completed self-assessments of Board performance in 2024 and reported the results to the Board of Directors at the company's first quarter meeting in 2025 for review and improvement. The weighted average score for the overall performance of the Board of Directors is 4.27 out of 5. The weighted average score for the performance of individual directors is 4.55 out of 5. As demonstrated, the overall board's operation has been effective.

The weighted average score for the overall performance of the Audit Committee is 5 out of 5 and the Remuneration Committee is 5 out of 5. Each Functional committee is fully aware of the scope of its responsibilities and performs its functions efficiently and effectively, meeting applicable laws and regulations.

## 2.3.2 The operation of the audit committee

### 2.3.2.1 The duties of Audit Committee

The Audit Committee assists the Board of Directors in performing its supervision functions and also responsible for tasks defined by the Company Act, Securities and Exchange Act and other relevant laws and regulations. The Audit Committee is comprised of three independent directors, all members' professionalism requirements and experience, please refer to "2.1.1.1 Information of directors" and "2.1.1.2 Disclosure of information on professional qualifications of directors and independence of independent directors" section under Chapter II on page 4~8 in this Annual report.

According to the relevant regulations, the Audit Committee shall convene at least once per quarter.

The duties of Audit Committee, as follows:

- (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (4) Matters in which a director is an interested party.
- (5) Asset transactions or derivatives trading of a material nature.
- (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
- (7) The offering, issuance, or private placement of equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or their compensation
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.
- (10) Financial reports.
- (11) Any Other Material Matter so Required by the Company or the Competent Authority.

### 2.3.2.2 Annual Operation of Audit Committee

The Audit Committee is empowered by its Charter to conduct any study or investigation it deems appropriate to fulfill its responsibilities. It has direct access to the company's internal auditors, independent auditors and the Chief Corporate Governance Officer of the company. The Audit Committee is authorized to retain and oversee special legal, accounting, or other consultants as it deems appropriate to fulfill its mandate. The Audit Committee Charter is available on the company's website.

The term of the Audit Committee starts from June 10, 2022 to June 09, 2025.

There are 5 meetings convened in the Year 2024. The attendances of the independent directors were as follows:

Title	Name	Attendance in person	By Proxy	Attendance Rate (%) (Note1)	Remarks
convener and Chairman (Independent Director)	Feng-Hsien Shih	5	0	100%	
Member (Independent Director)	Wan-Ping Chen	5	0	100%	
Member (Independent Director)	Pin-Chi Wei	5	0	100%	

Annotations:

1. If any of the following circumstances occur, the dates of Audit meetings, sessions, contents of motion, Independent director's opinions or objections, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Please refer to Note 2 for details.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

None.

3. Communication between the independent directors, internal audit supervisor and CPAs:

Please refer to Note 3 for details.

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Note1 : The Actual Attendance Rate is calculated by the number of times the audit committee convene the meeting while the directors were in position and the actual number of company meeting Attend.

**Note2 : Matters referred to in Article 14-5 of the Securities and Exchange Act**

Date of the Audit Committee (session)	Content of motion
2024.02.17 The 9th meeting of the 3rd Term	1. Disposal of 100% equity of Ningbo Liyuan Tech. Ltd. held by subsidiary.
2024.02.26 The 10th meeting of the 3rd Term	1. 2023 Business Report, annual Financial Statements. 2. 2023 deficit compensation. 3. 2023 Statement of Internal Control System. 4. The company's endorsement and guarantees.
2024.05.02 The 11th meeting of the 3rd Term	1. 2024 Service Fees and competency assessment for Deloitte. 2. 2024 Non-Assurance Services for Deloitte. 3. 2024 first quarter consolidated financial statements.
2024.08.07 The 12th meeting of the 3rd Term	1. 2024 second quarter consolidated financial statements. 2. Amendments to the company's internal control system.
2024.11.06 The 13th meeting of the 3rd Term	1. 2024 third Quarter consolidated financial statements. 2. Amendments to the company's internal control system and internal audit implementation rules. 3. Capital reduction of major subsidiaries.
Independent Directors' objections, reservations or major suggestions: None.	
Resolution of the committee and the Company's response to the committee's opinion: The members of the Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Committee	

**Note3: Communication status between independent directors, internal audit supervisor and CPAs****1. Communication policy**

- (1) Close meeting between independent directors and internal audit supervisor and CPAs
  - Convene at least once per year. Report and communications on key audit matter.
  - CPAs present the audit plan and audit resulting (including significant accounting policies, critical accounting judgments and key sources of estimation and uncertainty).
- (2) Regular meeting between independent directors and internal audit supervisors (convene at least once per year)
  - Internal audit plan.
  - Report on the performance of internal audit execution.
  - Training plan.
- (3) CPAs present the findings of their review or audit reports during the Audit Committee meetings at least once a year.
- (4) The Internal audit supervisors, CPAs and Independent directors can contact or to convene a meeting as needed.

**2. The communication between the independent directors, internal auditing supervisor and CPAs in 2024.**

Date	Attendees	Item of communication	Results of communication
2024.02.26 Audit Committee	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1.2023 Statement of Internal Control System.	Item 1 No objections from the independent directors.& submitted to the Board for resolution.
2024.08.07 Audit Committee	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. Report and communications on the amendments to the company's internal control system.	Item 1 No objections from the independent directors.& submitted to the Board for resolution.
2024.11.06 Closed door meeting	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•CPA: Lie-Dong Wu</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. Internal audit supervisor present (1) Report on 2025 internal audit plan. (2) Report on internal audit execution. (3) Report on Training status. (4) Report on Corporate Governance Evaluation.  2. CPA present (1) Report the results and major review matters of 2024 Q3 financial report. (2) Report on the planning key audit matters of 2024. (3) Independence Statement. (4) Report of regulatory developments.	Item 1 No objections from the independent directors & submitted to the Board for resolution.  Item 2 No objections from the independent directors.
2024.11.06 Audit Committee	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•CPA: Lie-Dong Wu</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. 2024 Q3 financial report. 2. Report and communications on the amendment to the company's internal control system and internal audit implementation rules.	Item 1~2 No objections from the independent directors & submitted to the Board for resolution.

### 2.3.3 Corporate Governance Implementation Status

#### - Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Brief Description	
1. Does the company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles?	V		The “Corporate Governance Best Practice Principles” of the Company has been established with the “Corporate Governance Best Practice Principles for TWSE”, and disclosed on the Company’s Website.	No material differences
2. The Company’s shareholding structure and shareholders’ equity				
(1) Does the company stipulate internal operating procedures to deal with shareholders’ suggestions, doubts, disputes and litigation matters, and implement them according to procedures?	V		(1) To ensure the benefits and interests of the shareholders, the company set up the spokesperson and the deputy spokesperson, in addition with agent for stock affairs to deal with shareholders’ suggestions, doubts, disputes and litigation matters. If consists of legal issues it will be handled by the legal affairs of the company.	No material differences
(2) Does the company have a list of ultimate controllers of the major shareholders and major shareholders of the actual control company?	V		(2) The company keeps grasping the list of shareholders who hold more than 5% or top 10 shareholding of the company, and disclose the shareholding status of the directors, managers and major shareholders with shareholding more than 10%.	No material differences
(3) Does the company establish implement and control the risk control and firewall mechanism between the enterprises?	V		(3) The business transactions are conducted in compliance with the company’s internal control system and the relevant requirements. For strengthening the control mechanism, the “Procedures for Financial Interactions between Affiliates” are regulated with proper risk control.	No material differences
(4) Does the company stipulate internal regulations and prohibit insiders from using the undisclosed information on the market to buy and sell securities?	V		(4) The company enacted “Management Operation of Preventing Insider Trading”, “Code of Ethical Conduct” and other regulations to prevent insider trading occurred in the company.  In addition, the company has provided the directors with information on the prohibition of insider trading and the related Q&A materials from the competent authority, and issued a notification letter on the closed period before announcing the quarterly or annual financial statements to remind the directors to avoid violating the regulations related to insider trading.  At the same time, the company also conducts the publicity on the company’s Website to remind all employees to comply with the Procedures for the Prevention of Inside.	No material differences
3. The composition and duties of the Board of Directors				
(1) Does the Board of Directors formulate a diversified policy, specific management goals and implement it in terms of membership?	V		(1) The company enacted the diversified policy for the composition of the board members in the “Corporate Governance Best Practice Principles”, for related policies, actual goals and implementation please refer to page 9 in this annual report.	No material differences
(2) Does the company voluntarily set up other functional committees in addition to the Remuneration committee and the Audit Committee?		V	(2) The company has established the remuneration committee and the audit committee under the board of directors. The company established internal committees such as occupational safety and health committee, environmental management committee (is formed by the company’s management team and chaired by General Manager) to executing the related risk management activities. For other remaining issues of corporate governance are handled by the relevant internal units.	Depends on the future operating condition and the scale of the company.



Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Brief Description	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election?	V		(3) In order to implement corporate governance and to enhance the functions of the company's board of directors. The company has formulated the rules for Performance Evaluation of the Board of Directors. The company conducted the annual internal performance assessment of the entire board and its function committees (including Audit Committee, Remuneration Committee) and individual board members every year. Please refer to Page 17 in this annual report for the Implementation Status of Board Evaluations.	No material differences
(4) Does the company regularly evaluate the independence of CPAs?	V		<p>(4) The Audit Committee annually evaluates the independence and competency of CPAs by conducting the following evaluation standards and reports the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The auditor provide "declarations of impartiality and independence"</li> <li>2. The Audit Committee pre-approves all audit and non-audit services conducted by the auditor to ensure that the non-audit services do not influence the results of the audit.</li> <li>3. Annually evaluate the independence and competency of the external auditor based on the results of the auditor survey and the Audit Quality Indicator (AQIs) released by Financial Supervisory Commission (FSC) regarding its financial interests, commercial relations, employment relations, etc. Please refer to Note 1 for the CPA Independence Evaluation Standards, and Note 2 for the AQIs Assessment.</li> </ol> <p>Evaluation results:</p> <ol style="list-style-type: none"> <li>1. The independence of CPAs is in compliance with the Norm of Professional Ethics for CPA of ROC, and other relevant regulations.</li> <li>2. There is no violation of independence found.</li> </ol> <p>The recent year's evaluation result of the CPAs independence was approved by the Board on February 24, 2025.</p>	No material differences
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		<p>On May 6, 2021, the Board of Directors appointed Mr. Lai Ming-Wei, the Chief Financial Officer, as the Corporate Governance Officer. He is responsible for corporate governance-related matters, including handling matters pertaining to the Board of Directors, Audit Committee, Remuneration Committee, and Shareholders' Meetings in accordance with the law; assisting directors with their onboarding and continuing education; providing directors with the information necessary for them to perform their duties; assisting directors in complying with relevant laws and regulations; reporting to the Board on the assessment results regarding whether independent directors meet the qualifications required by relevant laws and regulations at the time of nomination, appointment, and during their term of office; as well as handling matters related to changes in directors.</p> <p>For information regarding the Corporate Governance Officer's continuing education, please refer to page 26 in this Annual report.</p> <p>For details on performance of duties by the Corporate Governance Officer, please refer to Chapter II. Corporate Governance Report in this Annual Report.</p>	No material differences

Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Brief Description	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		Depending on the situation, the company's spokesperson, human resourced organization, procurement department and operations (customer service) department will communicate with stakeholder. We also have publicly disclosed the contact information of our corporate spokesperson and relevant departments.  Also, we have a stakeholder section on our corporate Website to address our Corporate Social Responsibility and other issues. For details, please refer to "Interactions with Stakeholder and operation" of the company's Sustainability Report.	No material differences
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the professional stock affairs institutes, Transfer Agency Department, CTBC Bank for the holding of shareholders' meeting.	No material differences
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The condition of the company disclosing its financial information and information on corporate governance : <a href="https://www.lingsen.com.tw">https://www.lingsen.com.tw</a> a. The condition of disclosing financial information: The website of the company set with the stakeholders' zone, regularly updated financial information for our investors. b. The disclosure of business operating: The company has been s built website with the introduction of the company's product and provide immediate product information. c. The condition of disclosing corporate governance: The significant internal regulations were disclosed on the company's website.	No material differences
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The company has set up an English Language website with the person who is responsible for gathering and disclosing company information. The company put in practice of the spokesperson system, announcement shall be made to the public by the spokesperson and deputy spokesperson. The presentations and videos of conference will also be disclosed in the investor section of the company website for the reference of shareholders and relevant stakeholders.	No material differences
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed deadline?	V		(3) The company follows relevant laws and regulations to announce its monthly operation results within the prescribed deadline. And announce the quarterly and annual financial statements before the prescribed deadlines. The company's announcement of the 2024 annual financial statements was completed on Feb.24, 2025. Please refer to Market Observation Post System for the aforementioned disclosure.	No material differences
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) Implementation of Employee Rights Protection and Employee Care: Please refer to the "4.5 Labor Relations" section under Chapter IV on page 59~63 in this annual report. (2) Implementation of Investor Relations, Supplier Relations, and Protection of Stakeholders' Rights: The Company maintains both Chinese and English websites, disclosing financial and business information. To safeguard stakeholders' rights, a dedicated "Stakeholder Section" has been established to provide open channels of communication. We handle stakeholder matters with integrity and a responsible attitude, fulfilling	No material differences

Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Brief Description	
			<p>our corporate social responsibility and protecting the legitimate rights and interests of stakeholders.</p> <p>(3) Directors' Continuing Education: Please refer to Note 3 on page 25~26 in this annual report.</p> <p>(4) Implementation of Risk Management Policies and Risk Measurement Standards: For environmental and operational risks, please refer to page 29~30 in this annual report. For financial risks, please refer to the "5.6 Analysis of Risk Management" section under Chapter V on page 71 in this annual report.</p> <p>(5) Implementation of Customer Relations Policies: Please refer to the "4.2 Market and Sales Overview" section under Chapter IV on page 53~57 in this annual report. To strengthen customer trust, dedicated account representatives are assigned to provide prompt responses and quality service to customers, fostering trust and solidifying customer relationships. The Company is committed to delivering comprehensive services to clients and actively developing strategies for customer acquisition and relationship management.</p> <p>(6) Directors and Officers Liability Insurance: The Company has purchased liability insurance for directors and managerial officers. Insurance details are available on the Market Observation Post System (MOPS).</p> <p>(7) Personnel Responsible for Corporate and Financial Information Transparency: CPA (Republic of China): Ming-Wei Lai, CFO Internal Auditor: Chih-Wei Yang, Audit Office</p>	

9. Please Explain the Improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and Provide the Priority Enhancement Measures:  
The Improvements on Corporate Governance in 2024 are as follows:  
The company held the 2024 Annual General Meeting before the end of May, 2024 to improve Corporate Governance continuously.  
Based on gender equality, the company will increase the female director seats progressively.

Note 1: CPA Independence Evaluation Standards

Assessment Item	Assessment Result	Compliance with Independence Requirements
1. Does the CPA have any direct or material indirect financial interest in the Company?	No	Yes
2. Does the CPA have any financing or guarantee arrangements with the Company or its directors?	No	Yes
3. Does the CPA have any close business relationship or potential employment relationship with the Company?	No	Yes
4. Has the CPA or any member of the audit team held a position as a director, managerial officer, or any role with significant influence over the audit work at the Company currently or within the past two years?	No	Yes
5. Does the CPA provide any non-audit services to the Company that could directly affect the audit work?	No	Yes
6. Does the CPA act as an intermediary for the issuance of the Company's stocks or other securities?	No	Yes
7. Does the CPA serve as the Company's legal representative or act on its behalf in resolving conflicts with third parties?	No	Yes
8. Does the CPA have any family relationships with the Company's directors, managerial officers, or personnel with significant influence over the audit engagement?	No	Yes

Note 2: Audit Quality Indicators (AQIs) Assessment

Five Key Aspects	AQI Indicator	Key Measurement Focus	Assessment Result
Professionalism	Audit Experience	Whether senior audit personnel possess sufficient experience to perform audit engagements	Senior audit personnel have sufficient audit experience
	Training Hours	Whether CPAs and audit staff at or above managerial level receive adequate annual training to maintain and enhance professional knowledge and skills	Audit personnel receive sufficient professional training
	Staff Turnover Rate	Whether the firm maintains sufficient senior-level human resources	The turnover rate of senior staff is low
Quality Control	Audit Engagement	Whether audit team members' involvement at each stage of the audit is appropriate	Audit team members allocate appropriate audit hours at each stage of the audit
Independence	Non-Audit Service Fees	The impact of the proportion of non-audit service fees on independence	Compliant with independence
	Client Familiarity	The impact of the cumulative number of years an audit case has been handled by the firm on independence	Compliant with independence
Oversight	External Inspection Deficiencies and Sanctions	Whether the firm's quality control and audit engagements comply with relevant laws and standards	Compliant with laws and standards
Innovation	Innovative Planning or Initiatives	The firm's commitment to enhancing audit quality, including innovation and planning	Compliant with innovation capability

Note 3: Directors' Continuing Education in 2024

The company's directors all have industrial background and business management experience, and continue to participate in advanced training to strengthen the functions of the board and enhance communication.

The duration of attending continuous studies of each individual directors were meet the requirement of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies" and the conditions as follows with more information please refer to MOPS:

Directors' Training Records

Title/ Name	Date	Sponsoring Organization	Course	Hours
Director Shu-Chyuan Yeh	2024.02.06	Securities & Future Institute	How Board Members Should Supervise Corporate Risk Management and Crisis Handling	3
	2024.02.23	Securities & Future Institute	How the Board of Directors Can Ensure Sustainable Business Operations – From Talent Discovery and Development	3
Director Tse-Sung Tsai	2024.07.26	Taiwan Corporate Governance Association	Starting with TIPS: How Companies Can Build Intellectual Property Risk Prevention	3
	2024.08.16	Taiwan Corporate Governance Association	The Next Evolution of Data Centers: Trends in Silicon Photonics and Artificial Intelligence Servers	3
Director Sheunn-Ching Yang	2024.08.06	Taiwan Corporate Governance Association	Energy Conservation and Sustainable Development – The Road to Corporate Net Zero	3
	2024.08.06	Taiwan Corporate Governance Association	Practical Guide to Product Carbon Footprint Assessment	3
	2024.11.01	Securities & Future Institute	NVIDIA's Three-Trillion Miracle: New Thinking Behind the Semiconductor Industry Revolution in Artificial Intelligence	3
Director Ming-Te Tu	2024.07.26	Taiwan Corporate Governance Association	Starting with TIPS: How Companies Can Build Intellectual Property Risk Prevention	3
	2024.08.16	Taiwan Corporate Governance Association	The Next Evolution of Data Centers: Trends in Silicon Photonics and Artificial Intelligence Servers	3
Director Shu Hsun Yeh	2024.01.11	Securities & Future Institute	Introduction to Corporate Control Disputes and Commercial Event Litigation	3
	2024.05.23	Securities & Future Institute	Functions and Outlook of the Carbon Exchange	3
Director Pin-Wen Fang	2024.09.06	Securities & Future Institute	2024 Annual Insider Trading Prevention Awareness Session	3
	2024.10.04	Taiwan Corporate Governance Association	Taichung Session – Net Zero Carbon Emission Awareness	3

(Continued on next page)

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Title/ Name	Date	Sponsoring Organization	Course	Hours
Independent Director Feng-Hsien Shih	2024.07.03	Securities & Future Institute	Case Study on Corporate Financial Statement Fraud	3
	2024.07.04	Securities & Future Institute	Legal and Transaction Practices in Corporate Mergers and Acquisitions	3
Independent Director Wan-Ping Chen	2024.08.08	Corporate legal person Taiwan investor Relationship Association	Brand Communication and Stakeholder Management	3
	2024.09.20	Securities & Future Institute	2024 Annual Insider Trading Prevention Awareness Session	3
	2024.11.07	Corporate legal person Taiwan investor Relationship Association	Business Cycle and Industry Trends	3
Independent Director Pin-Chi Wei	2024.11.28	Accounting Research and Development Foundation	How to Analyze Key Financial Information of a Company to Strengthen Crisis Early Warning Capability	6

Note 4: Trainings Attended by Head of Financial, Internal Audit and Corporate Governance Officer in 2024 Regarding Corporate Governance The continuing education status

Title	Name	Date	Organizer	Name of the course	Hours
CFO	Ming-Wei Lai	2024.07.26 2024.08.02	Accounting Research and Development Foundation	Continuing Training Course for Accounting Supervisors of Issues, Brokers and TWSE.	12
Internal Audit Supervisor	Chih-Wei Yang	2024.06.13	The Institute of Internal Auditors-Chinese	Key Considerations and Impact of IFRS S1/S2 on Internal Control and Internal Auditing	6
		2024.09.24	The Institute of Internal Auditors-Chinese	Practical Workshop on Information Systems Auditing	6
Corporate Governance Officer	Ming-Wei Lai	2024. 03. 12	Taiwan Corporate Governance Association	International Trends and Experience Sharing on Corporate Integrity Management and Senior Accountability Systems	3
		2024. 03. 26	Taiwan Corporate Governance Association	Code of Integrity Management and How to Avoid Crossing the Line of Director and Supervisor Responsibilities	3
		2024. 08. 16	Taiwan Corporate Governance Association	The Next Evolution of Data Centers: Trends in Silicon Photonics and Artificial Intelligence Servers	3
		2024. 09. 20	Securities & Future Institute	2024 Annual Insider Trading Prevention Awareness Session	3

## 2.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

### 2.3.4.1 Duties of Remuneration Committee

The purpose of the operation of remuneration committee is to enhance corporate governance and risk management, as well as motivate and retain talents, and evaluate and invigilate the compensation and remuneration system for the directors and managers. According to the regulations, more than half of the members of the remuneration committee shall be the independent directors, and the entire members shall elect an independent director as the convener and chairman of the meeting.

The company's remuneration committee consists of three independent directors. The committee is operating under the "Remuneration Committee Charter", the meeting shall be convened twice per year, and with the following duties:

- (1) Regular review on the "Remuneration Committee Charter" and provides opinions of amendment.
- (2) Establishing and regular review on the annual and long-term performance goals of the directors and managers, as well as the policies, system, standard and structure of the remuneration and compensation.
- (3) Regular evaluation on the performance status of the directors and managers performance goals and determine the content and amount of individual compensation and remuneration.

### 2.3.4.2 Professional Qualifications and Independence Analysis of Remuneration Committee Members

As of December 31, 2024

Identity	Criteria Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director (Convener)	Feng-Hsien Shih	For members professional qualification, experience and independence, please refer to Director's information on page 4~8 in this Annual Report.		None
Independent Director	Wan-Ping Chen			1
Independent Director	Pin-Chi Wei			None

### 2.3.4.3 Operation condition of the Remuneration Committee

- (1) There are 3 members of the Remuneration Committee
  - (2) The term of the current members of the Remuneration Committee: June 10, 2022 to June 09, 2025.
- The Convener of the Committee convened 2 meetings in 2024. The Committee members' qualification and attendance are as follows.

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Feng-Hsien Shih	2	0	100%	
Member	Wan-Ping Chen	2	0	100%	
Member	Pin-Chi Wei	2	0	100%	

Annotations:

1. In 2024, the company convened 2 meetings on February 26 and November 6, respectively.  
The discussion items were as follows:
  - The annual remuneration for employees and directors.
  - Amendments to its Charter.
 The members of the Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Committee
2. The Board of Directors adopted all recommendations of the Committee without modification.
3. There were no written or otherwise recorded resolutions on which any member of the Committee had an objection or reservation opinion.

### 2.3.4.4 The operation of Nomination Committee: Not applicable.

### 2.3.5 Sustainability Development Implementation Status

#### - Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	V		<p>CSR Governance and Management Framework</p> <p>The company upholds its “CSR Policy” as the paramount guideline for sustainable development.</p> <p>The company oversees its sustainable development efforts through the Board. It has established Corporate Sustainability Committee, chaired by the General Manager. Together with the management team, conduct regularly reviews of CSR issues relevant to the company's operations. And then establish development strategies and goals for each sustainability issue in line with the company's CSR Policy. Sustainability Office acts as the executive secretary, is established under the CSR committee, carries out resolutions from the Committee, pools resources across departments, assembles task forces for five issues, linking core functions to formulate action plans. Every year, the Committee reports to the Board on the progress of ESG initiatives and future plans for the Board's feedback and advice.</p> <p>In 2024, the Committee has reported to the Board meetings on November 6. For the related information please refer to the company's website :  <a href="https://www.lingsen.com.tw/webe/html/investor">https://www.lingsen.com.tw/webe/html/investor</a>.</p>	No material differences
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>The board is the highest risk management unit. It bears the ultimate responsibility for risk management. Based on the overall operating strategies, aims to comply with laws and regulations, promote and implement the company's holistic risk management. The senior management is responsible for deploying the implementation of risk management decisions and coordinating interaction and communication for the cross-departmental risk management. Functional unit is responsible for analyzing, managing and monitoring related risks within their respective units. The audit committee and internal auditing unit that assist the Board to monitor the implementation of the risk management mechanism, to ensure the effective implementation of the risk control mechanism.</p> <p>The company values stakeholder communication and their feedback. The ESG strategy and risk assessment of the company, including all sites of the company, are in compliance with the GRI Standards.</p> <p>The company conducts risk assessments on important issues based on impacts on the economy, environment, and people, including impacts on their human rights, and formulates relevant risk management policies or strategies as follows.</p> <p>(Continued on next page)</p>	No material differences

Assessment Item	Implementation Status			Deviations and its Reasons	
	Yes	No	Abstract Explanation		
			(Continued from previous page)		
			Environmental Issues		
			Items		Related risk management Policies and Strategy
			Climate change		1. Collect and analyze information on climate change issues every year, identify and evaluate related risks, and formulate preventive measures for major potential risks to reduce the negative impact that climate change may bring to the company.  2. Pay attention on international climate change issues and formulate energy consumption reduction plans.
			Carbon management & Greenhouse Gas inspection		1. In response to climate changes, colleague are encouraged to propose specific improvement plans for greenhouse gas emission  2. Invest in the development of green products to reduce the carbon emissions of the production process.  3. Carry out carbon footprint, set reduction targets, and propose effective carbon reduction improvement plans.
			Air pollution management		1. In accordance with the principle of BACT, continue to review and improve according to the process characteristic.  2. Implements regular equipment maintenance to ensure optimal performance, and as well as conducting training to the staff.  3. Ensure the preventive equipment keep normal operation and avoid abnormal events.
			Recycling management		1. To mitigate the environmental impact, the company continued to achieve the management of waste, such as promote waste reduction by source separation.  2. Recycle and reuse waste to expand circular economic benefits, proper disposal of waste and tracking of its flow.
			Water resource management		1. In accordance with the principle of waste reduction at the source, and to improve water recovery rate and process water efficiency through technology improvement and equipment investment continually.  2. Achieved the Water Recovery targets: The Quantity of recycling water reaches 400,000Ton and above.
			(Continued on next page)		



Assessment Item	Implementation Status			Deviations and its Reasons	
	Yes	No	Abstract Explanation		
			(Continued from previous page) Society &Corporate Governance Issues		
			Items		Related risk management Policies and Strategy
			Supply chain risk		1. Selects qualified suppliers to ensure the supply of raw materials. 2. Establish a safety-inventory mechanism 3. Prepare raw materials in advance to ensure sufficient raw materials and supplies for production.
			Ethical operation & Legal Compliance		1. Ethical operation -Set up an internal and external appeal mechanism and enhance whistleblower protection. 2. Legal Compliance -Implementing the internal control mechanism to ensure the entire personnel of the company and the operation comply to the related laws and regulations.
			Information security risk & Confidential Privacy of clients		1. Improve various internal cybersecurity management mechanisms to prevent hackers from attacking, ex. established firewall, virus protection program etc. 2. Increase the employees' cybersecurity awareness through arranged various cybersecurity training sessions. 3. Setting up an authorization system.
			Human rights and talent retention (including Salary and benefits)		1. Provide employees with favorable treatment. 2. Provide diversified employee training.
			Occupational health and safety risk		1. Deepen the occupational safety -awareness to reduce occupational safety accidents. 2. The company introduced ISO45001 Occupational Health and Safety Management Standard with annual follow-up to maintain the validity of the certification. 3. Set up an emergency response center to take necessary response measures.
			Note: The risk items are also significance issues of the company's ESG report.		
			3. Environmental Issues		
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		The company has established environmental management systems in accordance with ISO 14001 and continue to obtain third-party verification. The company combines daily management and comprehensive quality management activities, and incorporates environmental safety management plans into actual plant operations to achieve implementation goals.  In addition to regular audits to ensure compliance with statutory requirements, the company formulates a plan on pollution prevention and equipment improvement	(1)~(4) No material differences	
(2) Does the company endeavour to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V				
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate	V				

Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Explanation	
<p>change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>	V		<p>and promotion every year, and sets up the annual objectives in order to effectively reduce pollution emissions and review the environmental management system in a timely manner. The energy management measure is as follows:</p> <p>1. Energy-saving and carbon reduction initiatives</p> <p>(1) Replace old equipment to improve energy efficiency.</p> <p>(2) Promote various energy-saving measures.</p> <p>(3) Install solar photovoltaic system</p> <p>(4) Promote the Procurement of Renewable Energy.</p> <p>(5) Conduct an annual greenhouse gas inventory and gradually increase product carbon footprint assessments to identify key sources of greenhouse gas emissions.</p> <p>2. Water-saving initiatives</p> <p>(1) Striving for water-saving measures.</p> <p>(2) Effluent quality monitoring and optimization.</p> <p>(3) Replacement, renewal, and upgrade of existing pollution prevention equipment and water-use optimization.</p> <p>3. Waste-reduction initiatives</p> <p>(1) Utilize energy and resources effectively.</p> <p>(2) Implement source management measures to reduce the negative environmental impact of products.</p> <p>(3) Recycling of trays.</p> <p>The company collaborates with suppliers and customers to promote the recycling of trays back to the original manufacturer. After processing, they are "reused in their original form" to reduce environmental impact.</p> <p>The Implementation please refer to climate-related information on page 33~36 in this annual report.</p>	
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company provide its employees with career development and training sessions?</p>	V	V	<p>(1)to (4)</p> <p>Please refer to the "4.5 Labor Relations" section under Chapter IV on page 59~63 in this annual report.</p>	<p>(1)~(6)</p> <p>No material differences</p>

Assessment Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Explanation	
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) For customer satisfaction enhance, the company provides customer complaints solutions with a regular review and the quality of response. For consumer protection mechanisms, in order to strictly customer-related information, the company has established document management procedure. Therefore, the company can prevent leakage of customer document. To implement the privacy protect and effectively maintain information security, the company has introduce information technology and improve management mechanisms continuously.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) Based on the company's supplier review guidelines, for achieving a supply chain with fulfill environmental protection, social responsibility, labor and human right, safety and health. For the details, please refer to the company's Sustainability Report on the website.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		The company has been publishing CSR Report since 2013. The CSR Report is based on GRI Standards, while responding to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, Sustainable Development Goals (SDGs).	No material differences
6. Describe the difference, if any, between actual practice and the Sustainable Development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: No material differences				
7. Other useful information for explaining the status of sustainable development practices: Please refer to the company website for the Sustainability Development Implementation Status: <a href="https://www.lingsen.com.tw/webc/html/csr/csr-EP.aspx">https://www.lingsen.com.tw/webc/html/csr/csr-EP.aspx</a>				

## 8. Climate-Related Information of Listed Company

### (1) Implementation status of climate-related information

Item	Implementation status																																								
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>Climate Change Governance and Management Framework</p> <p>Framework for the strategies to promote climate change and sustainable management, the Board plays the supervising and guiding role by authorizing the Corporate Sustainability Committee to assist in supervising management practices related to corporate sustainability and climate change. The Committee, chaired by the General Manager, is a cross-department communication platform that integrates climate action resources, guides the climate change adaptation and mitigation management plans, shall report to the Board annually on the progress of climate-related issues.</p> <p>The CSR Committee oversees the Environmental Sustainability Sub-Committee to improve environmental management performance, led by senior executives, formulates management plans, reviews implementation status, and discusses future plans periodically.</p> <p>The company also incorporates internal audit and internal control functions to ensure that the risks associated with operations are effectively controlled</p>																																								
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>The risks and opportunities are distinguished based on short-term (within the next 3 years), medium-term (within the next 5 years), and long-term (more than 5 years in the future) occurrences.</p> <p>(1) Transition Risks</p> <p>Based on the issues of" Operational Emission Reduction", the company evaluated the impact of different risk content on operations.</p> <table><tr><th>Climate Risk</th><th>Risk content</th><th>Operational impacts</th><th>Financial Impacts</th></tr><tr><td>Increasing GHG emissions, regulations against GHG emissions, and other requirements</td><td>Implementation of mandatory emission reduction regulation</td><td>Carbon pricing legal control</td><td>• Increased cost of carbon fee</td></tr><tr><td>Customers' requirements to save energy and reduce carbon emissions</td><td>Voluntary business reduction (Trend or customer request)</td><td>Renewable energy procurement</td><td>• Increase operating cost, • Increased procurement costs for Power Purchase Agreements (PPA) or REC</td></tr><tr><td>Power shortage or outage</td><td>Unstable power supply will limit production capacity</td><td>Impact operations and ability to meet customer demand</td><td>• Decrease operating revenue</td></tr></table> <p>Key response measures: Set ambitious carbon reduction targets, implements GHG reduction practices</p> <p>(2) Physical risk</p> <table><tr><th>Climate Risk</th><th>Risk content</th><th>Operational impacts</th><th>Financial Impacts</th></tr><tr><td>Drought</td><td>Operational disruptions due to drought</td><td>Production interruption</td><td>• Production disruptions are caused to decrease operating revenue</td></tr><tr><td>Heavy rainfall</td><td>Heavy rainfall exceeding the maximum capacity</td><td>Production interruption</td><td>• Increase operating cost due to damaged equipment and personnel absent.</td></tr><tr><td>Temperature rise</td><td>Increase in electricity consumption, cost, and carbon emissions.</td><td>Increase in electricity consumption, cost, and carbon emissions.</td><td>• Increase operating cost</td></tr></table> <p>Key response measures:</p> <p>Establish a water monitoring system and emergency response processes and hold regular drills.</p> <p>Led by senior executives to reduce greenhouse gas emissions.</p> <p>(3) Climate Opportunities</p> <table><tr><th>Climate Opportunities</th><th>Content</th><th>Operational impacts</th><th>Financial Impacts</th></tr><tr><td>Emission reduction measures to improve production efficiency</td><td>Replacement of High energy-consuming equipment</td><td>Improve the efficiency of energy and resource Use</td><td>• Operational costs reduction</td></tr></table>	Climate Risk	Risk content	Operational impacts	Financial Impacts	Increasing GHG emissions, regulations against GHG emissions, and other requirements	Implementation of mandatory emission reduction regulation	Carbon pricing legal control	• Increased cost of carbon fee	Customers' requirements to save energy and reduce carbon emissions	Voluntary business reduction (Trend or customer request)	Renewable energy procurement	• Increase operating cost, • Increased procurement costs for Power Purchase Agreements (PPA) or REC	Power shortage or outage	Unstable power supply will limit production capacity	Impact operations and ability to meet customer demand	• Decrease operating revenue	Climate Risk	Risk content	Operational impacts	Financial Impacts	Drought	Operational disruptions due to drought	Production interruption	• Production disruptions are caused to decrease operating revenue	Heavy rainfall	Heavy rainfall exceeding the maximum capacity	Production interruption	• Increase operating cost due to damaged equipment and personnel absent.	Temperature rise	Increase in electricity consumption, cost, and carbon emissions.	Increase in electricity consumption, cost, and carbon emissions.	• Increase operating cost	Climate Opportunities	Content	Operational impacts	Financial Impacts	Emission reduction measures to improve production efficiency	Replacement of High energy-consuming equipment	Improve the efficiency of energy and resource Use	• Operational costs reduction
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Item	Implementation status
3. Describe the financial impact of extreme weather events and transition actions.	Please refer to Item.2 of this table.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Please refer to "Item.1 Climate Change Governance and Management Framework" of this table.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The company has not yet conducts climate-related scenario analysis.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	<p>Energy Conservation and Carbon Reduction in Operations</p> <p>1. Climate Change Mitigation Management Strategy</p> <p>(1) Reduction targets Through ISO 14064 annual inventory and disclosure of greenhouse gas emissions, review the impact on the company's operations, and assess the risks of Scope 1 and 2 and the mitigation strategies. The reduction targets for 2030 are to reduce Scope 1 and Scope 2 greenhouse gas emissions by 10% compared to the 2021 baseline year. And to reduce 50% by 2040. The target is to achieve Carbon Neutral by 2050.</p> <p>(2) Main Initiatives Based on the Carbon Neutral, the company actively implements GHG reduction measures following the emissions roadmap, including low-carbon manufacturing, use of renewable energy, and energy efficiency improvements.</p> <p>(3) Amount invested in environmentally sustainable machinery equipment related to energy conservation or green energy, and corresponding projects:  ① NT\$906,000 invested into reducing GHG emissions, which includes (a) purchased 156 T-RECs and (b) green electricity to reduce power consumption by 156,000kWh/year.  ② NT\$8,721,000 invested into energy-saving equipment, which includes replaced cooling air compress, conserved 1,160,000kWh/year in electricity.  Total reduced 650 tons of CO<sub>2</sub>e with energy-saving measures in facility equipment.</p> <p>2. Climate Change Adaptive Management Strategy</p> <p>(1) Targets  ①The company adheres to the concept of sustainable utilization of water resources and will continue to improve efficiency for use of water resources. Set target for water reclaimed by the overall recycling system reached 0.4 million m3 each year, to improve its water resource management.  ②Increase energy efficiency, saving rate reaches 10% between 2021 and 2030 through energy-saving measures. The target is to achieve 40% cumulative energy-saving rate by 2050.</p>

Item	Implementation status	
	(2) Main Initiatives ①Implements water conservation and use practices in strengthening the company's climate resilience, such as improved usage efficiency of recycled water and purchasing backup water sources. ②Implements energy saving practices, such as lighting energy savings, A.C. energy savings & increased its performance, manufacturing tools standby energy savings.	
7.If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The company has not yet conducts internal carbon pricing as a planning tool. The company will considered the international carbon market prices, the carbon prices of GHG relevant regulations and the costs of reducing greenhouse gas emissions of the company to set an internal carbon price. The company will use it as a reference for carbon reduction management and planning.	
8.If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity.	Please refer to Item.6, item 9 of this table.	
9.Greenhouse gas inventory and assurance status.	Baseline year	The baseline year for greenhouse gas reduction is 2021, with total emissions of 67,572.1711 tons of CO <sub>2</sub> e for Scope 1 and Scope 2.
	Reduction targets	The reduction targets for 2030 are to reduce Scope 1 and Scope 2 greenhouse gas emissions by 10% compared to the 2021 baseline year. And to reduce 50% by 2040. The goal is to achieve Carbon Neutral by 2050.
	Reduction strategies	(1) Renewable energy adoption. (2) Reducing direct emissions.
	Specific action plans	(1) Replace old equipment to improve energy efficiency. (2) Promote various energy-saving measures. (3) Install solar photovoltaic system. (4) Promote the purchase of renewable energy. (5) Carry out ISO 14064 GHG inventory and promotes the product carbon footprint inventory program to grasp GHG emissions hotspots and reduction potential. (6) Promote the GHG inventory and verification program of subsidiaries.
	Results	Greenhouse gas emissions inventory and assurance results are shown in table (2) on the following page.

## (2) GHG Emissions in Recent Two Years

Year	Scope (Note1)	Total emissions (Metric tons CO <sub>2</sub> e)			Intensity (Metric tons CO <sub>2</sub> e/NT\$ 1 million)	Verification Party	Standards	Verification Status
		Scope 1 (Note2)	Scope 2 (Note2)	Scope 3 (Note2)	Scope 1+2			
2024	Parent company -Lingsen	Under Verification	Under Verification	Under Verification	Under Verification	BSI	ISO14064-3	Under Verification (Note 3)
2023	Parent company -Lingsen	1,690.9313	59,980.8035	12,235.6261	13.05			Scope 1,2: Reasonable Assurance Scope 3: Validation & agreed-upon procedures
2022	Parent company -Lingsen	1,750.4530	63,035.3240	11,581.469	12.67			Scope 1,2: Reasonable Assurance Scope 3: Limited Assurance

Note1 : According to the regulations of Sustainable Development Roadmap for TWSE/TPEX Listed Company, the company shall at least disclose the parent company's inventory information this year

Note2: Scope 1: Direct emissions, i.e. sources owned or controlled by the Company.

Scope 2: Indirect emissions, i.e. those arising from externally purchased electricity, heat or steam.

Note3: For more detailed information, please refer to the Company's Sustainability Report and the company website: <https://www.lingsen.com.tw/webc/html/csr/pdf/ISO14064-2023.pdf>

## (3) Greenhouse gas reduction targets, strategies and specific action plans

Please refer to item 9 of table (1) Implementation status of climate-related information of this Annual Report.

## (4) Water Usage in recent two years

The company continued to practice water conservation and use reclaimed water during manufacturing. Water Usage in recent two years is as follows.

Year	Total Water Usage (Ton)	Water Intensity (Ton/NTD million)	Process water recycling (Ton)	Process water recycling rate
2024	1,014,859	220.05	490,858	48.37%
2023	917,136	194.07	577,027	62.92%
2022	896,773	175.37	591,734	65.98%

Note1: The target for process water recycling were supplied or able to conserve 0.4 million m3 and above.

Note2: For 2024, the data announced in the company's sustainability report shall prevail.

## (5) Waste Quantity in recent two years

To mitigate the environmental impact, the company continued to achieve the management of waste, such as promote waste reduction by source separation, recycle and reuse waste to expand circular economic benefits, proper disposal of waste and tracking of its flow. Waste Quantity in recent two years is as follows.

Year	Recycled waste	Non-recyclable waste		Total waste production (Ton)	Waste Intensity (Ton/NTD million)	Waste recycle rate
	General waste (Ton)	General waste (Ton)	Hazardous waste (Ton)			
2024	801.054	28.61	84.5318	914.1958	0.1982	87.62%
2023	770.973	41.25	54.9040	867.1270	0.1835	88.91%
2022	839.083	44.64	61.0258	944.7488	0.1848	88.82%

Note1: The target for Waste recycle rate will reach over 50%.

Note2: For 2024, the data announced in the company's sustainability report shall prevail.

**2.3.6 Corporate Conduct and Ethics Implementation Status- Implementation Status and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"**

Evaluation Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) To (3) "Integrity" is the important operational philosophy and core value of the company. Based on good corporate governance and risk management mechanisms, the Board has approved and passed a series of ethical corporate management policies, including "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Codes of Ethical Conducts". The company is committed to carrying out the policies in internal management and in business activities. Our ethical corporate management policies, methods and the implementation of relevant policies by the directors and the management are detailed in the company's website at <a href="http://www.lingsen.com.tw/webc/html/investor/investor.aspx">http://www.lingsen.com.tw/webc/html/investor/investor.aspx</a> .	(1) ~ (3) No material differences
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		General Manager Office is the unit responsible for ethical corporate managements. General Manager Office analyzes and assesses the business activities at risk from unethical conduct each year. Preventive measures are separately established in accordance with the subparagraphs under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and other business activities that are within the scope of operations that entail rather higher risk from unethical conduct. For further information, please refer to the company's website at <a href="http://www.lingsen.com.tw/webc/html/investor/investor.aspx">http://www.lingsen.com.tw/webc/html/investor/investor.aspx</a> .	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		The company has detailed ethical management practices and measures to prevent unethical behaviors in the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Codes of Ethical Conducts". These practices and measures include operating procedures, code of conduct, education and training, whistleblowing procedures, and grievance and disciplinary procedures as well as their implementation.  These ethical corporate management policies are regularly reviewed and amended according to the latest laws and regulations. In addition, to remind our employees of their responsibilities, the company's ethical corporate management policies could be found in the company's website.  Meanwhile, Integrity, ethics regulations and penalties of violation are specified in the work rules, and employees are requested to comply.  The company treats any violation of integrity and ethical code incident seriously, including immediate dismissal, termination of business relationship, and judicial prosecution as appropriate.	



Evaluation Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Illustration	
2. Fulfill operations integrity policy			(1) To (5)	(1) ~ (5)
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		Before the business transaction, the company will perform a credit check and exclude those partners' with unethical records. The company also specifies terms of ethical conduct in its business agreements. Meanwhile, requests the suppliers to sign an affidavit letter, and no behaviors of improper gifts or commission payment. By the affidavit letter to ensure the fair and transparent commercial activities between the two parties. In addition, the company's correspondent financial institutions were legally registered and well-known commercial bank or securities-company, rights and obligations of both parties and the conditions of transactions were stated clearly inside the Credit Agreement.	No material differences
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		Corporate sustainability committee serves as the company's top governance body for sustainable development and reports to the Board of Directors annually. (Report date is NOV. 6, 2024.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		Ethical Corporate Management is one part of corporate sustainability. For further information, please refer to the company's Website at <a href="http://www.lingsen.com.tw/webc/html/investor/investor.aspx">http://www.lingsen.com.tw/webc/html/investor/investor.aspx</a> .	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		The company strives to perform the responsibilities of supervising the corporate conduct and ethics compliance practice through the Audit Committee and the Compensation Committee and coordination with the Internal Audit Office. The Internal audit supervisor reports quarterly to the Board on Implementation status of internal audit executions. In addition, both the General Manager and CFO, with oversight from the Board, are responsible for the full, fair, accurate, timely, and understandable financial accounting and financial disclosure in reports and documents filed by the company with securities authorities and in all its public communications and disclosures.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		The company clearly specifies its conflict of interest policy in "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Codes of Ethical Conducts". The company has established appropriate statements and consultation channels based on relevant regulations.  In order to implement the code of conduct to avoid conflict of interest, each employee is required to make "Integrity" declaration.  In addition, the directors shall practice self-discipline and comply the prevent conflicts of interest regulations, which are specified in Article 15 of the "Rules of Procedure for Board of Directors Meetings".  To fulfil the ethical corporate management policies, the company has implemented a sound accounting system and Internal controls. The Internal Auditor follows the results of risk assessments to devise audit plans, and regularly reviews compliance with the procedures and subsequently reports its audit findings to the Board. In addition, the CPAs audit the	

Evaluation Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Illustration	
			<p>performance of the company's internal controls every year.</p> <p>Actual Practice of Implementing Ethical Corporate Management</p> <p>A. Hosting internal and external educational training on ethical corporate management. The company hosting internal and external educational training on ethical corporate management every year. The company disseminating internal educational training on ethical corporate management (including corporate culture; work rules and internal regulation; occupational safety and health; Ethical Corporate Management; Law Compliance and other issues) in pre-job training for new employees.</p> <ul style="list-style-type: none"> <li>• The accumulated training employees were 590 attendees with 1,180 hours of training duration in 2023.</li> <li>• The accumulated training employees were 876 attendees with 2,630 hours of training duration in 2024</li> </ul> <p>B. Conditions on education and disseminate of preventing insider trading</p> <p>The company provides education and disseminate document to current directors and managers. For example, by providing Q&amp;A Disseminate Handbook of insider trading for TWSE Listed Company. This allows the insider of the company understand the rules and comply it. In addition, internal regulations and procedures were made public on the company's external website for directors, managers and employees as reference.</p>	
3.Operation of the integrity channel			(1) To (3)	
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		<p>The company enacted the "Ethical Corporate Management Best Practice Principle" and "Codes of Ethical Conduct" to encourage the whistle-blower to report to the independent director, manager, internal audit manager with behaviours against the law or violates the "Codes of Ethical Conduct". In addition, there is a General Manager's Mailbox for a convenient whistle blowing channel and dedicated the appropriate responsible personnel.</p>	No material differences
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		<p>The company enacted "Whistleblower system for unethical conduct". Meanwhile, there is a business unit created specifically to handle such matter by following the appropriate and procedures.</p> <p>If found violation of business integrity by the company or any its employees or involvement in illegal activity, please refer to the company's website for the integrity channel.</p>	No material differences
(3) Does the company provide proper whistleblower protection?	V		<p>The company dedicated the responsible unit in according to the matters of reported and monitored by the audit personnel to ensure the relevant content is confidential.</p> <p>According to the company's "Whistleblower system for unethical conduct" state the handling will keep the whistle-blower information strictly confidential. A reasonable preventive and protective measure will be applied to protect the whistle-blower from inappropriate disciplinary action.</p>	No material differences

Evaluation Item	Implementation Status			Deviations and its Reasons
	Yes	No	Abstract Illustration	
4.Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The company discloses our performance on the company website and in the annual reports. The Ethical Corporate Management Best Practice Principles are also on the company's website.	No material differences
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no differences.				
6.Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., reviews and amends its policies).				
(a) The company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act and related laws and regulations of listed company and other business behaviors. The company takes these laws and regulations as the basis of implementing ethical corporate management.				
(b) The Company's Rules of Procedure for Board Directors and Audit Committee Charter stated the Avoidance of Conflicts of Interest to the directors. Within the meeting items if consists of the conflict of interest related to his or her own or the legal person and with the concern of affecting the company's benefits, the director may make the statement and answering questions. However, the director may not join the discussion and voting, he or she shall avoid him-self or her-self, and may not act as a proxy as other directors to vote.				
(c) The company has implemented the "Material insider information procedures". The procedure require explicitly that director, managers and employees not disclose material insider information in their knowledge to other people, inquire or collect from persons with material insider information any undisclosed information unrelated to their duties, and not disclose to other people any undisclosed material insider information acquired not through performance of their duties.				

**2.3.7 Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance may also be disclosed.**

For additional details, please refer to Chapter II on page 4~45 in this annual report.

**2.3.8 Implementation of the internal control system**

**(1) Internal Control Statement**

The Company's Internal Control Statement has been announced at the Market Observation Post System in accordance with the law. For the related information, please refer to the Website at <https://mops.twse.com.tw>

Inquiry path: Corporate Governance / Internal Control Section / Internal Control Statement Announcement.

**(2) If the Company has commissioned external auditors to review the Company's internal control system, the external auditor's report should be disclosed:**

None.

### 2.3.9 Major Resolutions of Shareholders' Meeting and the Board Meeting

#### (1) Major Resolution of Shareholders' Meeting and implementation status

The company's 2024 Annual General Shareholders' Meeting was held on May 30, 2024. At the meeting, shareholders present in person or by proxy approved the following resolutions:

Item	Resolutions of the Shareholders' Meeting	Implementation Status
1	Acknowledge of 2023 business report and financial statements.	Resolution was passed as proposed by the Board.
2	Acknowledge of 2023 deficit compensation.	Resolution was passed as proposed by the Board.
3	Discussion of the cash distribution from capital surplus.	Resolution was passed as proposed by the Board. According to the resolution, the Ex-rights record date was Aug.7, 2024. On Aug. 28, 2024, a cash dividend was paid at the amount of NT\$0.3 per share. The total amount of cash dividends distribution was NT\$114,030,704.
4	Discussion to approve the lifting of non-competition restrictions on directors.	Resolution was passed as proposed by the Board. The results had been announced at the MOPS.

#### (2) Major Resolutions of Board Meetings during 2024 and as of the date of this annual report

Date	Major Resolutions
2024.02.17	(1) Approved the disposal of Ningbo Liyuan Tech. Ltd. equity held by subsidiary.
2024.02.26	(1) Approved the 2024 business plan. (2) Approved the 2023 distributable compensation for employees and directors. (3) Approved the 2023 Business Report, annual Financial Statements and Statement of Internal Control System. (4) Approved the 2023 deficit compensation. (5) Approved the cash distribution from capital surplus. (6) Approved the lifting of non-competition restrictions on directors. (7) Approved to convene the 2024 shareholders' meeting and submission period shareholder proposals. (8) Approved the company's endorsements and guarantees.
2024.05.02	(1) Approved 2024 Service Fees and competency assessment for Deloitte. (2) Approved 2024 Non-Assurance Services for Deloitte. (3) Approved the company's First Quarter 2024 consolidated financial statements. (4) Approved of obtain the D&O insurance.
2024.05.30	(1) Approve the promotion of Associates, Manufacturing Division Mr. Jih-Ming Hsu to Vice President. (2) Approved the record date for 2023 cash dividend.
2024.08.07	(1) Approved the company's second Quarter 2024 consolidated financial statements. (2) Approved the amendment to the company's internal control system rules. (3) Approved the company's 2023 sustainability report.
2024.11.06	(1) Approved the company's third Quarter 2024 consolidated financial statements. (2) Approved of amendments to the company's major internal policies(including "Corporate Governance Practice Principles", "Compensation Committee Organizational Regulations", "Procedures for preparation and verification of the sustainability reports", (3) Approved the amendment to the company's internal control system rules and related procedures. (4) Approved the capital reduction of major subsidiaries. (5) Approved the 2025 audit plan.

Date	Major Resolutions
2025.02.24	(1) Approved the 2025 business plan. (2) Approved the 2024 distributable compensation for employees and directors. (3) Approved the 2024 Business Report, annual Financial Statements and Statement of Internal Control System. (4) Approved the 2024 deficit compensation. (5) Approved of the amendment to the company's "Articles of Incorporation". (6) Approved of the cash distribution from capital surplus. (7) Approved the proposal to re-elect directors (including independent directors) at the 2025 Annual General Shareholders' Meeting. (8) Approved the candidates for the company's 21th term of directors. (9) Approved the lifting of non-competition restrictions on directors. (10) Approved to convene the 2025 shareholders' meeting. (11) Approved the company's endorsements and guarantees.

### 2.3.10 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors:

On May 30, 2024, the board of directors approved the promotion of Associates of Manufacturing Division Mr. Jih-Ming Hsu to Vice President.

Director Shu-Hsun, Yeh objected with a reservation about the promotion. The other Directors agree the promotion due to retain corporate executives and critical talents. The Chairman was of the opinion that the proposal has been discussed sufficiently announced the discussion closed and call for a vote, show of hands was selected. The proposal was approved as proposed with 1 Vote against but 8 Votes in favor.

## 2.4 Certified Public Accountant (CPA) Fee Information

### 2.4.1 Certified Public Accountant (CPA) Fee Information

Name of CPA Firm	Name of CPA	CPA Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
Deloitte & Touche Taiwan	Lie-Dong Wu	From January 1, 2024 to December 31, 2024	2,570,000	680,000	3,250,000	
	Li-Wei Liu	From January 1, 2024 to December 31, 2024				

- (1) If the company has changed CPA, and the audit fee paid in the year of such change is reduced from the audit fee of the previous year, the amount of the audit fee before and after such change and the reason of such change should be disclosed : None.
- (2) If the audit fee is reduced by more than 10% from last year, the amount, ratio, and reason for the reduction of the audit fee should be disclosed: None.
- (3) Non-audit fee service content:
  - A. Bonded factory stock check NT\$ 150,000 .
  - B. Review on Employees' Compensation NT\$ 50,000.
  - C. Audit of annual income tax returns NT\$ 480,000.

## 2.5 CPA's Information

### 2.5.1 Former CPAs

Date of Change	Approved by the Board of Directors on May 2, 2024		
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the engagement partner Shu-Jing Chiang will be replaced by Lie-Dong Wu, the co-signing partner Ding-Jian Su will be replaced by Li-Wei Liu starting from 2024.		
State Whether the Appointment Is Terminated or Rejected by the Consignor or CPAs	Client		Consignor
	Status	CPA	
	Appointment terminated automatically		Not available
Appointment rejected (Discontinued)		Not available	Not available
The Opinions Other than unqualified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of Financial Statements
			Auditing Scope or Procedures
			Others
	No	V	
Explanation: N/A			
Supplementary Disclosure (Disclosures Specified in Article 10.5.1.4~7 of the Standards)	None		

### 2.5.2 Successor CPAs

Accounting Firm	Deloitte & Touche
Name of CPAs	Lie-Dong Wu and Li-Wei Liu
Date of Engagement	Approved by the Board of Directors on May 2, 2024
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might Be Rendered on the Financial Report	None
Written Opinions from the succeeding CPAs that Are Different from the Former CPA's Opinions	None

### 2.5.3 The reply of former CPAs on Article 10.5.1 and Article 10.5.2.3 of the Standards: None.

**2.6 The company's Chairman, General Manager, Chief Financial Officer, and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within the company's Independent Audit Firm or its affiliates in the most recent year.**

**2.7 In most recent year and as of the date of this annual report, the directors, managers and shareholders holding more than 10% of the equity transfer and equity pledge changes**

**2.7.1 Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More**

(1) The Shareholding Statement has been announced at the Market Observation Post System in accordance with the law. You may inquire about the related information on the website at (<https://mops.twse.com.tw>)  
Inquiry path: Profiles / Insiders' holding, pledging and transfer of shares  
Supervisors

(2) No shareholder owns 10% or more of the company shares.

**2.7.2 Stock Trade with Related Party: None.**

**2.7.3 Stock Pledge with Related Party: None.**

## 2.8 Relationship among the Top Ten Shareholders

As of August 7, 2024 (Ex-rights record date)

Name	Shares holding		Shares held by spouse or children of minor age		Shares held in the name of others		Name and Relationship between the company's top 10 Shareholders who are either related parties, spouses or relatives within second degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
The account in CTBC Bank for ESOP committee of Lingsen Precision Industries, Co., Ltd. Representative: Ching-Yi Wu	22,213,868	5.84%	None	None	None	None	None	None	
Max Fortune Investment Ltd.(British Virgin Islands)	18,737,854	4.93%	None	None	None	None	None	None	
Shu-Chyuan Yeh	14,626,754	3.85%	440,866	0.12%	None	None	Lee Shin Investment Co., Ltd.	Representative	
Citibank in custody for Polunin Emerging Markets Fund	6,675,000	1.76%	None	None	None	None	None	None	
Lee Shin Investment Co., Ltd. Representative: Shu-Chyuan Yeh	5,658,911	1.49%	None	None	None	None	Shu-Chyuan Yeh	Chairman	
	14,626,754	3.85%	440,866	0.12%	None	None	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	4,340,000	1.14%	None	None	None	None	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Fund	3,490,421	0.92%	None	None	None	None	None	None	
JPMorgan Chase Bank N.A. - Vanguard Total Trust Stock Index II Investment Account	2,410,000	0.63%	None	None	None	None	None	None	
Ke-jian Yeh	2,323,055	0.61%	None	None	None	None	None	None	
CHEN,CONG-AN	2,100,000	0.55%	None	None	None	None	None	None	

## 2.9 Ownership of Shares in Affiliated Enterprises

### Comprehensive Shareholding Ratio

As of December 31, 2024 Unit: Thousands of Shares

Investee companies (Note)	Ownership by the company		Ownership by directors, managers and directly/ indirectly owned subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
Lingsen America Inc.	1,000	100%	—	—	1,000	100%
Lee Shin Investment Co., Ltd.	30,000	100%	—	—	30,000	100%
Nexus Material Corporation	5,348	78.65%	1,442	21.21%	6,790	99.86%
Lingsen Holding (Samoa) Inc.	60,000	100%	—	—	60,000	100%
Chih Fong Technology Co., Ltd.	2,400	30%	—	—	2,400	30%
Panther Technology Co., Ltd.	22,923	63.67%	—	—	22,923	63.67%
Sooner Power Semiconductor Co., Ltd.	21,515	99.15%	108	0.49%	21,623	99.64%

Note : Investment under the Equity method adopted by the Company.



## III. Capital Overview

### 3.1 Capital and Shares

#### 3.1.1 Source of Share Capital

Source of Share Capital

Unit: NT\$/ Shares

Face Value Per Share	Authorized Capital		Capital Stock		Remark
	Shares	Amount	Shares	Amount	
10	500,000,000	5,000,000,000	380,102,344	3,801,023,440	1. No change in Authorized Capital and in Capital Stock in 2024 and as of February 28, 2025.

Type of Stock as the year 2024 and as until the annual report is published and printed

As of February 28, 2025 Unit: Shares

Type of Stock	Authorized Capital			Remarks
	Listed Shares (Note)	Un-issued Shares	Total Shares (Note)	
Common Stock	380,102,344	119,897,656	500,000,000	

Note: Shares as the shares of listed company.

Shelf Registration: None.

#### 3.1.2 Major Shareholders

As of August 7, 2024 (Ex-rights record date)

Common Share Major Shareholder	Shareholding (Shares)	Shareholding Percentage
The account in CTBC Bank for ESOP committee of Lingsen Precision Industries, Co., Ltd.	22,213,868	5.84%
Max Fortune Investment Ltd.(British Virgin Islands)	18,737,854	4.93%
Shu-Chyuan Yeh	14,626,754	3.85%
Citibank in custody for Polunin Emerging Markets Fund	6,675,000	1.76%
Lee Shin Investment Co., Ltd.	5,658,911	1.49%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	4,340,000	1.14%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Fund	3,490,421	0.92%
JPMorgan Chase Bank N.A. - Vanguard Total Trust Stock Index II Investment Account	2,410,000	0.63%
Ke-jian Yeh	2,323,055	0.61%
CHEN, CONG-AN	2,100,000	0.55%

### **3.1.3 Dividend Policy and Implementation Status**

#### **(1) Dividend Policy**

According to the Article 32 of Article of Incorporate, the Company takes into consideration the current and future development plan, investing environment, capital needs, and domestic and international competition, as well as shareholders' benefit for its dividend policy. If there is a net income in the final accounts of the Company, it shall, after paying all taxes and offsetting any loss from prior years, set aside ten percent of such profits as a legal reserve, and increase or rotate a special surplus reserve in accordance with the law or regulations of the competent authority, distribute dividend and bonus no less than 50% (If the shareholder dividends and bonuses are greater than NT\$1 per share, at least 20% of the excess shall be allocated for cash dividends) and submitted to the shareholders' meeting for acceptance.

#### **(2) Proposed Distribution of Dividend**

The company's proposal for 2024 deficit compensation was passed on Feb. 24, 2025. Due to the operational loss in the current year, the Board proposed not to distribute dividends, it shall, rotate a special surplus reserve of NT\$14,488,000, also proposed a cash dividend of NT\$114,031,000 from capital surplus (NT\$0.30 per share), will be discussed at the Annual General Meeting held in May 2025.

#### **(3) Expected in change in Dividend Policy shall explain the condition of distribution**

Not Applicable

### **3.1.4 The impact of issuance of bonus shares to the company's operational performance and the earning per share to be resolved by the shareholders' meeting: Not Applicable.**

### **3.1.5 Compensation of Employees and directors**

#### **(1) Information Relating to Compensation of Employees, Directors in the Articles of Incorporation**

If the company gain the profit in the year (profit here equals to income before tax deducts employee's compensation and directors' compensation.) shall allocate not less than 10% for employee's compensation and with no more than 2% for directors' compensation. However, the company's accumulated losses shall have been covered.

The employees' compensation under the preceding paragraph shall be distributed in the form of shares or in cash. Matters in the preceding two paragraphs shall be resolved by a majority vote at a meeting of board of directors attended by at least two-thirds of the total number of directors, and reported to the shareholders' meeting.

- (2) The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.**

When the company gains profit at the end of the fiscal year, it shall set aside not more than 2% of the annual profit to director as compensation and not less than 10% to employees as a profit sharing. If the board resolves to distribute employee compensation through stock, the number of stock distributed is calculated based on total employee compensation divided by the closing price of the day before the board meeting. If the actual amounts subsequently paid differ from the above estimated amounts, the differences will be recorded in the year paid as a change in accounting estimate.

- (3) Remuneration distribution approved by the board of directors:**

A. Remuneration to employees/directors in cash or shares. Any discrepancy between the annual recognized distributed amount and figure, the difference, reason and response should be disclosed:

Due to operational loss, the Board resolved not to allocate director and employee remuneration for 2024 on February 24, 2025. There is no difference between the amount passed during the Board meeting and the recognized amount during 2024 of the aforementioned employees' and directors' compensation.

B. Proposed distribution of remuneration to employees in the form of stock bonus as a percentage to net profit after tax plus remuneration to employees in the entity or individual financial statement for the current period: None.

- (4) The actual distribution of employee and director compensation for 2022 (with indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director**

Due to operational loss, the Board resolved not to allocate director and employee remuneration for 2023 on February 26, 2024. There is no difference between the amount passed during the Board meeting and the recognized amount during 2023 of the aforementioned employees' and directors' compensation.

**3.1.6 Buy-back of Common Stock:** None.

**3.2 Issuance of Corporate Bonds:** None.

**3.3 Issuance of Preferred Shares and Global Depositary Receipts:** None.

**3.4 Status of Employees Stock option plan:** None.

**3.5 Status of New Share Issuance in Connection with Mergers and Acquisitions :** None.

**3.6 Financing Plans and Implementation:** None.

## IV. Operational Highlights

### 4.1 Business Activities

#### 4.1.1 Business Scope

##### (1) Business Scope of the Company and Its Subsidiaries

The business scope of the Company and its subsidiaries includes the major categories listed as follows:

- A. IC Packaging and Testing :** Providing integrated circuit packaging and testing, as well as individual semiconductor packaging and testing.
- B. Electronics Manufacturing Services :** Engaged in electronic materials wholesale and component manufacturing.
- C. Investment :** General Investment Business.

##### (2) 2024 Operating Proportion

IC packaging and testing: 99 %

Other operating income: 1%

##### (3) New Products (Service) Development

- Packaging of High Performance and Directional Microphone.
- Packaging of MEMS Speaker Sensor.
- Packaging of MEMS Ultrasonic Sensor.
- Packaging of MEMS Temperature Sensor.
- Packaging of Thermal Image Sensor.
- Packaging of Gas Sensor.
- Packaging of Eye Tracking Sensor.
- Packaging of Gesture Sensor for vehicles.
- Packaging of Vehicles and Medical Electronic Products.
- Packaging of MEMS Products for Vehicles.
- Packaging of High-Frequency Wireless Communication Module.
- Packaging of custom-made thin and short Environmental Sensor.
- Packaging of MEMS Optical Focusing Module.
- Packaging of Piezoelectric Ultrasound distancing Sensor.
- Packaging of Medical Sensor for Disease Diagnosis.
- Packaging of MEMS Relay Switching.
- Packaging of MEMS Autofocus Actuator.
- Packaging of Magnetic Molding Compound.
- Packaging of Clip Bonding Package.

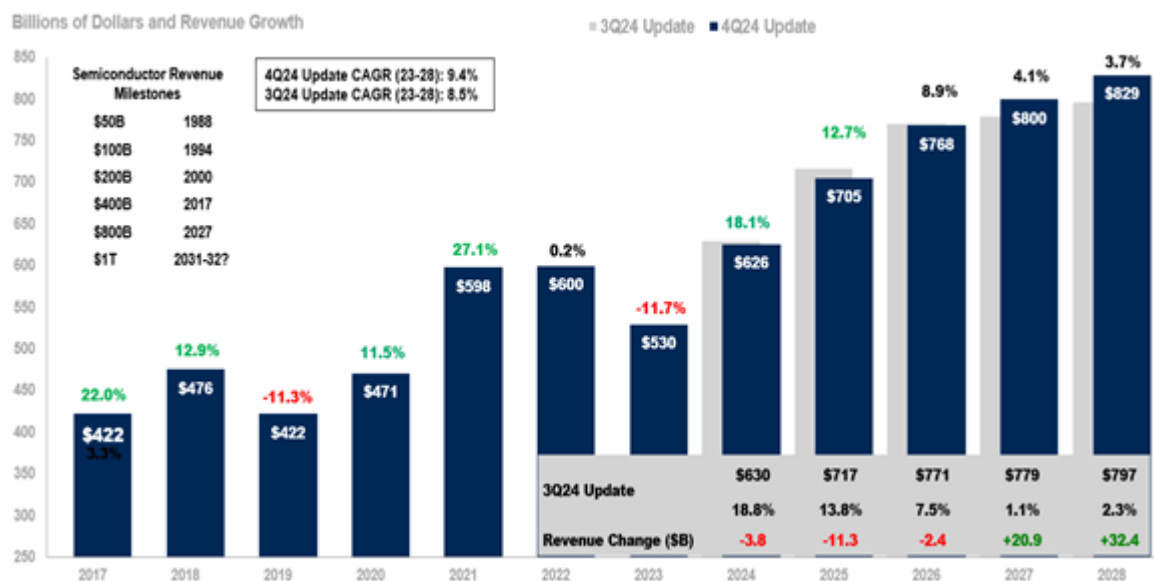
### 4.1.2 Industry Overview

#### (1) Industrial Status and Development

According to statistics of ITRI's IEK, it showed that the output value of Taiwan's entire IC industry amounted to NT\$5,315.1 Billion (US\$ 165.6 Billion), an increase of 22.4% from 2023. The IC Packaging industry totaled NT\$ 423.3 Billion (US\$ 13.2 Billion), an increase of 7.7% from 2023. The Testing Industry totaled NT\$ 200.2 Billion (US\$ 6.2 Billion), an increase of 5.0% from 2023. The currency exchange rate to USD is calculated as 32.1.

SEMI estimates that the semiconductor industry revenue will reach 1 trillion US dollars in the next decade. Reports from Gartner also depict that the global semiconductor market revenue can reach US\$630 billion in 2024, the growth rate is about 18.8%, and the revenue for 2025 can reach to US\$717 billion, the growth rate is about 13.8%. The semiconductor industry is projected to usher in a new round of growth driven in the next decade by rising global demand for artificial intelligence (AI) and high-performance computing (HPC), alongside the recovery of market demand for smartphones, PCs, servers and automotive and all of the new applications.

#### Semiconductor Revenue Forecast

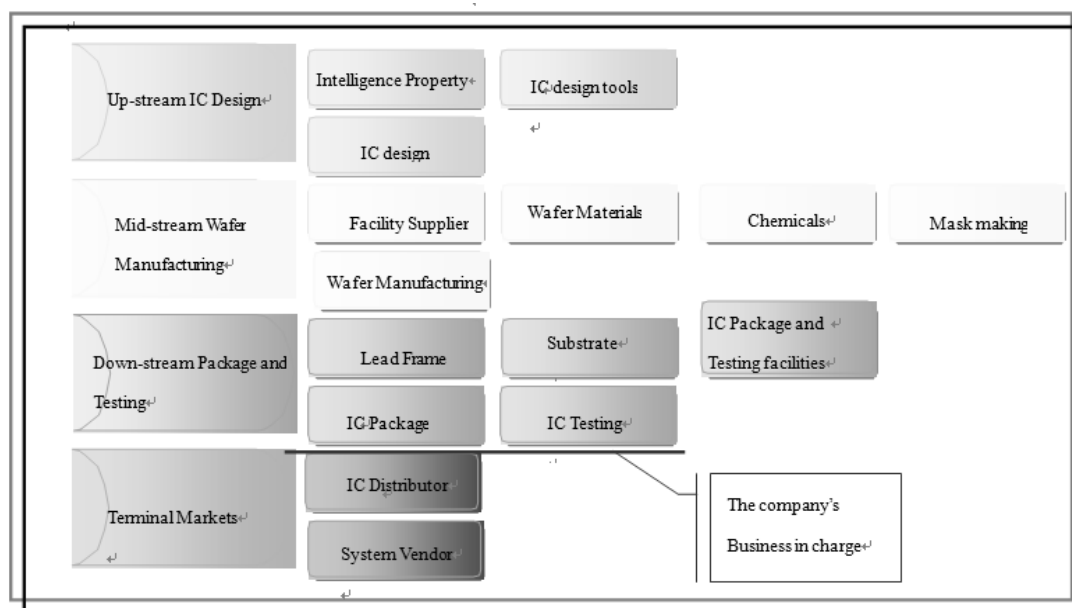


Source: Gartner (2025.01)

In this ever-changing global market, Taiwan's IC industry has already established a key partner and strong support to high-tech innovative R&D around the globe. From up-stream IC design to down-stream IC manufacturing and IC packaging & testing, Taiwan's IC industry is a comprehensive industry chain with unique professional and specialized business models. The output value of Taiwan's entire IC industry value ranks in second across the world.

## (2) Relevant of the up-stream, mid-stream and down-stream in the industry

In the structure of semiconductor industry, the company responsible in the packaging and testing of the down-stream, which provides customers with services of IC packaging and testing.



## (3) Product Trends

With advances in electronic technology development and consumer needs for high performance electronic components, the manufacturers match consumer's need by producing light, thinner, short and small components with more functions. Thus, the packaging technology process is looking for high pin counts, high performance, and miniaturization. Currently, the company has purchased the latest IC packaging equipment. The accurate precision and the excellent production efficiency and the technical specialty of packaging and testing will work together to creating greater value for the entire semiconductor industrial chain. By this, the company will be able to provide customers with optimizing packaging and testing technics to shortened the time for their products entering the market and ensure the customers received high-quality and high-performance products.

In the aspects of testing technology development, due to the complexity of the products is increasing continuously, there is an increasing demand for high-end test equipment with more complicated functions. With regards to the testing production we use the most appropriate testing equipment to the most suitable products; increasing testing production efficiency; saving human resources and material resources, decrease in costs, creating profit and increasing customer satisfaction.

In recent years, SEMICON Taiwan spotlighted 8 key industry themes, such as advanced manufacturing, heterogeneous integration, compound semiconductors, auto chips, smart manufacturing, ESG and sustainability, and semiconductor cybersecurity and workforce. Vehicles, industrial electronics and generative AI applications stood out as a promising sector.

**(4) Product Competition**

In the semiconductor packaging and testing industry, the company provides customers with satisfying services and efficiency as the main competitiveness. The company's main business scope is the packaging and testing of IC and various semiconductor components. At present, the company's main competitors are Orient Semiconductor, ChipMOS Technologies, Greatek Electronic, Sigurd Microelectronics, Taiwan IC Packaging, Formosa Advanced Technologies, Walton Advanced Engineering and other companies.

**4.1.3 Research and Development**

**(1) Expenditures on research and development of the recent year and as until the annual report is published and printed**

- A. 2024 R & D Expenses is NT\$ 133,265,000.
- B. As of publication of this report, the company's R & D Expenses is NT\$ 19,648,000.

**(2) Technics and Products successfully developed**

In addition to the traditional packaging products, the company provides products of stacked die package, multi-chip module, system packaging, MEMS component packaging technologies are mature production. Among them, MEMS components are light, thin, short, small and with the multifunction of sensor, calculating and action. The application of MEMS is broad and the market demand has great potential.

Due to the requirement of Green Environmental Directive "WEEE", "RoHS", "EUP" issued by European Union, the company responds to them by introduce green manufacturing and committed in environmental protection packaging.

Results of research and development in the most recent year as follows:

- A. Power Components Module Package and Testing, including thin and thick aluminium wire and clip bonding.
- B. Environmental Optics sensor module for cell phone or mobile device package and testing.
- C. MEMS sensor module package (e.g. MEMS accelerometer, gyroscope, pressure meter, altimeter, tire gage, MEMS microphone and etc.)
- D. Multi-functional MEMS Module package
- E. Miniaturization Optical Sensor Package
- F. Multi-functional Photoelectric Sensor Module Package
- G. Power Module IGBT(450A/1200V) Package
- H. 0.3mm Thin QFN Package
- I. Flip Chip on QFN/TSOT Package
- J. Pulse Detector Sensor Package
- K. Oximeter Sensor Package
- L. Lamination Microphone Package
- M. Power module MOSFET 100V/100A Package
- N. light sensor with different thickness package
- O. Low Power Module IPM/ SPM Package
- P. MIS Like Package
- Q. Water Proof Pressure Sensor Package

- R. Smart Lock Identify Sensor Package
- S. TWS optical Sensor Package
- T. Thermal pile Thermal Sensor Package
- U. MEMS Auto Focus Sensor Package
- V. Discrete SiC Schottky Diode TO Package
- W. MEMS Speaker Sensor Package

#### 4.1.4 Long-term and Short-term Development

##### (1) Long-Term Development

- A. Focus in the new application area under the industry development trend.
- B. Strive for new customers actively and strengthening customer relationship management.

##### (2) Short-Term Development

- A. Traditional IC packaging and Sensor IC packaging are both important. The Company continues to develop sensor components and vehicle IC packaging, including microelectromechanical (MEMS), environmental optical sensor, and products and application on the need of vehicle.
- B. Consolidating the existing customer relationships and provide complete services that meet the need of customers.
- C. Planning and developing operating profit centre to pay attention and review on the economic scale of each production line, improving the resources utilisation, reduce waste, increase in income, decrease in expenditure and to increase the company's profit.

## 4.2 Market and Sales Overview

### 4.2.1 Market Analysis

#### (1) Operating Revenue by geographical area

Unit: NT\$ in Thousands

Region	Year 2024	
	Operating Revenue	Percentage
Asia	4,623,874	86.07%
Europe	480,555	8.94%
America	268,131	4.99%
Total	5,372,560	100.00%

#### (2) Market Share

The company is currently one of the major packaging and testing suppliers in power management and flash memory ICs in Taiwan. The company is also the first company with MEMS package. MEMS industry is benefiting from the rev up market in smartphones and tablets with high specification and affordable, vehicle electronic application and wearable device. In addition, the application field and market scale of microelectromechanical products and the MEMS component is demanding, including Accelerometers, Gyroscopes, Electronic compasses, silicon microphones (Si-Mic), tire pressure monitor and MEMS component.



The company's technical ability and the quality of the products had passed the certification including IATF16949 and ISO14001. Product Quality and the ability to mass production have been recognized by well-known domestic and foreign manufacturers. It shows that the company's production technics or management ability and the development in new product are with strong competitiveness in the industry. Its market share is as follows:

Unit: NT\$ in 100 million

Year \ Item	The production value of IC Packaging and Testing Nationwide (A) (Note 1)	The production value of IC Packaging and Testing of the company (B) (Note 2)	(B)/(A)
Year 2024	6,235	53.73	0.86%

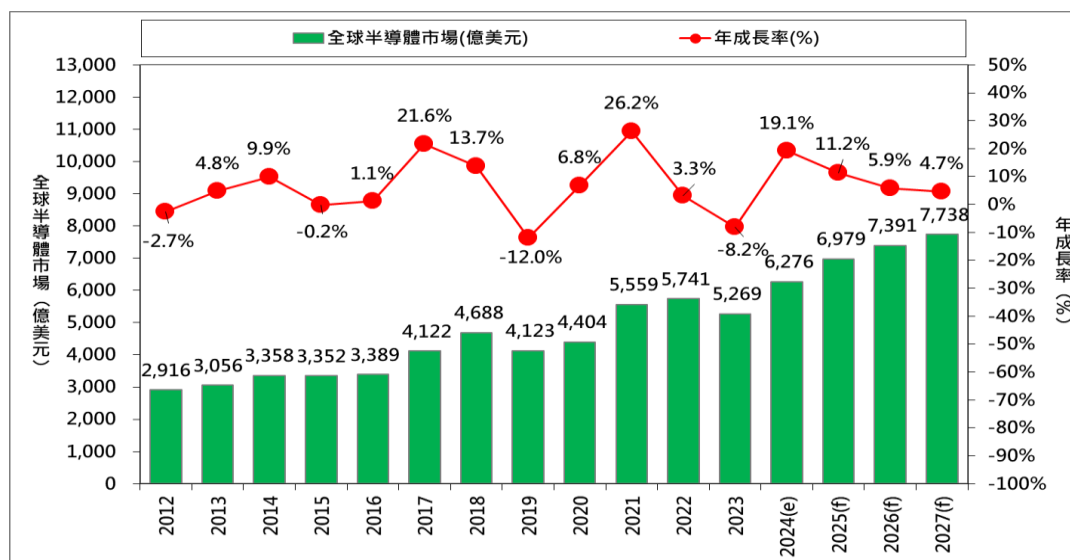
Note 1 : Source : TSIA, IEK (2025. 02)

Note 2 : The company's 2024 consolidated revenue.

### (3) Supply and Demand of Future Market and the Growth

According to the latest forecast report released by WSTS, the global semiconductor market will rebound a robust growth in 2024 and 2025, expected a significant 19.1% YOY growth in 2024. Looking ahead to 2025, WSTS predicts that the global semiconductor market is expected to experience an extensively YOY growth of 11.2%, reaching a market size of \$697.9 billion. The Growth will largely be fueled by two Integrated Circuit segments: Memory sector and Logic sector.

#### Global Semiconductor Market Demand Annual Forecast Trends



Source: WSTS (2024.12、2025.02) ; IEK (2025.02)

IEK estimates that the output value of Taiwan's IC industry can reach to NT\$6,178.5 Billion in 2025, the growth rate is about 16.2%.

#### Estimated Output value of Taiwan's IC industry from 2021 to 2025

Amount Expressed in 100 million of New Taiwan Dollar	2021	2022	2023	2024	2024 Growth Rate	2025 (estimated)	2025 Growth Rate (estimated)
Taiwan IC Industry Revenue	40,820	48,370	43,428	53,151	22.4%	61,785	16.2%
Taiwan IC Design	12,147	12,320	10,965	12,721	16.0%	14,155	11.3%
Taiwan IC Manufacturing	22,289	29,203	26,626	34,195	28.4%	40,827	19.4%
Foundry	19,410	26,847	24,925	32,438	30.1%	38,960	20.1%
Memory Manufacturing	2,879	2,356	1,701	1,757	3.3%	1,867	6.3%
Taiwan IC Packaging	4,354	4,660	3,931	4,233	7.7%	4,608	8.9%
Taiwan IC Testing	2,030	2,187	1,906	2,002	5.0%	2,195	9.6%
IC Product Output Value	15,026	14,676	12,666	14,478	14.3%	16,022	10.7%
Global Semiconductor Market Revenue and Growth Rate (%) (US\$ in 100 million)	5,559	5,741	5,269	6,276	19.1%	6,979	11.2%

Source: TSIA; ITRI IEK (2025 .02)

#### (4) Competitive Niche

- A. Technical ability and the quality of the product have been recognized by domestic and foreign well-known manufacturer, the company received the IATF16949 Quality Certification and ISO14001/QS9000 International Environmental Protection Certification.
- B. Actively arranging competitiveness and niche products.
- C. Put in effort for the Industry upgrade innovative research project by the Ministry of Economic Affairs.
- D. Stable human resources.
- E. Flexible production ability.
- F. Continuous innovative development in new technics and new products.
- G. Receive verification and cooperate with famous foreign customers.

#### (5) Favorable and Unfavorable Factors in the Long-Term

- A. Favorable Factors:
  - ♦ Semiconductor industry cluster and rooted in Taiwan.
  - ♦ Integrated device manufacturing plants (IDM) release packaging and testing orders.
- B. Unfavorable Factors:
  - ♦ China Government supports their local companies of semiconductor industry.
  - ♦ Competitors expand their factory productivity and accelerate growth by merger.
  - ♦ Competitors strive for the company's customers actively.
- C. Measures of responding:
  - ♦ Optimize customer service and maximize values and benefits.
  - ♦ Strive for IDM customer's outsourcing (packaging and testing orders).
  - ♦ Focus on high-growth and develop potential products actively.

#### 4.2.2 Production Procedures of Main Products

##### Major Products and Their Main Usages

Major Products	Usage	Manufacturing Process
Small Outline Plastic Dimension IC (SOP)	1. Consumer Electronics 2. Automotive electronic component 3. Memory 4. Communication Component 5. Power Management 6. Mobile Device 7. Optical Sensor	Grinding
Thin Small Outline Plastic Dimension IC (TSOP)		↓ Dicing
Small-Outline Transistor (SOT、TO)		↓ Loading
Microelectromechanical Systems (MEMS)		↓ Wire Bond
Extra Thin Planar Structure Plastic Grain Carriers (TQFP)		↓ Molding
Thin Planar Structure Plastic Grain Carriers (LQFP)		↓ Marking
Quad Flat No-Lead Package (QFN)		↓ Plating
Photoelectric (CLCC、SMA、DMA)		↓ Forming
		↓ OQA
		↓ Testing
		↓ Packaging
		↓ Export

#### 4.2.3 Supply Status of Main Materials

The main raw materials of the package are lead Frame, substrate, Au /Cu wire, film/epoxy and compound, which are currently produced and represented by domestic and foreign suppliers.

The company and its subsidiaries maintain long-term cooperation and good relation with two or more well-known domestic and foreign suppliers to ensure sufficient raw materials for production.

Major Raw Material	Main Supply Region	Status of Supply	Procurement Strategy
Lead Frame	Taiwan, Singapore	Stable	1. Developing long-term relations to ensure the stability of obtaining production materials 2. The company is increasing in purchase from local suppliers in the recent years to reduce the risk and costs of international transportation.
Substrate	Taiwan, Japan	Stable	
Au /Cu Wire	Taiwan, Korea, Singapore	Stable	
Compound	Taiwan, Japan	Stable	
Film/Epoxy	Taiwan, Japan	Stable	

#### 4.2.4 Major Suppliers and Customers

##### (1) Major Suppliers in recent Two Years

Unit: Amount in NT\$ Thousands

Item	Year 2023				Year 2024			
	Name	Amount	%	Relation to the company	Name	Amount	%	Relation to the company
1	Company AA	238,634	17	None	Company AA	297,011	18	None
2	Company BB	211,825	15	None	Company BB	244,538	15	None
3	Company CC	184,295	13	None	Company CC	242,053	15	None
4	Company DD	100,054	7	None	Company DD	181,048	11	None
5	Company EE	200,755	14	None	Company EE	151,669	9	None
	Others	492,378	34		Others	527,524	32	
	Net procurement	1,427,941	100		Net procurement	1,643,843	100	

Reason for increase or decrease:

The change of procurement amount and percentage were mainly due to the product portfolio of the year.

##### (2) Major Customers in recent Two Years

Unit: Amount in NT\$ Thousands

Item	Year 2023				Year 2024			
	Name	Amount	%	Relation to the company	Name	Amount	%	Relation to the company
1	Customer A	605,173	11	None	Customer A	743,106	14	None
2	Customer B	558,456	10	None	Customer B	572,567	11	None
3	Customer C	499,049	9	None	Customer C	553,591	10	None
	Others	3,889,858	70		Others	3,503,296	65	
	Operating revenue	5,552,536	100		Operating revenue	5,372,560	100	

Reason for increase or decrease:

The change of sales amount and percentage were mainly due to the change of customer market share.

### 4.3 Human Resources Information in recent Two Years and as of the date of this annual report

Year		Year 2023	Year 2024	As of February 28, 2025
Number of Employees	Technician	824	741	711
	Managerial Personnel	319	266	266
	Operators	1,685	1,695	1,640
	Total	2,828	2,702	2,617
Average Age		39.06	40.29	40.70
Average Years of Service		10.57	11.61	12.03
Education	Ph.D.	0.04%	0.04%	0.04%
	Masters	5.15%	5.32%	5.28%
	Bachelor's Degrees	66.71%	67.10%	66.85%
	Senior High School	24.66%	24.89%	25.13%
	Below Senior High School	3.44%	2.65%	2.70%

Note: The above information including the employees of the company and its subsidiaries.

### 4.4 Environmental Protection Expenditure

#### 4.4.1 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incident.

The Company was fined NT\$500 for air pollution emission. The costs and related punishments are shown as follows:

Parent company-Lingsen

Document No	21-113-100360
Violation Date	2024.03.23
Penalty Date	2024.10.11
Competent Authority	HsinChu County Environmental Protection Bureau
Articles of law violated	Article 40, Paragraph 3 of the Air Pollution Control Act
Content of law violated	Failure to conduct regular exhaust emissions testing on vehicle (License Plate: KEG-3988)
Penalty amount	NT\$500
Current and Future countermeasures	1. Exhaust emissions testing was completed on November 15, 2024. 2. A regular inspection checklist for government vehicles has been established for ongoing monitoring.

Other Subsidiaries: No violations.

#### 4.4.2 An estimate possible expenses that could be incurred currently and, in the future, and measures being or to be taken.

The company has identified environmental risks during the operational process according to ISO 14001, based on the preventive measures that can be continuously conducted, including equipment hardware improvement, enhancement of personal educational training, and strengthening of operating system management. In the future, the company's primary environmental protection expenditures and items will include: costs of replacement, renewal, and upgrade of existing pollution prevention equipment, waste disposal costs, and environmental monitoring costs.

## 4.5 Labor Relationship

Current employees' welfare measures, advanced studies, training, retirement systems and its implementation of the company. Any Loss suffered by the company in the most recent 2 years and up to the annual report publication date due to labor disputes.

The company respects and promotes international human rights by providing employees with a quality employment environment and maintaining harmonious labor relations effectively. The company has consistently valued employee benefits and welfare, and has actively cultivated talent, implemented labor laws and regulations, and strengthens employee awareness to prevent labor disputes. Through channels such as labor-management meetings, suggestion boxes and communication management units, to achieved competent communication and effective problem-solving. About the management and implementation of labor relations such as employee welfare measures, in-service education, training and retirement systems are planned and conducted in accordance with the requirements of law.

### 4.5.1 Human Rights

For further protection and promotion of human rights, the company supports and respects international standards, including the UN Universal Declaration of Human Rights, the first & second principles of UN Global Compact, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The company has formulated and implemented relevant employee management systems and procedures in accordance with local laws and regulations and respect for the principles of internationally recognized basic labor human rights, so as to protect the legitimate rights and interests of employees and employ non-discriminatory treatment policies. In the implementing of human rights management, the company adopts the Responsible Business Alliance (RBA) Code of Conduct as the management framework, internal and external audits at our facilities are carried out on a regular basis in accordance with the RBA audit process.

Related supplementary information is as follows:

Target	Topic Issues	Mitigation Actions
Employees	No forced labor	Employment of sufficient labor to meet capacity and prevent overtime.
Employees	Sexual Harassment	Ensure a safe and zero-harassment working environment.
Employees	Zero discrimination in hiring	Zero discrimination in hiring. Complies with local labor laws and regulations.
Young Workers	Child labor was prohibited	Verifies the resume and actual age of applicants prior to hiring employees.
People with disabilities	Employment of people with disabilities	Regularly monitored the number of employees with disabilities monthly according to labor laws and regulations

The company makes hiring decisions based on the required professional skills, offering equal opportunities to all qualified candidates. Applicants are not treated differently for factors including their race, nationality, gender, m, age, sexual orientation, or political beliefs. In 2024, female employee ratio was 55.60% and female ratio in managements was 15.56%. There is no significant difference in remuneration ratio between male and female for the company.

The company conducted multiple human rights protection training courses in 2024 including plant safety and health, first-aid personnel training, friendly workplace, etc. The total training hours are 380 hours, and a total of 380 employees have completed the training.

Please refer to the company website and Sustainability Report for details on our human rights management principles.

#### **4.5.2 Performance-oriented Compensation System**

The company conducts and implements reasonable employee compensation and the company's employee compensation is based on educational level, performance and market value. According to the company's overall operation, team and individual performance, the company offer incentive bonuses and annual profit-sharing bonuses to reward employees' diligent contributions to the company. Profit-sharing bonuses in cash are rewarded to employees with outstanding performance based on our business results. Annual bonuses are rewarded to employees based on their individual performances and results.

The Articles of Incorporation also states that if the company gains profit at the end of the fiscal year, it shall allocate not less than 10% for employee's compensation.

The company launched the "employee stock ownership trust" in OCT. 2003, and has invited employees to become our shareholders. Employees can choose to participate according to their personal intention. The trust allows employees the opportunity to share the operational results of the company over the long term.

#### **4.5.3 Retirement pension, leaves**

The compensation is in lined with laws and regulations in terms of retirement pension, leaves and other mandatory benefits to safeguard the rights of our employees.

In terms of labor pension system, the company allocates the employee's retirement reserve funds to the Labor Pension Reserve Supervisory Committees each month in compliance with regulations, and then allocates the funds to employees' account at Central Trust of China. The company ensures sufficient allocation annually, and processes the employee labor pension payment in accordance with the Labor Standards Law. As until end of 2024, the remaining balance in the pension account is NT\$ 675,569,000.

Since July 1, 2005, for employees who select the retirement system under the Labor Pension Act, 6% of their monthly salary is paid into their individual labor pension account to secure their rights and interests.

#### **4.5.4 Employee Welfare Programs**

- (1) Comprehensive insurance system : The company provides employees with statutory labor insurance and national health insurance as well as comprehensive paid group insurance plans.
- (2) Extended parental leave without pay: In accordance with laws and regulations, the company provides breast milk collection rooms. To help employees balance their personal and work lives, the company offers parental leave to support for employees' parenting needs.
- (3) Club Recreation: Employees are encouraged to set up recreational clubs on their own initiative.
- (4) Health Care: In addition to regulatory annual checkups annually, a variety of health promoting activities and education are then organized for employees accordingly to give them further knowledge and skills for self-managing their health.

In addition, the company provides subsidies for marriage, childbirth and funerals, as well as discounts in designated shops.

#### **4.5.5 Education and Training**

The company has set management skills or core professional competencies requirements for managers and colleagues at all levels. Internal training courses are designed based on job function to plan mandatory training courses. The company encourages all colleagues to continue to learn and develop their personal careers in line with industry trends.

The company conducted multiple training courses in 2024 included the following:

- (1) Internal Training
  - A. New employee training  
Courses including new employee orientation training, basic training.  
To help new employees quickly adapt to the work environment, orientation training is provided for new employees to give them a basic understanding of semiconductor packaging and testing processes. To help new employees quickly develop professionalism, they are paired with a mentor to help them quickly integrate into the corporate culture.
  - B. Competency training  
Courses including quality, manufacturing process, problem analysis and solving. The purpose is to develop the leadership of the management and building up technical languages inside the factory.
  - C. Managerial personnel training  
Courses including executive trainee cultivation, mid- and high-level management skills.
- (2) External Training  
Encourage employees to participate in external training related to their positions. After the training, colleagues will bring their training experience and new knowledge back to the company for sharing. Through the external training, colleagues can further expand and broaden their knowledge in the professional field.



#### 4.5.6 Freedom of association and collective bargaining

The company respects employees' freedom of association and allows employees to form trade unions. Union representatives are elected by employees, and represent the employees in regular engagement with the management. The unions also work to protect the rights of employees and maintain a stable and healthy employer & employee relationship. The company's union has been established for over 30 years, the rights and obligations of both labor and management are clearly defined in the company's rules and relevant regulations. Meanwhile, the unions have not expressed the need for collective bargaining, and so no collective agreement has been entered into.

#### 4.5.7 Protection Measures to ensure the safety of our employees, the occupational environment and the implementation

Aiming to establish the healthiest possible workplace, and to mitigate health risks to employees in the workplace, the company has adopted rigorous safety and health control measures focused on preventing occupational injuries and diseases and promoting employee safety, physical and mental health. The company have ISO 45001 certification for occupational safety and health management systems, the above certifications is maintained and valid.

(1) Safety and Health Management

By the Occupational Health and Safety Act, the company has established a "Safety and Health Committee", which holds a meeting quarterly, discusses various safety strategies and proposals and formulate precautions, to ensure the safety of the work environment and the employees.

(2) Emergency Response Measures

To ensure the safety of employees and factory sites, the company enacted the "Operational Procedure for Responding Emergency Situation".

An emergency response team (ERT) is formed, and the members of this team should receive various emergency response trainings and regular rehearsals with respect to various accidents in order to strength the disaster response skills of ERT members and to achieve the objective of protection and control at the initial stage of disaster.

(3) Workplace Protection Measures

Item	Content
Operational safety	Maintenance and repair of fire safety equipment, operational testing.
Training	Orientation training and On Job Training (OJT), fire drills, protective equipment, and emergency preparedness training.
Disaster prevention	Fire safety equipment and warning system.
Health care	Set up in-house physicians and nurses in plant, to provide counseling services for the physical and mental health needs of employees. Conduct regular employee health check-ups and health consultations.

(4) Occupational disasters and prevention

A total of 0 Inpatient occupation accidents occurred at the company in 2024. The ratio is 0% based on total employees. The company investigated every occupational accident and identified the root causes. The company also performed necessary construction or administrative improvement or provide necessary personal health and safety equipment. Mandatory health and safety education and training and campaigns were reinforced to reduce the risk of repeat accidents.

A total of 0 Inpatient fire incidents, 0 casualties occurred at the company in 2024. The ratio is 0% based on total employees. To ensure comprehensive environmental safety, our company conducts daily safety inspections of office environments, equipment, and machine rooms by dedicated personnel. Additionally, we conduct annual fire evacuation drills for all employees to continuously strengthen their emergency response capabilities and ensure everyone's safety.

**Losses suffered by the Company in 2024 and as of the date of this annual report due to labor disputes**

Subsidiary: Panther Company

No.	No.1120053820
Violation Date	2023.11.23
Issue Date	2024.03.05
Competent Authority	Hsinchu County Labor Affairs Department
Articles of law violated	Labor Standards Act Article 24 Paragraph1 and 2, Labor Standards Act Article 32 Paragraph 2
Content of law violated	1. Insufficient compensation for the extension of working hours 2. The extension of working hours exceeding permitted limit
Penalty amount	NT\$ 60,000
Current and Future countermeasures	The company has examined operating procedures and manpower allocation management, so that the matter that was found in violation will meet regulatory requirements.

Parent Company and Other Subsidiaries:

None

## **4.6 Cybersecurity management**

### **4.6.1 Cybersecurity Risk Management Structure**

The Company has set up a Cybersecurity Committee to initiate and promote the management of cybersecurity. The Committee is headed by the Company General Manager, and meetings are convened by the Chief of MIS officer. Senior managers from each department serve as committee members, and meetings are organized regularly to formulate and review the objectives and policy of IT security management.

### **4.6.2 Cybersecurity Policy**

The Company's cybersecurity policy is to "protect the Company's intellectual property, and comprehensively enhance the awareness for cybersecurity".

The Company adopts active Cybersecurity strengthening procedures, e.g.

- (1) Improve various internal cybersecurity management mechanisms.
- (2) Protect the confidentiality, integrity and availability with proactive action.
- (3) Increase the employees' cybersecurity awareness through arranged for cybersecurity incident response drills at factory site and various cybersecurity training sessions.

### **4.6.3 Specific Management Plan**

#### **(1) The Management of Cybersecurity**

The company built the internal systems in virtual network and the extranet will be blocked and unable to connected the intranet of the company. The company takes multiple internet safeguard system. The front-end of the company's internal network is a new generation 7th layer firewall with the automatic back up mechanism, advanced continuous penetration attack protection, intrusion and threat prevention system and website evaluation system and etc.

At the same time, in response to the increase in threats of phishing email attack each year, the company also established a front-end email anti-virus filter system and automatically excluding the emails with threats.

The internal hosts and endpoints of the company are automatically dispatched latest virus protection codes and malicious program featured comparison code from the central control anti-virus system to block the virus, Trojan Horses, Ransomware, malicious programs attached in documents to effectively reduce the risk of hacking attacks. For Microsoft Windows Operating System, we plotted multiple WSUS hosts are deployed the latest revision files from the Microsoft to prevent hackers from attacking and intruding through operating system vulnerabilities.

To raise the awareness of IT safety to our employees, we established educational website for our employees, enacted the emergency response procedures for hackers attack and drilled, summarized and revised every year.

**(2) Data access control**

- A. The access to the company's internal control systems and the authorization of data usage shall review and approved by the each individual dedicated supervisors and use and changed afterwards.
- B. Setting up the password to the account, required complicated review by the rule of the system and changed regularly.
- C. When the user left the position or resigned, the company will remove his or her authority to assess and cancel his or her account immediately to prevent any unauthorized usage.
- D. Data Access Record Storage  
Filing and Storage of information like track record of the system file and document access and the correspondence mails.  
All computers that have been completed with the scrap, its hard drive shall be dismantled and destroyed in order to fulfill the management system by law and the related information safety policy.

**(3) Cybersecurity Mechanisms**

- A. In order to ensure the continued feasibility of the information system, system files are stored daily and weekly with local back up and remote back up to reduce risk of loss by the unpredictable natural disasters and man-made disaster.
- B. The company enacted the information system emergency event that has handle procedures and guideline with drill and amendment every year to make sure when the information system facing emergency events like significant information safety accident, natural disasters or man-made disasters is able to recover the availability of the information system.

**(4) Cybersecurity training for employees**

- A. The Company regularly educates employees includes social engineering drill and related IT security knowledge. The Company looks to increase the employee's IT security awareness through various IT security training sessions, to ensure the knowledge of IT security will be integrated into employees' day-to-day operations.
- B. In addition, in view of the frequent occurrence of business email compromise in recent years, the Company trains personnel involved in handling cash flows, e.g. colleagues in business, finance, and procurement units, in order to prevent business email compromise, and optimizes internal processes to ensure the security of receipts and payments.

**(5) The committee has weekly report to the General Manager on the implementation of cybersecurity.**

**(6) Implementation Status:**

Item	Content	Implementation Status
Regular disaster recovery drills	Test system response, database response, data verification, etc. Attendees: IT Department & and outsourcers.	Annually and issued a report
External audits	Appoint CPAs Firm conduct to the company's information security control systems.	Annually

**(7) Insurance status**

Information security risk is an emerging type of insurance.

The company suspends the purchase of information security insurance, consider insurance coverage, claims coverage, claims identification, and identification agency qualifications, applicable industries.

In recent years, the company faces the ever-changing and growing information security threat. The company inspects the defense mechanism regularly (including firewall, antivirus system, etc.) to ensure compliance with security policies.

**(8) Future Management Plans**

Strengthen supply chain information security management.

Deepen the awareness of internal staff information security.

Enhance early warning and defense capabilities.

**4.6.4 Resources Invested in the Management of Cybersecurity for 2024**

The related expense Invested in the management of cybersecurity was NT\$4,956,000. The execution content includes: inspection and improvement of information security framework; inspection of network equipment, servers, terminals and other equipment; inspection of network activities; website security inspection; information security protection inspection...etc.

The company also continues to improve employees' information security literacy. In addition to irregularly sending information security promotions and conducting cybersecurity training for employees, the company encourages employees to understand the importance of cybersecurity training and urges them to comply with regulations. In the year 2024, the accumulated external hours were 16 hours.

**4.6.5 In 2024 and as of the date of this annual report, the Company has not experienced any material cyberattack incidents that have materially and adversely affected as a result.**

## 4.7 Important Contracts

February 28, 2025

Agreement	Counterparty	Period	Main Content	Restriction Clause
Land Lease	Bureau of Industrial Parks, Ministry of Economic Affairs	From October 01, 2015 to October 31, 2034	Land and Building Lease (15 projects)	None
Bank Loan	Mega Bank, Tantze	From June 27, 2022 to June 26, 2025	Medium & long-term Loan	Sustain certain financial ratio
Bank Loan	China Trust Commercial Bank, Taichung	From March 5, 2021 to March 4, 2026	Medium & long-term Loan	Sustain certain financial ratio
Bank Loan	O-Bank, Taichung	From March 5, 2021 to March 4, 2026	Medium & long-term Loan	Sustain certain financial ratio
Bank Loan	Taipei Fubon Commercial Bank, Taichung Port	From April 11, 2021 to May 20, 2026	Medium & long-term Loan (2 projects)	Sustain certain financial ratio
Bank Loan	Bank SinoPac, Banqiao	From June 15, 2017 to August 15, 2025	Medium & long-term Loan	None
Bank Loan	Shanghai Commercial Bank, Hsinchu	From January 12, 2018 to June 28, 2029	Medium & long-term Loan (5 projects)	None
Bank Loan	Shin Kong Bank, Hsinchu	From June 16, 2022 to June 16, 2025	Medium & long-term Loan	None
Bank Loan	Mega Bank, Northern Hsinchu	From February 11, 2020 to July 16, 2027	Medium & long-term Loan	Sustain certain financial ratio
Bank Loan	First Commercial Bank, Hsinchu	From June 19, 2023 to October 15, 2030	Medium & long-term Loan (2 projects)	None
Bank Loan	China Trust Commercial Bank, Taichung	From September 8, 2023 to August 15, 2030	Medium & long-term Loan	Sustain certain financial ratio
Sales Agent	LINGSEN AMERICA INC.	From January 1, 2025 to December 31, 2025	Broker Agent for the sales between US and Taiwan	None
Sales Agent	AZIMUTH INDUSTRIAL, INC.	From July 24, 2021 to July 23, 2026	Broker Agent for the sales between US and Taiwan	None
Engineering Contract for Generating Electricity by solar	Chang Wah Electromaterials INC.	From August 28, 2014 to November 6, 2034	Engineering for Generating Electricity by solar photovoltaic energy	None
Contract of Purchase and Sell of Electricity	Taiwan Power Company	From November 7, 2014 to November 6, 2034	Wholesale of Electricity	None
Building and Leasing of Solar Photovoltaic Energy System	Cheng Yang Energy Co., Ltd.	From March 24, 2020 to March 23, 2040	Building and Leasing of Solar Photovoltaic Energy System	None
Building and Leasing of Solar Photovoltaic Energy System	Red Kai Ent CO.,	From June 1, 2022 to May 31, 2042	Building and Leasing of Solar Photovoltaic Energy System	None
Energy Saving Projects	Energy Bureau, MOEA	From March 15, 2022 to December 31, 2027	Energy Saving Projects	None

## V. Review of Financial Conditions, Financial Performance, and Risk Management

### 5.1 Analysis of Financial Status

Unit: NT\$ in Thousands

Item \ Year	Year 2023	Year 2024	Difference	
			Amount	%
<b>Current Assets</b>	3,457,665	3,589,262	131,597	4
<b>Property, plant and Equipment</b>	3,995,730	3,354,746	(640,984)	-16
<b>Other Assets</b>	491,046	555,862	64,816	13
<b>Total Assets</b>	7,944,441	7,499,870	(444,571)	-6
<b>Current Liabilities</b>	1,460,911	1,406,762	(54,149)	-4
<b>Non-Current Liabilities</b>	802,750	613,090	(189,660)	-24
<b>Total Liabilities</b>	2,263,661	2,019,852	(243,809)	-11
<b>Capital</b>	3,801,023	3,801,023	0	0
<b>Capital Surplus</b>	1,266,753	1,154,573	(112,180)	-9
<b>Retained Earnings</b>	601,439	502,140	(99,299)	-17
<b>Other Equities</b>	(46,058)	(2,426)	43,632	-95
<b>Non-controlling Interests</b>	234,038	201,123	(32,915)	-14
<b>Total Equity</b>	5,680,780	5,480,018	(200,762)	-4

Analysis of changes in financial ratios:

1. Analysis of Deviation over 20%
  - (1) Decrease in Non-current Liabilities:  
It was mainly due to repayments of bank loans.
  - (2) Increase in Other Equity interest :  
It was mainly due to currency exchange arising from translation of foreign operations.
2. Future Plan on Financial Position: Not applicable.

## 5.2 Analysis of Financial Performance

Unit: NT\$ in Thousands

Item	Year 2023	Year 2024	Difference	%
Operating Revenue	5,552,536	5,372,560	(179,976)	-3
Gross Profit	260,280	7,820	(252,460)	-97
Net Operating Loss	(138,743)	(383,317)	(244,574)	176
Non-operating income	42,181	81,898	39,717	94
Net loss before income tax	(96,562)	(301,419)	(204,857)	212
Income tax benefit	30,945	3,785	(27,160)	-88
Net loss from continuing operations	(65,617)	(297,634)	(232,017)	354
Net profit (loss) from discontinued operations	(94,514)	96,491	191,005	-202
Net loss	(160,131)	(201,143)	(41,012)	26

1. Analysis of changes in financial ratios: (Analysis of Deviation over 20%)
  - (1) Gross Profit, Net Operating loss, Net loss before income tax, Income tax benefit, Net loss from continuing operations, Net loss:  
It was mainly due to macroeconomic weakness conditions prolonged the semiconductor inventory adjustment cycle, encounter increases in the prices of utilities and raw materials.
  - (2) Increase in Non-operating income:  
It was mainly due to the increase of gain on foreign exchange and Interest income.
  - (3) Net profit (loss) from discontinued operations:  
It was mainly due to the gain on disposal of the subsidiary in 2024.
2. Sales Volume Forecast and Related Information  
For additional details, please refer to "I. Letter to Shareholders".
3. Future Plan on Financial Performance:  
In the face of an increasingly fierce competitive environment and future reinvestment, the company has developed an appropriate financial strategy and a capital demand plan for the current year. Continues to observe market conditions and interact closely with customers to understand customer demand.



### 5.3 Analysis of Cash Flow

#### 5.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ in Thousands

Cash and Cash Equivalents, Beginning of Year (A)	Net Cash Flow from Operating Activities (B)	Net Cash Flow from Investing Activities (C)	Net Cash Flow from Financing Activities (D)	Effect of Exchange Rate (E)	Cash Surplus (A+B+C+D+E)
\$1,216,675	622,132	71,642	(372,890)	6,517	1,544,076

Analysis of Cash Flow :

- (1) Operating Activities  
Mainly came from the operation profits excluding the depreciation and amortization expenses.
- (2) Investing Activities  
Mainly came from the proceeds from disposal of subsidiary and capital expenditures.
- (3) Financing Activities  
Mainly due to repayments of bank loans and payment of cash dividend.

#### 5.3.2 Remedial Actions for Liquidity Shortfall: not required.

#### 5.3.3 Cash Flow Projection for Next Year:

The company estimates to pay capital expenditures and cash distribution from capital surplus by bank loan and cash in bank.

### 5.4 Recent Years Major Capital Expenditures and Impact on Financial and Business

Project	Actual or Planned Source of Capital	Actual Use of Capital	Impacts on the finance and operation
Production Equipment	Our fund or Bank fund	NT\$220,381,000	Based on capital expenditures listed above, the company's production capacity increased, with positive effect to the finance and operation of the company.

### 5.5 Long-term Equity Investment Policy and Results

5.5.1 The company's Investment Policy is that investment for the need of business development and future growth of the company. The organizational structure, investment purpose, market condition, business development, shareholding percentage and other items of the investment enterprise shall be assessed carefully, so as the reference for the decision-making company organizations to make decisions. The company invigilating and managing the subsidiaries in accordance of internal control system and with the execution of enacted "Operational Procedure of monitoring Subsidiaries".

5.5.2 The Operational Highlights of Affiliated Companies has been announced at the MOPS in accordance with the law. For the related information, please refer to the Website at <https://mops.twse.com.tw>. The current loss generated from part of reinvested companies was mainly due to not meet the economies of scale. The company will continue focusing on core businesses growth. The investment will also follow core development strategy of the company and dispose unprofitable investment on suitable timing.

## **5.6 Analysis of Risk Management**

### **5.6.1 Risks Associated with Changes Interest Rates, Foreign Exchange Rates and Inflation**

**(1) Interest Rate Fluctuations:**

The interest rate risk of the company and its subsidiaries is mainly from floating-rate bank loans borrowed for operating and investing activities, and the future cash flow of interest expense will fluctuate due to changes in interest rates. On the basis of consolidated financial statements in 2024, if the interest rate is increased by 1% in the future, the net profit before tax will be reduced by approximately NT\$1,153,000.

In terms of assets, the company and its subsidiaries allocate funds in a conservative and prudent manner to ensure the safety of working capital and maintain liquidity, and holds idle funds as term deposits in the bank.

**(2) Foreign Exchange Fluctuation:**

The currency risk of the company and its subsidiaries mainly comes from cash and cash equivalents, accounts receivable, borrowings and accounts payable denominated in foreign currency, so the fluctuation of foreign exchange rate may affect the operating income, operating costs and expenses, and even profit denominated in foreign currencies. On the basis of consolidated financial statements in 2024, if the NT dollar appreciates by 1% against the US dollar, the consolidated net profit before tax will be reduced by approximately NT\$3,100,000.

In order to avoid the adverse impact of foreign exchange rate fluctuation on the operating results of the Company and its subsidiaries, the hedging strategy of the company is based on the principle of natural hedging. The company utilizes the foreign-denominated debt to counterbalance its position of foreign currency assets. The company will closely be observing the change of foreign currency and made the adjustment of the position in foreign currency to avoid the risk of exchange rate, use foreign exchange derivative contracts, including foreign exchange in a timely manner.

**(3) Inflation :**

According to the statistics of the Directorate-General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan, the economic growth rate in 2024 was 4.59%, the annual growth rate of consumer price index (CPI) in 2024 was (2.18 %) lower than the previous year. The DGBAS predicts that the Taiwan's GDP at 3.14% and the CPI annual growth rates to drop to 1.94% in 2025. It is expected that inflation will be effectively kept under control in the future and not be able to have much impact on the company's operation results.

#### **5.6.2 Risks Associated with High-Risk/Highly Leveraged Investments; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions**

- (1) To manage risks, the Company has established internal control policies and procedures according to the relevant laws and regulations of FSC, which include “Procedures for Lending Funds to Other Parties”, “Procedures for Making Endorsements and Guarantees”, and “Procedures for Acquisition or Disposal of Assets”. The Company will follow these procedures and protocols strictly.
- (2) In 2024 and as of the date of this annual report, the Company made no high-risk or highly leveraged financial investments, Lending and Financial Derivative Transactions.
- (3) **Endorsements and Guarantees**  
The company's endorsements and guarantees are provided only to its subsidiaries. As of December 31, 2024, the balance of endorsements and guarantees was zero and no losses.

#### **5.6.3 Future R&D Plans and Expected R&D Spending**

- (1) **Future R&D Plans**  
For additional details, please refer to the “4.1.1 (3) New Product (Service) Development” section under Chapter IV. Operational Highlights on page 49 of this Annual Report
- (2) **Further expenditures expected for R&D**  
The company input 2% ~ 3% of the revenue for the further expenditures expected for research and development.

#### **5.6.4 Risks Associated with Changes in the Government Policies and Regulatory Environment**

The company management closely monitors all domestic and foreign governmental policies and regulations that might impact the company's business and financial operations. During 2024 and as of the date of this Annual Report, the following changes or developments in governmental policies and regulations may influence the Company's business operations:

- (1) For the IFRSs that have been issued by International Accounting Standards Board but not yet endorsed and issued into effect by the F S C, the company is continuously assessing the possible impact on consolidated financial reports and will complete assessment based on the FSC timeline.
- (2) The minimum wage adjusted from NT\$27,470 to NT\$28,590 with the increase of 4.0%. The Company made the adjustment in according to laws and regulations.
- (3) In accordance with the “Climate Change Response Act”, which establish a carbon fee system to collect carbon fees on direct and indirect emissions from emitters whose emissions reach certain thresholds, will start collecting the fees from 2025. The company's emission levels have not yet exceed applicable thresholds pursuant to the current regulatory requirements. The company will continue to monitor the latest government announcements and policies.

#### **5.6.5 Risks Associated with Changes in Technology and Industry**

- (1) The technology of semiconductor industry was improving rapidly. The company handled the need of the clients by collecting and analyzing market information, actively innovating and developing technology, strengthen our packaging and testing capabilities, avoid the impact of change in technology to the company's operation. Due to the company's product differentiate the market with other major package and testing companies, we insist on providing clients our excellent services and improve the operational efficiency and reduce costs for the projects to maintain the market competitiveness.
- (2) Regarding information security, the company has an Information Security Policy in place to provide a basis for management. The policy provides effective control and clear definitions of roles and management responsibilities. The interdepartmental and interdisciplinary Information Security Committee was created for the purpose of promoting information security management on an ongoing basis to ensure the information security management mechanisms work properly.

Global information security incidents are frequent. The company's information security team will also pay close attention to various information security incidents at any time, and take relevant preventive measures in a timely manner to reduce the impact of information security risks on the company's operations.

The company has committed to improving overall information security maturity, to requiring employees to comply with relevant network information security regulations through regular announcements and to complete information security awareness education and training, and implement email social engineering walkthroughs.

#### **5.6.6 Changes in Corporate Reputation and Impact on the Company's Crisis Management**

The company bears the core faith of innovative, proactive, integrity, down-to-earth, and sharing excellence for fifty years. For the implementation about the CSR and corporate image, please refer to Page 28~36 of this Annual Report.

#### **5.6.7 Risks Associated with Mergers and Acquisitions**

In 2024 and as of the date of this Annual Report, the company had not conducted any merger or acquisition.

#### **5.6.8 Risks Associated with Capacity Expansion or Construction of New Factory**

The new plant of the company put into operation, the overall performance gradually expanding and improving, which is what the company expected.

#### **5.6.9 Risks Associated with Sales Concentration & Purchasing Concentration**

The company with the policy of disperse the source of suppliers. The company set the scheduled evaluation and selects new suppliers and alternative materials that meet the criteria of the company's quality and environmental management system. For main raw materials, we established more than 2 alternative suppliers to ensure the supply of raw materials for mass production and to reduce the risk of purchasing with singular source simultaneously. In addition, we build up the geographic location data of the source of suppliers and quickly grasp and reduce the impact of regional natural disasters in the supply of raw materials in the future.

In 2024, there are three customers whose sales percentage accounted for over 10% of the company. The company actively expands customers in various application fields, e.g., memory, NB, communication, automotive and consumer electronics, etc. Meanwhile, through continuously enhancing the flexibility of capacity allocation, the company can lessen the impact from fluctuations in the global economy and spread risks.

#### **5.6.10 Potential Impact and Risks Associated with Sales of Significant Numbers of Shares by the company's Directors, or Shareholders Who Own 10% or More of the company's Total Outstanding Shares**

The value of the company shareholders' investment may be reduced by possible future sales of the company shares owned by major shareholders. As of the date of this Annual Report, no single shareholder owned 10% or more of the company's total outstanding shares.

The share transfer of the company's directors and managers have been reported based on official regulations and laws. Meanwhile, there is no significant share transfer activity.

#### **5.6.11 Risks Associated with Change in Management:** No such condition.

#### **5.6.12 Litigation or Non-litigation Matters:** None.

#### **5.6.13 Other Major Risks:** None.

#### **5.7 Other Important Matters:** None.

## VI. Special Disclosure

### 6.1 Summary of Affiliated Companies

#### 6.1.1 Business Report of Affiliated Companies

The Company's 2024 Consolidated Business Report of Affiliates has been announced at the Market Observation Post System in accordance with the law. For the related information, please refer to the Website at

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

Inquiry path: " Basic Information" / E-book / Three Books and Tables for Related Enterprises.

#### 6.1.2 Consolidated Financial Statements of Affiliated Companies

##### **Declaration of Consolidated Financial Statements of the Affiliated Company**

The entities that are required to be included in the combined financial statements of Lingsen Precision Industries, Ltd. 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 Standards No. 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, Lingsen Precision Industries, Ltd. and its subsidiaries do not prepare a separate set of combined financial statements.

Declared by

Company Name: Lingsen Precision Industries, Ltd.

Owner: Shu-Chyuan Yeh

February.24, 2025

#### 6.1.3 Affiliation Report: None

#### 6.2 Private Placement Securities in the Most Recent Years and as of the Date of this Annual Report: None

#### 6.3 Other Necessary Supplement: None.

## VII. Any Events in the most recent year and as of the Date of this Annual Report that Had Material Impacts on Shareholders' Interest or Securities Prices as Stated in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act of Taiwan: None.