



2024

## Annual Report

Date of Publication: April 24, 2025

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<http://www.hec-group.com.tw>

## **Compucase Enterprise Co., Ltd.**

I. Names, titles, telephone numbers and email addresses of the spokesperson and deputy spokesperson:

	Spokesperson	Deputy spokesperson
Name	Wang Chun-Tung	Lee Chia-Ching
Title	Chairman and CEO	President
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II. Addresses and telephone numbers of the headquarters and factories

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III. Name, address, website and telephone number of the stock transfer agent

Name: Registrar and Transfer Department, Yuanta Securities Co., Ltd.

Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106045, Taiwan (R.O.C.)

Website: <https://www.yuanta.com.tw>

Tel: +886-2-2586-5859

IV. Names of the CPAs certifying the financial report of the most recent year, and the name, address, website and telephone number of their accounting firm

CPAs: Wang Teng-Wei, Li Chi-Chen

Name of accounting firm: Deloitte Taiwan

Address: 13 F., No. 189, Sec. 1, Yongfu Rd., West Central Dist., Tainan City 700019, Taiwan (R.O.C.)

Website: <https://www.deloitte.com.tw>

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V. Name of the exchange where foreign securities are listed and traded, and the method of access to the information of such foreign securities: None.

VI. Compucase website: <https://www.hec-group.com.tw>

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## Chapter I

## Letter to Shareholders

Dear Shareholders,

### I. Results of implementation of the 2024 business plan

#### (I) Results of implementation of the business plan

In 2024, we recorded a net operating revenue of NTD5,699,364 thousand, a decrease of 11% from NTD6,422,503 thousand in 2023, and a consolidated net operating revenue of NTD7,402,013 thousand, a decrease of 9% from NTD8,134,733 thousand in 2023. We also recorded a consolidated gross operating profit of NTD1,621,480 thousand, an decrease of 13% from NTD1,872,713 thousand in 2023, and a consolidated after-tax net profit of NTD639,175 thousand, an decrease of 14% from in 2023. Our earnings per share as NTD4.61.

#### (II) Budget implementation

We are not required to disclose any information regarding such implementation since we did not publish any financial forecast in 2024.

#### (III) Analysis of financial revenues and expenses and profitability

##### 1. Financial revenues and expenses

Unit: NTD thousand		
Item/Year	2024	2024 (consolidated)
Net operating revenue	5,699,364	7,402,013
Net profit (loss) on non-operating revenues and expenses	5,025,947	5,780,533
Operating cost	673,417	1,621,480
Operating expense	496,891	1,138,173
Net Non-operating Income (Loss)	394,322	207,197
Pre-tax net profit	569,691	690,504
After-tax net profit	517,876	639,175

##### 2. Profitability analysis

Item/Year	2024	2024 (consolidated)
Return on assets (%)	7.3%	7.7%
Return on equity (%)	17%	15%
Net profit margin (%)	9%	9%
Earnings per share (NTD)	4.61	4.61

Note:

- Prepared according to the 2024 parent-only and consolidated financial statements of subsidiaries.

2. The data of earnings per share is based on the retroactively adjusted number of outstanding shares as of the end of 2024.

#### (IV) Performance in research and development

Being committed to satisfying customers' demands and expectations for better quality, we invested NTD165,733 thousand in R&D in 2024, a decrease of 14% from NTD145,108 thousand in 2023. The following is our future direction in R&D:

##### **Computer chassis:**

- (1) Collaboratively developing rack and server chassis products with leading AI manufacturers to secure order sources while leveraging mutual cooperation to enhance R&D capabilities.
- (2) Partnering with Taiwan NCT plant to jointly pursue rack orders, with R&D fully led by Great Well and production handled by NCT plant, enabling a more flexible approach to expand production sites and capture orders.
- (3) Focusing R&D on distinctive and differentiated chassis structures as key product features and proactively proposing solutions to customers to secure collaborations and expand revenue.
- (4) Leveraging digital punching equipment to develop diverse fine mesh designs, enhancing chassis thermal performance and improving aesthetics to create product differentiation.
- (5) Implementing engineering changes on existing models to incorporate enhanced safety regulations and EMI requirements, aiming to secure collaborations with system brands through minimal tooling investment to boost revenue.

##### **Products of power supplies:**

- (1) The complete product line of Intel ATX3.1 PSUs is ready, catering to the diverse needs of every customer.
- (2) Implementing PWM fans to enable variable fan speed performance in different usage scenarios, providing consumers with an optimal silent experience.
- (3) Adopting MPS IC solutions to achieve improved efficiency performance of PSUs under light load conditions.
- (4) Undertaking the development of liquid-cooled and fanless power supplies to broaden the product line's scope.
- (5) Titanium-rated (80 Plus highest efficiency level) power supply models are being actively promoted to customers starting this year.

##### **Products of our own brand COUGAR:**

- (1) In the COUGAR Case series, the innovative omni-directional, airflow-optimized OmnyX chassis is scheduled for mass production and launch by the end of Q1 March. This design breaks away from conventional chassis architectures by concealing cable management beneath the case, eliminating front and rear panel orientation restrictions. Featuring four large 160mm fans, it balances cooling practicality and is positioned as a flagship model representing the COUGAR brand image for the first half of 2025. Another uniquely designed chassis focused on graphics card cooling, the Duoface2 suspended case, addresses the traditional issue of obstructed airflow from the bottom intake due to the power supply and hard drives. Its top and bottom chamber suspended design resolves airflow bottlenecks and is currently patent-pending, with mass production slated for Q2 June. This model will further establish COUGAR chassis

brand recognition and drive growth momentum.

- (2) For COUGAR Power Supplies, the ATX3.1 PCI-E5.0 Gold-rated series is already in mass production. Current efforts are focused on cost optimization to introduce more competitive ATX3.1 Gold-rated products, primarily targeting system integrator (SI) channels across various regions, representing the largest growth driver for COUGAR power supply products in 2025. In addition, the ATX3.1 product line of the mainstream copper plate machine model will also be launched, optimizing existing product pain points and enhancing product competitiveness. Regarding the flagship power supply products, 1300w/1600w/2000w high-wattage platinum-rated products will also be launched to develop strategies to meet the demands of the AI market.
- (3) For COUGAR Gaming Chairs, 2025 will see the introduction of the Terminator Air, a flagship ergonomic gaming chair. Combining ergonomic comfort design with gaming aesthetics and inheriting the design DNA of COUGAR's iconic Terminator gaming chair, it will be another distinctive ergonomic gaming chair product for COUGAR.
- (4) In COUGAR Cooling, a digital LED screen liquid cooling product will be launched. Through software and firmware integration, PC system information will be displayed on the water block's LED screen, with customizable display functions. This will allow users to obtain real-time system information and personalized screen designs through COUGAR liquid cooling products, becoming a significant growth driver for the COUGAR cooling product line.

## II. Overview of the 2025 business plan and the strategy for future development

### (I) Overview of 2025 Business Plan

1. We will introduce automated manufacturing processes to save time and reduce costs.
2. We will develop digital power supply technology and expand collaboration areas with existing customers and enhance product line diversification.
3. We will develop high-wattage power supply workstation models to proactively expand into the AI personal workstation market, to meet the computational performance and stability demands of professional users.
4. We will continue to optimize and improve the electrical specifications and characteristics of power supplies in order to gain high ratings on professional websites for our PSU products and to build a good image for our power supply technologies.
5. We will develop benchmark gaming computer chassis as flagship products and actively seek market orders for them to increase our revenue and profit.
6. We will continue to introduce a complete product line for the COUGAR brand, such as gaming chairs, headsets and water-cooled products, with the aims of enhancing the reputation and market share of the brand and increasing our revenue and profit.
7. We will actively expand into the AI server domain, including key hardware such as AI server chassis and racks, with the aim of increasing overall average selling price (ASP) and gross profit margin, thereby strengthening the Company's market competitiveness.

### (II) Future strategy for development of HEC

1. HEC will strengthen partnerships with high-quality customers to enhance mutual value creation, thereby driving profit growth and expanding market share.
2. To meet customer demand and attract orders, HEC will actively integrate the internal

core technological advantages of our suppliers and group and add multiple elements of design.

3. HEC will integrate the resources of all subsidiaries under our group to raise the status of HEC among its peer companies.
4. HEC will optimize our human resources and organizational arrangement and engage in more effective management and decision-making to improve our operating performance.
5. HEC will seek growth and stable revenues and profits to enhance the interests of our shareholders and the welfare of our employees.

### III. Effects of external competition, legal environment and overall business environment

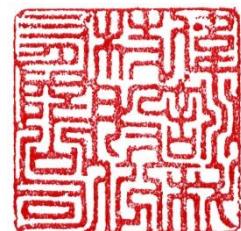
- (I) With regard to external competition, facing rapidly changing industrial technologies and diverse customer demands, HEC will continue to expand the scale and scope of R&D and effectively integrate our resources to enhance our R&D capability. HEC will meet the demands of different customers through product diversification, and we will extend our market reach to various areas to explore new markets, with the expectation of accelerating growth in our revenues and profits.
- (II) With regard to the legal environment, in response to increasingly stringent requirements for environmental protection and labor rights worldwide and in Mainland China, we will continue to improve and keep fulfilling our social responsibilities as a green business and in caring for our employees in order to reduce the restrictions of the legal environment.
- (III) With regard to the overall business environment, HEC has been adjusting its global production deployment by relocating manufacturing bases to countries or regions with lower tariffs or within free trade zones, in order to reduce reliance on products made in China and avoid high import duties.

We will keep strengthening the integration of external and internal resources in order to enhance our advantage in market competition, improve our overall operating performance, increase the welfare of our employees and satisfy the interests of our shareholders under an overall constantly changing business environment.

Best wishes to you all,

May you have good health and may all your endeavors be successful.

Compucase Enterprise Co., Ltd.



Chairman and President Wang Chun-Tung



## Chapter II Corporate Governance Report

### I. Information of Directors, President, Vice President, Assistant Vice Presidents, and Managers of Departments and Branches

Information of directors as of 2025.04.22

Title	Nationality or country of registration	Name	Gender Age	Date elected/appointed	Term	Date of first election	Shareholding at time of election		Current shareholding		Current shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent positions at HEC and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
Chairman and President	R.O.C.	Compucase Investment Co., Ltd. Representative: Wang Chun-Tung	Male 51 - 60	2022.06.23	3	2014.06.20	23,835,605	21.23%	23,835,605	21.23%	-	-	-	-	MBA Program, National Chengchi University Bachelor of Electrical Engineering, National Chiao Tung University Product Manager, BenQ Corporation Vice President for Production, HEC	Corporate representative of a subsidiary of HEC Representative of director at LFE and OPT Director, FCC	-	-	-	
							424,000	0.37%	300,000	0.27%	-	-	-	-			-	-	-	
Director	R.O.C.	Compucase Investment Co., Ltd. Representative: Huang Hsiu-Ling	Female 61 - 70	2022.06.23	3	2019.06.20	23,835,605	21.23%	23,835,605	21.23%	-	-	-	-	Department of Finance and Tax, National Chung Hsing University Manager, Department of General Administration, Han Rui Technology Co., Ltd. Director, Loyal Fidelity Aerospace Corp. Supervisor, MIO Technology Corporation Supervisor, Tzu Feng Investment Co., Ltd. Vice President for Finance, MiTAC Holdings Corporation		-	-	-	
							-	-	-	-	2,000	-	-	-			-	-	-	
Director	R.O.C.	Cheng Li Investment Co., Ltd. Representative: Ko Chi-Yuan	Male 71 - 75	2022.06.23	3	2013.06.14	6,638,193	5.91%	6,638,193	5.91%	-	-	-	-	Department of Economics, National Chung Hsing University Chairman, San Shing Fastech Corp.	Corporate representative of a South Korea subsidiary of HEC Representative of director at OPT, LFE and its subsidiaries	-	-	-	
							230,000	0.20%	336,000	0.30%	-	-	-	-			-	-	-	
Director	R.O.C.	Cheng Li Investment Co., Ltd. Representative: Li Ssu-Chia	Female 41 - 50	2022.06.23	3	2013.06.14	6,638,193	5.91%	6,638,193	5.91%	-	-	-	-	Master of Accounting, University of Illinois Urbana-Champaign CFO, AB Value Asset Management Co., Ltd.	Supervisor at Compucase Investment Co., Ltd., Cheng Li Investment Co., Ltd., AB Value Investment Co., Ltd. and OPT Director, SAN SHING Directors	-	-	-	
							3,000	-	3,000	-	-	-	-	-			-	-	-	
Director	R.O.C.	Li Li-Sheng	Male 61 - 70	2022.06.23	3	2013.06.14	602,000	0.53%	302,000	0.27%	-	-	-	-	Graduated from senior high school Chairman, Zong Sine Industries Inc.	Representative of director at LFE and OPT Director, Universal Textile Co., Ltd.	-	-	-	

Title	Nationality or country of registration	Name	Gender Age	Date elected/appointed	Term	Date of first election	Shareholding at time of election		Current shareholding		Current shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent positions at HEC and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
Director	R.O.C.	Chung Ding-Chun	Male 51 - 60	2022.06.23	3	2013.06.14	200,000	0.18%	196,000	0.17%	97,000	0.09%	-	-	Master of Business Administration, College of Management, National Taiwan University President, Japan Asia Asset Management Co., Ltd.	Director at WCX, WSE and WYT Representative of director at LFE and OPT	-	-	-	-
Independent director	R.O.C.	Hua Chih-Chiang	Male 61 - 70	2022.06.23	3	2022.06.23	-	-	-	-	-	-	-	-	PhD in Electrical Engineering, University of Missouri Bachelor of Electrical Engineering, National Cheng Kung University Distinguished Professor, Department of Electrical Engineering, National Yunlin University of Science and Technology Chief Administrator, Office of Research and Development, National Yunlin University of Science and Technology Dean, College of Engineering, National Yunlin University of Science and Technology	-	-	-	-	-
Independent director	R.O.C.	Chen Jung-Chao	Male 51 - 60	2022.06.23	3	2022.06.23	-	-	-	-	-	-	-	-	LLM, National Chung Cheng University Department of Accounting, College of Law and Commerce, National Chung Hsing University CPA, Water Accountants' Firm Manager and Assistant Vice President, KPMG Taiwan	Member of the Compensation Committee and Independent Director at YAHORNG, SciVision	-	-	-	-
Independent director	R.O.C.	Hsu Chia-Te	Male 41 - 50	2022.06.23	3	2022.06.23	-	-	-	-	-	-	-	-	Business Management Certificate, Harvard Extension School Master of International Trade Management, Boston University President, Well-Spring Enterprise Corp. Supervisor, Speed Tech Corp. Supervisor, Speed Tech Corp Director, Ho Li Investment Co., Ltd. Member of the Compensation Committee at Kwong Lung Enterprise Co., Ltd.	Member of the Compensation Committee and Independent Director at Kwong Lung Enterprise Co., Ltd. Representative of director at SpeedTech	-	-	-	-
Independent director	R.O.C.	Wang Yu-Ling	Female 41 - 50	2023.06.15	2	2023.06.15	-	-	-	-	-	-	-	-	LLM, National Taiwan University Attorney at Heng Li Law Firm. Judge at Taiwan New Taipei District Court.	Member of the Compensation Committee and Independent Director at Chung Tai Resource Technology Corp.	-	-	-	-

Note: Where the chairman and the president or any officer with equivalent position (the top manager) at HEC are the same person, in a spousal relationship or related within the first degree of consanguinity, information relating to the reason, reasonableness and necessity of such situation and the measures in response (e.g. increasing the number of independent directors, with a majority of directors not serving concurrently as employees or managers) must be described: In view of the Chairman's extensive industry experience, strategic acumen, leadership capabilities, and well-established relationships with major clients, the Board of Directors has resolved to appoint him to concurrently assume the role of President. To uphold the principles of sound corporate governance and ensure an appropriate system of checks and balances, the Company has, in response, increased the number of independent directors.

1. The following are the major shareholder(s) of each corporate shareholder listed in the table above and the percentage of its shareholding:

2025.04.21

Name of corporate shareholder	Major shareholder of corporate shareholder	Shareholding (%)
Cheng Li Investment Co., Ltd.	Compucase Investment Co., Ltd.	100.00

2. The representative of a corporate shareholder serving as the major shareholder of a corporate shareholder:

2025.04.21

Name of corporate	Major shareholder of corporate	Shareholding (%)
Compucase Investment Co., Ltd.	AB Value Investment Co., Ltd.	100.00

3. The representative of a corporate shareholder serving as the major shareholder of a corporate shareholder:

2025.04.21

Name of corporate shareholder	Major shareholder of corporate shareholder
AB Value Investment Co., Ltd.	Fubridge Asset Management Co., Ltd. (40.22%), Ant Value Capital Investment Limited (21.21%), AB Value Investment Company (10.73%), Ho Hsiu-Chen (9.99%), Li Li-Sheng (9.99%), Li Jui-Mei (1.96%), Kao Fen-Fen (1.64%), Kao Ming-Chang (1.64%), Chang Chia-Hao (1.26%), Li Yu-Ying (0.98%), Chang Ching-Wen (0.38%)

4. Disclosure of information about the professional qualifications of directors and the independence of independent directors:

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Also an independent director at the following number of other public company(ies)
Chairman and President Representative of Compucase Investment Co., Ltd.: Wang Chun-Tung	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>President, Compucase Enterprise Co., Ltd.</li> </ol>	N/A	-
Director Representative of Compucase Investment Co., Ltd.: Huang Hsiu-Ling	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Vice President for Finance, MiTAC Holdings Corporation.</li> </ol>	N/A	-
Director Representative of Cheng Li Investment Co., Ltd.: Ko Chi- Yuan	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Chairman, San Shing Fastech Corp.</li> </ol>	N/A	-
Director Representative of Cheng Li Investment Co., Ltd.: Li Ssu- Chia	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>A professional or technician who has passed the national examination required for judge, prosecutor, lawyer, accountant or any other business of HEC and has received a certificate thereof.</li> <li>CFO, AB Value Asset Management Co., Ltd.</li> </ol>	N/A	-

Name Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	Also an independent director at the following number of other public company(ies)
Director Li Li-Sheng	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Chairman, Zong Sine Industries Inc.</li> </ol>	N/A	-
Director Chung Ding-Chun	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Senior Partner, AB Value Asset Management Co., Ltd.</li> </ol>	N/A	-
Independent director Hua Chih-Chiang	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Dean, College of Engineering, National Yunlin University of Science and Technology</li> </ol>	Note 2	-
Independent director Chen Jung-Chao	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>A professional or technician who has passed the national examination required for judge, prosecutor, lawyer, accountant or any other business of HEC and has received a certificate thereof.</li> <li>CPA, Water Accountants' Firm.</li> </ol>	Note 2	2
Independent director Hsu Chia-Te	<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>President, Well-Spring Enterprise Corp.</li> </ol>	Note 2	1

Name	Criteria Professional qualifications and experience (Note 1)	Independence (Note 2)	Also an independent director at the following number of other public company(ies)
Independent director Wang Yu-Ling	<ol style="list-style-type: none"> <li>1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>2. Judge at Taiwan New Taipei District Court.</li> <li>3. Attorney at Heng Li Law Firm.</li> </ol>	Note 2	1

Note 1: None of the circumstances under Article 30 of the Company Act applies to any director.

Note 2: Also an independent director at less than three other public companies.

The criteria of independence are as follows:

- (1) Not an employee of HEC or any of its affiliates.
- (2) Not a director or supervisor of HEC or any of its affiliates (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (3) Not a natural-person shareholder whose shareholding, including the shares held by his/her spouse or minor children or through nominees, equals or exceeds 1% of the total outstanding shares of HEC, or who is among the top 10 shareholders of HEC.
- (4) Excluding managers listed in item (1), and the spouses, second-degree relatives, or third-degree direct blood relatives of individuals listed in items (2) and (3).
- (5) Not a director, supervisor or employee of any corporate shareholder who holds at least 5% of the outstanding shares of HEC, is among the top 5 shareholders or has appointed a representative as a director or supervisor of HEC in accordance with paragraph 1 or 2, Article 27 of the Company Act (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (6) Not a director, supervisor or employee of another company where a majority of the seats of director or voting shares are under the control of the same person (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (7) Not a director, supervisor or employee of another company or institution who is also the chairman, president or any officer with equivalent position at HEC or is his/her spouse (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (8) Not a director, supervisor or manager or a shareholder with a shareholding of no less than 5% at any company or institution with a financial or business relationship with HEC (except where that company or institution holds no less than 20% and no more than 50% of the total outstanding shares of HEC, and where the person serves as an independent director concurrently at HEC and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (9) Not a professional or an owner, partner, director, supervisor or manager of any sole proprietorship, partnership, company or institution specialized in commercial, legal, financial, accounting or other related services, who provides auditing services to HEC or any of its affiliates or who has received a cumulative amount of less than NTD500,000 as remuneration in the most recent 2 years, and not his/her spouse, except for any of the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers who perform their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or any relative within the second degree of consanguinity of any other director.
- (11) Not elected as a government agency, a corporation or its representative under Article 27 of the Company Act.

5. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors: To strengthen corporate governance and facilitate well-developed composition and structure of the Board of Directors, we promote and respect a policy of diversity of directors, and we believe that a diversification policy is helpful for improving our overall performance. In principle, election of the members of the Board of Directors is exclusively merit based. All of them must have diverse and complementary capabilities in cross-industry areas, and are required to possess industrial experience and relevant skills and the abilities in operational judgment, business management, leadership, decision-making and crisis management. In order to strengthen the functions of the Board of Directors and achieve the ideal goals of corporate governance, all members of the Board of Directors must possess the following abilities:

(A) Business judgment (B) Accounting and financial analysis (C) Management and leadership (D) Crisis management (E) Industry knowledge (F) International market perspective (G) Leadership skills (H) Decision-making capability.

The following is the status of implementation of the policy for diversity of the current members of the Board of Directors:

The current Board of Directors consists of 10 members, each possessing practical experience in managing operations of listed companies or holding managerial positions in government agencies. Besides having leadership, crisis management, and international market insights, among the 4 independent directors, Independent Director Wang Yu-Ling previously served as a judge at the New Taipei District Court and is currently a practicing attorney at Heng Li International Law Firm; Independent Director Hua Chih-Chiang is a Distinguished Professor at the Department of Electrical Engineering, National Yunlin University of Science and Technology; Independent Director Chen Jung-Chao is a practicing CPA at Water Accountants' Firm; and Independent Director Hsu Chia-Te serves as President of Well-Spring Enterprise Corp. They bring expertise in legal practice, financial accounting, industry knowledge, and operational judgment. Among the 6 non-independent directors; Director Huang Siu-Ling and Director Li Si-Chia have expertise in financial accounting. Chairman Wang Chun-Tung and Directors Ko Chi-Yuan, Li Li-Sheng, and Chung Ting-Chun have held key executive positions, such as chairman or general manager, at listed companies across a range of industries, including electronic components, hardware, textiles, and technology. They bring professional expertise in marketing, technology, business management, industry knowledge, and operational judgment. The current Board includes three female members, accounting for 30% of the Board. Although neither gender accounts for at least one-third of the seats, the composition of the board has primarily been based on candidates' professional backgrounds, experience, and their potential contributions to the Company's future development, without imposing specific gender quotas. Nevertheless, the Company will continue to promote gender equality on the Board and has set the goal of achieving at least one-third representation for each gender as a long-term objective.

The basic composition of the Board of Directors is as follows:

Directors Name	Basic									
	Nationality	Gender	Also serves as an employee of HEC	Age				Term of Independent Director		
				41 - 50	51 - 60	61 - 70	71 - 75	Under 3 years	3 to 9 years	9 or more years
Wang Chun-Tung	R.O.C.	Male	V		V					
Ko Chi-Yuan	R.O.C.	Male					V			
Huang Hsiu-Ling	R.O.C.	Female				V				
Li Ssu-Chia	R.O.C.	Female		V						
Li Li-Sheng	R.O.C.	Male				V				
Chung Ding-Chun	R.O.C.	Male			V					
Hua Chih-Chiang	R.O.C.	Male				V		V		
Chen Jung-Chao	R.O.C.	Male			V			V		
Hsu Chia-Te	R.O.C.	Male		V				V		
Wang Yu-Ling	R.O.C.	Female		V				V		

(2) Independence of the Board of Directors:

Our directors serve an average term of six years, and none of our independent directors has served for more than three consecutive terms. The composition of our directors, all of whom are nationals of the Republic of China (Taiwan), includes four independent directors (40%) and one director who is also our employee (10%). The ranges of distribution of the ages of our directors are shown in the table above.

No spousal relationship or relationship within the second degree of consanguinity exists among our directors.

## 6. Information of, President, Vice President, Assistant Vice Presidents, and Managers of Departments and Branches

2024.04.22

Title	Nationality	Name	Gender	Date elected/appointed	Shareholding		Shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent position at another company	Manager with a spousal relationship or a relationship within the second degree of consanguinity			Remarks (Note)
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
Chairman and President	R.O.C.	Wang Chun-Tung	Male	2006.09.01	300,000	0.27%	-	-	-	-	MBA Program, National Chengchi University Bachelor of Electrical Engineering, National Chiao Tung University Product Manager, BenQ Corporation Vice President for Production, HEC	Corporate representative of a subsidiary of HEC Representative of director at LFE and OPT Director, FCC	-	-	-	-
Senior Vice President for Business Unit	R.O.C.	Lee Chia-Ching	Male	2023.10.01	-	-	-	-	-	-	MBA Program, Southern Taiwan University of Science and Technology Project Manager, Hon Hai Precision Industry Co., Ltd. Vice President of HEC	-	-	-	-	-
Vice President for Business Unit	R.O.C.	Li Chun-Liang	Male	2007.10.01	-	-	-	-	-	-	Graduate Institute of Mechanical Engineering, National Taiwan Ocean University Assistant Manager, R&D Division, Catcher Technology Co., Ltd.	-	-	-	-	-
Vice President for Business Unit	R.O.C.	Huang Li-Chun	Male	2023.10.01	2,000	-	1,000	-	-	-	Graduate Institute of Industrial Design, Chang Gung University Assistant Vice President, COUGAR Brand Business Division, HEC	-	-	-	-	-
Assistant Vice President for Business Unit	R.O.C.	Lin Yong-Zong	Male	2021.02.01	-	-	-	-	-	-	Graduate Institute of Electronic Engineering, National Kaohsiung University of Applied Sciences Title	-	-	-	-	-

Title	Nationality	Name	Gender	Date elected/appointed	Shareholding		Shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent position at another company	Manager with a spousal relationship or a relationship within the second degree of consanguinity			Remarks (Note)
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship	
Assistant Vice President for Business Unit	R.O.C.	Wu Yen-Yu	Male	2024.05.01	1,000	-	-	-	-	-	Department of Finance, National Chung Cheng University Vice President of Power Business Unit, HEC	-	-	-	-	-
Assistant Vice President of Financial Department	R.O.C.	Lin Yung-Hsiang	Male	2023.01.03	2,000	-	-	-	-	-	Department of Industrial Management, National Cheng Kung University Assistant Vice President for Business Planning Office, HEC	-	-	-	-	-
Chief corporate governance officer	R.O.C.	Li Yu-Ming	Male	2023.03.23	-	-	-	-	-	-	Institute of Financial and Economic Law, Southern Taiwan University of Science and Technology Manager of the Legal Section, HEC	Chief Corporate Governance Officer, Loyalty Founder Enterprise Co., Ltd.	-	-	-	-

Note: Where the president or any officer with equivalent position (the top manager) and the chairman are the same person, in a spousal relationship or related within the first degree of consanguinity, information relating to the reason, reasonableness and necessity of such situation and the measures in response (e.g. increasing the number of independent directors, with a majority of directors not serving concurrently as employees or managers) must be disclosed: Due to the Chairman's complete industrial experience, understanding of the industry and market, leadership skills and good familiarity with customers, as well as his ability in overall business planning, our measure in response is to increase the number of independent directors.

## 7. Remuneration for directors, independent directors, supervisors, president and vice presidents

The remuneration of directors is disclosed on an individual basis, including their names and remuneration ranges:

- Where the remuneration received by all directors and supervisors from all companies in the financial report accounts for more than 2% of the after-tax net profit and where any director or supervisor has received an amount of remuneration exceeding NTD15 million, the remuneration of the individual director or supervisor must be disclosed.

## (1) Remuneration for directors and independent directors

December 31, 2024; Unit: NTD thousand

Title	Name	Remuneration for directors				The total amount of items A, B, C, and D and the proportion of net profit after tax	Remuneration received by employees in concurrent roles				The total amount of items A, B, C, D, E, F, and G and the proportion of net profit after tax	Receiving remuneration from reinvestments outside of subsidiaries or the parent company.									
		Remuneration (A)	Retirement pension (B)	Director's remuneration (C) (Note 1)	Operating expenses (D) (Note 2)		Salary, bonuses, special allowances, etc (E)		Retirement pension		All companies in the financial statements	Stock amount	HEC								
							HEC	HEC	HEC	HEC											
Legal representative director	Compucase Investment Co., Ltd.	-	-	-	6,166	6,166	-	6,166 1.19%	-	-	-	-	6,166 1.19%	6,166 1.19%							
Chairman	Wang Chun-Tung	-	-	-	-	-	210	210	210 0.04%	5,116	23,440	-	108	12,362	-	18,023	-	17,688 3.42%	41,781 8.07%	-	
Representative	Huang Hsiu-Ling	-	-	-	-	-	210	210	210 0.04%	-	-	-	-	-	-	-	-	210 0.04%	210 0.04%	-	
Director	Cheng Li Investment Co., Ltd.	-	-	-	-	4,933	4,933	-	4,933 0.95%	4,933 0.95%	-	-	-	-	-	-	-	-	4,933 0.95%	4,933 0.95%	-
Representative	Ko Chi-Yuan	-	10,217	-	-	-	-	210	210	210 0.04%	10,427 2.01%	-	-	-	-	-	-	-	210 0.04%	10,427 2.01%	-
Representative	Li Ssu-Chia	-	-	-	-	-	-	210	210	210 0.04%	210 0.04%	-	-	-	-	-	-	-	210 0.04%	210 0.04%	-
Director	Chung Ding-Chun	-	-	-	-	2,466	2,466	210	210	2,676 0.52%	2,676 0.52%	-	-	-	-	-	-	-	2,676 0.52%	2,676 0.52%	-
Director	Li Li-Sheng	-	-	-	-	2,466	2,466	210	210	2,676 0.52%	2,676 0.52%	-	-	-	-	-	-	-	2,676 0.52%	2,676 0.52%	-
Independent director	Hua Chih-Chiang	-	-	-	-	2,466	2,466	280	280	2,746 0.53%	2,746 0.53%	-	-	-	-	-	-	-	2,746 0.53%	2,746 0.53%	-
Independent director	Chen Jung-Chao	-	-	-	-	2,466	2,466	280	280	2,746 0.53%	2,746 0.53%	-	-	-	-	-	-	-	2,746 0.53%	2,746 0.53%	-
Independent director	Hsu Chia-Te	-	-	-	-	2,466	2,466	280	280	2,746 0.53%	2,746 0.53%	-	-	-	-	-	-	-	2,746 0.53%	2,746 0.53%	-
Independent director	Wang Yu-Ling	-	-	-	-	2,466	2,466	280	280	2,746 0.53%	2,746 0.53%	-	-	-	-	-	-	-	2,746 0.53%	2,746 0.53%	-

Note 1: The amount of director's remuneration distributed in 2024 is NTD25,895 thousand as decided by the Board of Directors on March 13, 2025. The amount received by directors is accrued and has not been disbursed as of the date of publication of the annual report.

Note 2: Professional practice expenses refer to transportation allowances for meeting with total NTD2,380 thousand dollars, which are provided to the Board of Directors, Compensation Committee, and Audit Committee.

Note 3: The amount of employee remuneration distributed in 2024 is NTD51,790 thousand as decided by the Board of Directors on March 13, 2025. The amount of employee remuneration received by the employee in dual roles is accrued and has not been disbursed as of the date of publication of the annual report.

(2) Remuneration for supervisors: Starting from June 23, 2022, the Audit Committee replaced the supervisors, and there are no longer any supervisors.

(3) Remuneration for the president and vice presidents, disclosed in aggregate with names and remuneration ranges

December 31, 2024; Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc.(C)		employee share of earnings distribution (D)				Total of A, B, C, and D as a percentage of net income after tax (%)		Remuneration received from investee companies other than subsidiaries	
		HEC	All companies in the financial statements (Note 6)	HEC	All companies in the financial statements (Note 6)	HEC	All companies in the financial statements (Note 6)	HEC		All companies in the financial statements		HEC	All companies in the financial statements (Note 6)		
								Amount of cash dividend	Amount of stock dividend	Amount of cash dividend	Amount of stock dividend				
President	Wang Chun-Tung	2,463	14,252	0	108	2,653	9,188	12,362	0	18,023	0	17,478	41.571 3.37%	8.03%	None
Senior Vice President	Lee Chia-Ching	2,282	2,933	108	108	1,833	1,833	2,041	0	2,041	0	6,264	6,915 1.21%	1.34%	None
Vice President	Li Chun-Liang	1,727	1,727	106	106	592	592	849	0	849	0	3,274	3,274 0.63%	0.63%	None
Vice President	Huang Li-Chun	1,690	1,690	99	99	1,253	1,253	1,020	0	1,020	0	4,062	4,062 0.78%	0.78%	None

Note 1: "Bonuses, special allowances, etc." include a sedan used by the president for traveling, which was purchased at a cost of NTD3,713 thousand, with a carrying value of NTD1,238 thousand at the end of 2024.

Note 2: The amount of employee remuneration for 2024 is NTD 51,790 thousand as resolved by the Board of Directors on March 13, 2025. The remuneration allocated to the General Manager and Deputy General Managers is based on estimated figures and has not been disbursed as of the date of publication of the annual report.

#### (4) Remuneration Details of the Five Highest-Paid Managerial Personnel

December 31, 2024; Unit: NTD thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, special allowances, etc.(C)		employee share of earnings distribution (D)				Total of A, B, C, and D as a percentage of net income after tax (%)		Remuneration received from investee companies other than subsidiaries	
		HEC	All companies in the financial statements (Note 6)	HEC	All companies in the financial statements (Note 6)	HEC	All companies in the financial statements (Note 6)	HEC		All companies in the financial statements		HEC	All companies in the financial statements (Note 6)		
								Amount of cash dividend	Amount of stock dividend	Amount of cash dividend	Amount of stock dividend				
President	Wang Chun-Tung	2,463	14,252	0	108	2,653	9,188	12,362	0	18,023	0	17,478	41.571 3.37%	8.03%	None
Senior Vice President	Lee Chia-Ching	2,282	2,933	108	108	1,833	1,833	2,041	0	2,041	0	6,264	6,915 1.21%	1.34%	None
Vice President	Li Chun-Liang	1,727	1,727	106	106	592	592	849	0	849	0	3,274	3,274 0.63%	0.63%	None
Vice President	Huang Li-Chun	1,690	1,690	99	99	1,253	1,253	1,020	0	1,020	0	4,062	4,062 0.78%	0.78%	None
Assistant Vice President	Lin Yong-Zong	1,353	1,353	83	83	1,074	1,074	1,533	0	1,533	0	4,043	4,043 0.78%	0.78%	None

Note 1: "Bonuses, special allowances, etc." include a sedan used by the president for traveling, which was purchased at a cost of NTD3,713 thousand, with a carrying value of NTD1,238 thousand at the end of 2024.

Note 2: The amount of employee remuneration for 2024 is NTD 51,790 thousand as resolved by the Board of Directors on March 13, 2025. The remuneration allocated to the General Manager and Deputy General Managers is based on estimated figures and has not been disbursed as of the date of publication of the annual report.

#### (5) Analysis of the total remuneration paid by HEC and all companies in the consolidated financial statements to the directors, supervisors, president and vice presidents of HEC within the most recent 2 years as a percentage of after-tax net

profit, and a description of the policy, criteria and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:

Year	2024				2023				Unit: NTD thousand
	Total remuneration		The total as a % of after-tax net profit		Total remuneration		The total as a % of after-tax net profit		
	Title	HEC	All companies in the financial statements	HEC	All companies in the financial statements	HEC	All companies in the financial statements	HEC	All companies in the financial statements
Director	28,275	38,492	5.46%	7.43%	15,947	25,810	2.63%	4.26%	
Supervisor	-	-	-	-	-	-	-	-	-
President and vice president	31,078	55,822	6.00%	10.78%	35,437	58,748	5.85%	9.70%	
Total	59,353	94,314	11.46%	18.21%	51,384	84,558	8.48%	13.96%	

1. The increase in total remuneration paid to directors in 2024 compared to 2023 was mainly due to the adjustment of the allocation ratio from 2% to 4%. Meanwhile, the total remuneration paid and ratio to the president and vice presidents decreased compared to 2023, as both the bonus distribution and employee remuneration allocations were reduced due to the decline in profit in 2024. These changes are considered reasonable.
2. The policy, criteria and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:
  - (1) Policy, criteria and combinations for payment of remuneration:
    1. According to Article 29 of the Articles of Incorporation, the remuneration for each director performing his/her duties shall be determined by the Board of Directors based on the level of his/her participation and the value of his/her contribution, taking into account the general standards of peer companies. Where HEC has a profit in a year, no more than 4% of the profit will be allocated as the remuneration for directors in accordance with Article 29 of the Articles of Incorporation. We regularly assess the remuneration for directors in accordance with the "Regulations for Evaluation of the Performance of the Board of Directors," with the reasonableness of relevant performance evaluations and remuneration reviewed by the Remuneration Committee and the Board of Directors. Based on the level of a director's participation in and the value of his/her contribution to the operations of HEC, his/her remuneration will be allocated according to the weight granted and the weighted result. A director will be granted a basic weight of 1, and an additional weight of 0.5 if he/she serves as the Chairman, with his/her remuneration paid annually. The weight for any director who has served for less than one year will be calculated based on the length of his/her service.

2. Regarding the remuneration for our managers, the "Regulations Governing Remuneration" has specified allowances and bonuses as consideration and reward for the efforts and contributions made by our employees in their jobs, and bonuses are paid based on our annual operating performance, financial conditions and operations and personal job performance. Where HEC has a profit in a year, 2% - 10% of the profit will be allocated as the remuneration for employees in accordance with Article 29 of the Articles of Incorporation. We pay bonuses to our managers based on the results of performance evaluation conducted in accordance with the "Regulations Governing Performance Evaluation." The scope of performance evaluation for managers consists of: 1. Financial Indicators: the level of contribution of each business unit to our profit according to our management and income statements; 2. Non-Financial Indicators: This includes three main aspects: the implementation of the company's core values and operational management capabilities, participation in sustainable management, and the results of corporate governance evaluations. The remuneration for business performance is calculated based on these indicators. If the corporate governance evaluation results reach the fourth level or above, remuneration adjustments will be considered to reward excellent management practices. The remuneration system will be reviewed from time to time based on actual operational conditions and relevant laws.
3. According to the organizational by-laws of the Remuneration Committee, the combinations of remuneration paid by HEC includes cash remuneration, stock options, dividends, retirement benefits or severance pay, allowances and other tangible incentives. Their scope is consistent with the remuneration for directors and managers as stipulated in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedures for determination of remuneration:

1. The remuneration for our directors and managers is regularly assessed based on the results of evaluation conducted in accordance with the "Regulations for Evaluation of the Performance of the Board of Directors" and the "Regulations Governing Performance Evaluation," while the remuneration for the Chairman and the President is determined by the Board of Directors with reference to the standards of peer companies in connection with the indicators for our operating performance. To fully reflect the fulfillment of the operating performance indicators, the performance of the Chairman and the President is measured on the basis of the operating, governance and financial results relating to our operating indicators, the scope of whose evaluation includes pre-tax net profit, management of operational safety, supervision over implementation of financial plans, management of revenues, enhancement of internal control, implementation of quality assurance and management and other performance targets relating to the primary job responsibilities, or customer satisfaction as an indicator.

2. The performance assessment and remuneration of the directors and managers of the Company are subject to regular evaluation and review by the Remuneration Committee and the Board of Directors each year. In addition to considering individual performance achievement and contributions to the Company, the assessment also takes into account the overall operational performance of the Company, future industry risks and development trends, as well as periodic reviews of the compensation system in line with actual operational conditions and relevant regulations. Furthermore, it comprehensively considers current trends in corporate governance and the results of corporate governance evaluations, providing fair compensation to ensure a balance between sustainable operation and risk management of the Company. The actual amounts of remuneration paid to directors and managers for 2024 were determined by the Board of Directors after review by the Remuneration Committee.

(3) Relevance to the operating performance and future risks:

1. The review of HEC's remuneration policy, related payment standards, and systems is primarily based on the overall operating conditions of HEC. Payment standards are determined based on performance achievement rates and contribution levels to enhance the overall organizational effectiveness of the board of directors and management department. Furthermore, taking reference from industry salary standards, ensure that HEC's remuneration for the management team remains competitive within the industry, in order to retain excellent managerial talent.
2. The performance targets of our managers are associated with "risk control" to ensure all possible risks within the scope of their responsibilities are manageable and preventable, and the results of rating are based on their actual performance and connected with the relevant human resources and remuneration policies. Important decisions by our management are made after considering all relevant risk factors. The performance of relevant decisions is reflected in our profit, creating a link between the remuneration for our management and the performance in risk control.

(6) Names of managers receiving employee remuneration and details of the distribution

December 31, 2024; Unit: NTD thousand

	Title	Name	Amount of stock dividend	Amount of cash dividend (Note)	Total	The total as a % of after-tax net profit (%)
Managers	President	Wang Chun-Tung	-	20,188	20,188	3.90%
	Senior Vice President	Lee Chia-Ching				
	Vice President	Li Chun-Liang				
	Vice President	Huang Li-Chun				
	Assistant Vice President	Hsu Hwa-Teh				
	Assistant Vice President	Lin Yong-Zong				
	Assistant Vice President	Wu Yen-Yu				
	Chief corporate governance officer	Li Yu-Ming				
	Financial Manager	Lin Yung-Hsiang				
	Accounting Manager	Chen Fang-Ting				

Note: On March 13, 2025, the Board of Directors adopted a resolution to distribute NTD51,790 thousand as the remuneration for employees in 2024. The amount of remuneration for employees received by the managers is an estimation, which has yet to be distributed as of the date of publication of the annual report.

## II. Information of corporate governance

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

In 2024, the Board of Directors held five meetings (A), and the attendance of directors in these meetings is as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (%) [B/A]	Remarks
Chairman	Representative of Compucase Investment Co., Ltd.: Wang Chun-Tung	5	-	100%	
Director	Representative of Cheng Li Investment Co., Ltd.: Ko Chi-Yuan	5	-	100%	
Director	Representative of Cheng Li Investment Co., Ltd.: Li Ssu-Chia	5	-	100%	
Director	Representative of Compucase Investment Co., Ltd.: Huang Hsiu-Ling	5	-	100%	
Director	Chung Ding-Chun	5	-	100%	
Director	Li Li-Sheng	5	-	100%	
Independent director	Hua Chih-Chiang	5	-	100%	
Independent director	Chen Jung-Chao	5	-	100%	
Independent director	Hsu Chia-Te	5	-	100%	
Independent director	Wang Yu-Ling	5	-	100%	

Other information required:

- I. Where any of the following applies to the operations of the Board of Directors, the date and session of the relevant Board of Directors meeting, the proposal(s) for the meeting, all opinions of independent directors and the actions taken by HEC in response to the opinions of independent directors must be specified:
  - (I) Matters set forth under Article 14-3 of the Securities and Exchange Act subject to resolutions of the Board of Directors: HEC has established an Audit Committee, thus the provisions of Article 14-3 are not applicable.
  - (II) Matters other than the foregoing ones, for which the Board of Directors have adopted resolutions and for which objections or reservations have been expressed by independent directors in records or written statements: None.
- II. With respect to the recusal of any director with a stake in a proposal, the name of the director, the proposal, the reason for recusal and his/her participation in the voting must be specified:

(1) 16th term, 10th meeting on March 13, 2024

Proposal:

Amount of bonuses and remuneration for managers distributed during August 2023 to February 2024.

Director(s) recused due to personal stake:

The Chairman also serving as the President.

Conflict of interest and voting recusal:

The Chairman also serving as the President. In accordance with Article 206 of the Company Act, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal was approved with no objection raised by any of the other attending directors following a consultation by the acting chairperson.

Proposal:

Adjustment of the salary for managers.

Director(s) recused due to personal stake:

The Chairman also serving as the President.

Conflict of interest and voting recusal:

The Chairman also serving as the President. In accordance with Article 206 of the Company Act, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal was approved with no objection raised by any of the other attending directors following a consultation by the acting chairperson.

(2) 16th term, 13th meeting on August 09, 2024

Proposal:

Amount of bonuses and remuneration for directors, supervisors and managers distributed.

Director(s) recused due to personal stake:

The Chairman also serving as the President.

Conflict of interest and voting recusal:

Directors and supervisors' remuneration is distributed to all directors and supervisors. In accordance with Article 206 of the Company Act, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal was approved with no objection raised by any of the other attending directors following a consultation by the acting chairperson.

Proposal:

Amount of bonuses and remuneration for managers distributed during March 2024 to July 2024.

Director(s) recused due to personal stake:

The Chairman also serving as the President.

Conflict of interest and voting recusal:

The Chairman also serving as the President. In accordance with Article 206 of the Company Act, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal was approved with no objection raised by any of the other attending directors following a consultation by the acting chairperson.

III. The following is the status of implementation with regard to information including the cycle, period, scope, method and content of self-evaluation (or peer evaluation) of the Board of Directors:

1. The cycle, period, scope, method and content of self-evaluation (or peer evaluation) of the Board of Directors:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Once each year	2024.01.01~2024.12.31	The Board of Directors, individual directors and members of the Remuneration Committee and the Audit Committee	Internal self-evaluation of the Board of Directors, the Remuneration Committee and the Audit Committee, and self-evaluation of directors	Report on the result of internal evaluation of the performance of the Board of Directors

2. Aspects evaluated and scores:

(1) Evaluation of the performance of the Board of Directors:

Item evaluated	Number of questions	Average score
A. Level of participation in the operations of HEC	12	4.88
B. Improvement of the quality of decision-making by the Board of Directors	12	4.94
C. Composition and structure of the Board of Directors	7	4.93
D. Election and continuing training of directors	7	4.86
E. Internal control	7	4.94
Total/Average score	45	4.91

Result of evaluation: The overall operations of the Board of Directors have been effective and met the requirements of corporate governance.

(2) Evaluation of the performance of directors:

Item evaluated	Number of questions	Average score
A. Understanding of the goals and missions of HEC	3	4.83
B. Awareness of the responsibilities of a director	3	5.00
C. Level of participation in the operations of HEC	8	4.95
D. Management and communication regarding internal relationship	3	4.93
E. Professionalism and continuing training of directors	3	5.00
F. Internal control	3	5.00
Total/Average score	23	4.95

Result of evaluation: The overall operations of the directors have been effective and met the requirements of corporate governance.

(3) Evaluation of the performance of Remuneration Committee:

Item evaluated	Number of questions	Average score
A. Level of participation in the operations of HEC	4	5.00
B. Awareness of the responsibilities of remuneration committee	5	4.65
C. Improvement of the quality of decision-making by the remuneration committee	7	4.96
D. Composition and election of members of the remuneration committee	3	5.00
E. Internal control	1	5.00
<b>Total/Average score</b>	<b>20</b>	<b>4.92</b>

Result of evaluation: The overall operations of the Remuneration Committee have been effective and met the requirements of corporate governance.

(4) Evaluation of the performance of Audit Committee:

Item evaluated	Number of questions	Average score
A. Level of participation in the operations of HEC	4	5.00
B. Awareness of the responsibilities of a auditing committee	5	5.00
C. Improvement of the quality of decision-making by a functional committee	7	5.00
D. Composition and election of members of a functional committee	3	5.00
E. Internal control	3	5.00
<b>Total/Average score</b>	<b>22</b>	<b>5.00</b>

Result of evaluation: The overall operations of the Audit Committee have been effective and met the requirements of corporate governance.

3. Assessment cycle and duration, scope, methodology, and content of the external performance evaluation of the board of directors:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
It is advisable to conduct an assessment at least once every three years for the Board of Directors, individual directors, and functional committees	2022.07.01~2023.06.30	The Board of Directors, individual directors and members of functional committees	Engage external professional agencies-Taiwan corporate governance association	Please refer to the Investors section on HEC's official website for the Board of Directors' self-performance evaluation report for 2023, which includes the external performance assessment of the Board.

The goals of enhancing the functions of the Board of Directors (e.g.

establishment of the Audit Committee, improvement of information transparency) in the current and the most recent years, and the evaluation of their implementation:

- (1) Pursuant to the rules of procedure for the Board of Directors, the Board of Directors convenes meetings and has included four independent directors to participate in the adoption of resolutions by the Board of Directors. If there is any resolution that includes material information after each meeting of the Board of Directors, it will be disclosed on the MOPS to investors and the public as required.
- (2) We have established the "Standard Operating Procedures for Handling Requests from Directors," which designates the Finance Department as the department responsible for handling matters related to the meetings of the Board of Directors: any request from any director at a meeting must be promptly handled by the Financial Office within 7 days. To ensure compliance with the procedures for and all laws and rules applicable to the Board of Directors and maintain good exchange of information between members of the Board of Directors and between directors and managerial departments, all directors will be able to receive assistance from our accounting manager.
- (3) We have established organizational by-laws of the Remuneration Committee and the Audit Committee, and set up the Remuneration Committee and the Audit Committee, whose members are composed of independent directors. The by-laws stipulate that the Remuneration Committee and the Audit Committee must fulfill their responsibilities as administrators, faithfully perform their duties, enhance supervisory functions and increase information transparency.
- (4) We have obtained liability insurance for all directors. For further information, see p. 41 or visit the MOPS.

(II) Operations of the Audit Committee or participation of supervisors in the operations of the Board of Directors

1. Operations of the Audit Committee:

**Information of operations of the Audit Committee**

In 2024, the Audit Committee held four meetings (A), and the attendance of members in these meetings is as follows:

Title	Name	Actual number of meetings attended in non-voting capacity (B)	Number of meetings attended by proxy	Actual rate of attendance (%) [B/A]	Remarks
Independent director	Hsu Chia-Te	4	-	100%	
Independent director	Chen Jung-Chao	4	-	100%	
Independent director	Hua Chih-Chiang	4	-	100%	
Independent director	Wang Yu-Ling	4	-	100%	

Other information required:

I. Where any of the following applies to the operations of Audit Committee, the date and number of session of the relevant Audit Committee meeting, the proposal(s) for the meeting, the objections, reservations or material suggestions of independent directors, the relevant resolution of the Audit Committee and the actions taken by HEC in response to the opinions of the Audit Committee must be specified.

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

Audit Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by HEC in response to the opinions of the Audit Committee
1st term, 9th meeting 2024.03.13	<ol style="list-style-type: none"> <li>1. The 2023 business report and financial report.</li> <li>2. Distribution of earnings for 2023.</li> <li>3. The 2023 statement of internal control system.</li> <li>4. Matters concerning distribution of the accumulated earnings of foreign subsidiaries with investments from HEC.</li> <li>5. Amendment to certain provisions of the Company's "Regulations for the Election of Directors and Supervisors."</li> <li>6. Amendment to certain provisions of the "Regulations Governing Acquisition or Disposal of Assets."</li> </ol>	Approved by the all members.	Submitted to and approved by the Board of Directors.

	Audit Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by HEC in response to the opinions of the Audit Committee
		<p>7. Amendment to certain provisions of the Company's "Regulations Governing Loaning of Funds."</p> <p>8. Amendment to the "Authorization Matrix."</p>		
1st term, 10th meeting 2024.05.10		<p>1. The financial statements for Q2 of 2024.</p> <p>2. Appointment of the financial manager and accounting manager.</p> <p>3. HEC's funding loan case for its subsidiary in the US.</p> <p>4. HEC's endorsement/guarantee extension case for its subsidiary, Loyalty Founder Enterprise Co., Ltd.</p>	Approved by the all members.	Submitted to and approved by the Board of Directors.

	Audit Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by HEC in response to the opinions of the Audit Committee
		<p>1. The financial statements for Q2 of 2024.</p> <p>2. Appointment of the financial manager and accounting manager.</p> <p>3. HEC's funding loan case for its subsidiary in the US.</p> <p>4. Endorsements/guarantees totaling USD5 million from HEC to LFDG.</p> <p>5. Cancellation of the funding loan of RMB30 million from HEC's subsidiary WJA to WSE.</p> <p>6. Subsidiary WJA's funding loan case to WSE in the amount of RMB60 million.</p> <p>7. Amendment proposal for certain articles of the "Significant Operating Procedures for Related Parties, Specific Companies, and Groups."</p> <p>8. Amendments to the "Code of Conduct" of HEC.</p>	Approved by the all members.	Submitted to and approved by the Board of Directors.

Audit Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by HEC in response to the opinions of the Audit Committee
1st term, 12th meeting 2024.11.12	<ol style="list-style-type: none"> <li>1. The financial statements for Q3 of 2024.</li> <li>2. Evaluation of the independence and competence of the CPAs.</li> <li>3. Establishment of the 2025 audit plan.</li> <li>4. Establishment of HEC's Information and Communication Security Committee.</li> <li>5. Amendments to the organizational structure chart of HEC.</li> <li>6. Cancellation of the funding loan of RMB10 million from HEC's subsidiary WCX to WYT.</li> <li>7. HEC's capital increase through debt-to-equity conversion for its subsidiary in the US.</li> <li>8. Amendments to the "internal control system" and "internal audit system."</li> </ol>	Approved by the all members.	Submitted to and approved by the Board of Directors.

(II) Matters other than the foregoing ones, which have not been approved by the Audit Committee but have been approved in resolutions by at least two-thirds of all directors:  
None.

II. With respect to the recusal of any independent director with a stake in a proposal, the name of the independent director, the proposal, the reason for recusal and his/her participation in the voting must be specified: None.

III. Communication between independent directors and the chief internal auditor and CPAs:

(I) Communication with the chief internal auditor

- (1) The chief auditor submitted an audit report to the independent directors before the end of the next month following the completion of audits, and the independent directors had no objections after reviewing the report.
- (2) The chief auditor attended the meetings of the Audit Committee held at least quarterly to give reports on audit activities to the independent directors, and to communicate with its members regarding the results of the audit reports and the implementation of the follow-up reports. The following are the details of communication in the current year:

Date	Meeting session	Details of communication	Result of communication
2024/03/13	One-on-one communication meeting	<ol style="list-style-type: none"> <li>(1) Summary report of the 2023 internal control self-assessment</li> <li>(2) Internal control system for sustainability information management</li> </ol>	No objections

Date	Meeting session	Details of communication	Result of communication
2024/03/13	1st term, 9th meeting Audit Committee	Report on the implementation of internal audit activities in 2023 and 2024.	No objections
2024/05/10	1st term, 10th meeting Audit Committee	Report on the implementation of internal audit activities in 2024.	No objections
2024/08/09	1st term, 11th meeting Audit Committee	Report on the implementation of internal audit activities in 2024.	No objections
2024/11/12	1st term, 12th meeting Audit Committee	(1) Report on the implementation of internal audit activities in 2024. (2) Discussion of the 2025 internal audit plan. (3) Amendments to the "internal control system" and "internal audit system."	No objections

(II) Communication with CPAs

The independent directors and CPAs hold at least two regular meetings each year. The CPAs give reports on the financial conditions of HEC, the financial conditions and overall operations of domestic and foreign subsidiaries and the status of internal audit to the independent directors, and adequately communicate whether there are any significant adjusting journal entries or impact on the account records due to the amendment of related laws. In the event of any material irregularity, they may hold a meeting at any time.

Date	Meeting session	Details of communication	Result of communication
2024/03/13	One-on-one communication meeting	(1) Summary of audit opinions for 2023. (2) Explanation of the responsibilities of the governance unit. (3) Explanation of the quality management system of the signing auditor firm. (4) The CPAs described the scope and method of the annual audit, including group audit. (5) No significant accounting policies, major accounting estimates, or material events or transactions occurred in 2023. (6) Determination of significant risks and key audit matters. (7) Key audit matters related to revenue recognition were reviewed, and no significant abnormalities were found during the audit. (8) An audit of management override of controls was conducted, and no significant irregularities were identified.	No objections

Date	Meeting session	Details of communication	Result of communication
		(9) The assessment of the going concern assumption was conducted, and no significant irregularities were identified. (10) Recently announced or amended regulations. (11) The list of pre-approved non-assurance services remains unchanged from last year.	
2024/11/12	One-on-one communication meeting	(1) The CPAs described the scope and method of the annual audit. (2) As of the third quarter, there were no significant accounting estimates, significant subsequent events, or significant accounting policy changes. (3) No objections Statement on the audit plan for the group. (4) Identification of significant risks and key audit matters. (5) Audit strategy and approach in response to significant risks and key audit matters. (6) As of the third quarter, no significant concerns arose regarding HEC's ongoing operating capability. (7) Independent auditor's statement. (8) Introduction and disclosure content of IFRS S1/S2. (9) Timeline for IFRS sustainability disclosure. (10) Explanation of the responsibilities of the governance unit. (11) Transparency report of the auditing firm. (12) Newly applicable laws and accounting standards.	No objections

2. Involvement of supervisors in the operation of the Board of Directors: Starting from June 23, 2022, the Audit Committee replaced the supervisors, and there are no longer any supervisors.

(III) Information of corporate governance:

**Implementation of corporate governance, differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences**

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
I. Does your company establish and disclose its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		We have implemented the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and followed its spirit in the internal control system and relevant regulations, and relevant information has been disclosed on the MOPS and our website.	No significant differences
II. The shareholding structure and shareholders' equity of your company (I) Does your company establish internal procedures for handling shareholders' suggestions, questions, disputes, and lawsuits? Does your company follow such procedures? (II) Does your company keep a list of major shareholders actually controlling your company and the ultimate controllers of the major shareholders? (III) Has your company established and implemented a system for risk control and firewalls with its affiliates?	✓ ✓ ✓		(I) We have appointed a spokesperson and a deputy spokesperson responsible for contacting and communicating with our shareholders and handling shareholders' suggestions, questions, disputes, and lawsuits. (II) All changes in the shareholdings of directors and major shareholders with a shareholding of no less than 10% have been reported to HEC on a monthly basis as required, and HEC and its management have been able to keep clear track of such changes. (III) We have established the "Regulations Governing Establishment and Management of Subsidiaries" as the basis of risk control regarding transactions with our affiliates and their operations, and for the management of internal controls.	No significant differences No significant differences No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(IV) Has your company established internal regulations that prevent insiders from trading securities using non-public market information?	✓		(IV) We have established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," according to which any director or manager who has obtained important non-public information must abide by their requirements to prevent insider trading from occurring. No significant differences Composition and responsibilities of the board of directors	No significant differences
III. Composition and responsibilities of the board of directors  (I) Has your board of directors established a diversity policy and specific goals of management? Have such policy and goals been implemented?	✓	(I)	1. The Company established the "Corporate Governance Best Practices Guidelines" in 2023, which includes Section 20, Paragraph 3, concerning the "Policy on Board of Directors Diversity." According to this policy, the composition of the Board of Directors should take into account various needs such as HEC's operational structure, business development direction, and future trends, and should evaluate various aspects of diversity, including basic characteristics and values (such as gender, nationality, age, etc.), professional knowledge and skills (such as legal practice, financial accounting, etc.), and industry experience (such as law, accounting, industry, finance, marketing,	No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(II) Has your company, apart from establishing a remuneration committee and an audit committee, voluntarily set up any other functional committee?	✓		<p>or technology). The current Board of Directors consists of 10 members, including 4 independent directors and 6 non-independent directors, all of whom are distinguished figures from academia and industry. The company emphasizes gender equality in the composition of the Board of Directors, with the goal of increasing the proportion of female directors to over one-third (i.e., 33%). Currently, male directors account for 70% (7 members) and female directors account for 30% (3 members), with efforts underway to increase the number of female directors to achieve the target.</p> <p>2. For details on the implementation of diversity among board members, please refer to p.12.</p> <p>(II) Operational processes are currently running smoothly, and various functional committees may be established as needed, such as establishing a Sustainable Development Committee to prepare sustainability reports.</p>	No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Has your company established regulations and methods for evaluation of the performance of the Board of Directors? Does your company conduct such performance evaluation on a regular basis each year? Are the results of such performance evaluation submitted to the Board of Directors and used as reference for the remuneration for individual directors and for their nomination or re-election?	✓		(III) We have established the "Regulations for Evaluation of the Performance of the Board of Directors" and the methods of such evaluation, and we have determined that the remuneration for each director will be based on the result of evaluation of his/her performance. Each year, we conduct a regular evaluation of the performance of the Board of Directors, and such evaluation for 2024 had been completed, with a report on the results of evaluation of the performance of the Board of Directors submitted to the Board of Directors meeting on March 13, 2025.	No significant differences
(IV) Does your company assess the independence of CPAs on a regular basis?	✓		(IV) The Audit Committee assesses the independence and competence of the CPAs on an annual basis. The CPAs are required to provide "Audit Quality Indicators (AQIs)," evaluations are conducted based on the standards and 13 AQI indicators specified in Note 1. It has been confirmed that none of the CPAs has any financial interest or business relationship with HEC other than the fees for certification and financial and tax cases, and that none of the family members of the CPAs is in violation of the independence requirements. Base on the information of AQIs, it has been confirmed that the CPAs and their firm are above the average level of peers in terms of auditing experience and training hours. On November 12,	No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences																		
	Yes	No	Summary																			
			<p>2024, the result of assessment for the most recent year was discussed and approved by the Audit Committee. In addition, the Board of Directors adopted a resolution on the same day to approve the assessment of the independence and competence of the CPAs.</p> <p>Note 1:</p> <table border="1"> <thead> <tr> <th>Item evaluated</th> <th>Independence criteria are met</th> </tr> </thead> <tbody> <tr> <td>Whether the CPA has a direct or material indirect financial interest with HEC</td> <td>✓</td> </tr> <tr> <td>Whether the CPA has engaged in financing or guarantees with HEC or any of its directors</td> <td>✓</td> </tr> <tr> <td>Whether the CPA has a close business relationship and a potential employment relationship with HEC</td> <td>✓</td> </tr> <tr> <td>Whether the CPA or any member of his/her audit service team currently serves, or served within the most recent two years, as a director or manager or in a position with material effect on audit cases at HEC</td> <td>✓</td> </tr> <tr> <td>Whether the CPA has provided any non-audit service is likely to directly affect audit cases</td> <td>✓</td> </tr> <tr> <td>Whether the CPA has acted as a broker for the shares or other securities issued by HEC</td> <td>✓</td> </tr> <tr> <td>Whether the CPA has served as a defense counsel for HEC or represented HEC in mediating any conflict with any other third party</td> <td>✓</td> </tr> <tr> <td>The CPA is a relative of a director, manager or person serving in a position with material effect on audit cases at HEC</td> <td>✓</td> </tr> </tbody> </table>	Item evaluated	Independence criteria are met	Whether the CPA has a direct or material indirect financial interest with HEC	✓	Whether the CPA has engaged in financing or guarantees with HEC or any of its directors	✓	Whether the CPA has a close business relationship and a potential employment relationship with HEC	✓	Whether the CPA or any member of his/her audit service team currently serves, or served within the most recent two years, as a director or manager or in a position with material effect on audit cases at HEC	✓	Whether the CPA has provided any non-audit service is likely to directly affect audit cases	✓	Whether the CPA has acted as a broker for the shares or other securities issued by HEC	✓	Whether the CPA has served as a defense counsel for HEC or represented HEC in mediating any conflict with any other third party	✓	The CPA is a relative of a director, manager or person serving in a position with material effect on audit cases at HEC	✓	
Item evaluated	Independence criteria are met																					
Whether the CPA has a direct or material indirect financial interest with HEC	✓																					
Whether the CPA has engaged in financing or guarantees with HEC or any of its directors	✓																					
Whether the CPA has a close business relationship and a potential employment relationship with HEC	✓																					
Whether the CPA or any member of his/her audit service team currently serves, or served within the most recent two years, as a director or manager or in a position with material effect on audit cases at HEC	✓																					
Whether the CPA has provided any non-audit service is likely to directly affect audit cases	✓																					
Whether the CPA has acted as a broker for the shares or other securities issued by HEC	✓																					
Whether the CPA has served as a defense counsel for HEC or represented HEC in mediating any conflict with any other third party	✓																					
The CPA is a relative of a director, manager or person serving in a position with material effect on audit cases at HEC	✓																					

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
IV. Does your TWSE/TPEX listed company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or supervisors to perform their duties, assisting directors or supervisors in compliance, managing affairs for board of directors meetings and shareholders' meetings as required by law, and preparing minutes for Board of Directors meetings and shareholders' meetings)?	✓		(1) The Company, based on the resolution of the Board of Directors on March 23 2023, has appointed Manager Li Yu Ming as the dedicated corporate governance manager. The Corporate Governance Manager possesses over three years of experience in holding executive positions related to legal affairs in publicly traded companies. The primary responsibilities of the corporate governance supervisor include handling matters related to Board of Directors and shareholders' meetings in compliance with the law, preparing minutes of Board of Directors and shareholders' meetings, assisting directors in their appointment and continuing education, providing necessary information for directors to carry out their duties, and assisting directors in complying with laws and regulations. The Board of Directors has designated the finance department as the secretariat, and the finance department provides the necessary information to directors according to the "Rules of Procedure for the Board of Directors." If necessary, the audit department provides assistance.	No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences												
	Yes	No	Summary													
			<p>(2) In any year when a new election is held, we will provide each of the newly elected directors (including independent directors) with a handbook of information on laws governing directors and supervisors, and will send emails on a non-regular basis to provide information on laws and announcement by the competent authority to assist in compliance, such as reminding all directors not to sell the shares of HEC during the period when HEC purchases treasury stocks.</p> <p>(3) We have also established the "Standard Operating Procedures for Handling Requests from Directors" to assist the directors in performing their duties whenever necessary and enhance the effectiveness of the Board of Directors.</p> <p>The training received by the corporate governance manager in 2024 is as follows:</p> <table border="1"> <thead> <tr> <th>Date of study</th> <th>Organizer</th> <th>Course title</th> <th>Duration of study</th> </tr> </thead> <tbody> <tr> <td>2024.07.03</td> <td>Taiwan Stock Exchange</td> <td>2024 Cathay Sustainable Finance and Climate Change Summit</td> <td>6 hours</td> </tr> <tr> <td>2024.10.28</td> <td>Taipei Foundation of Finance</td> <td>Corporate Governance – Generative AI Industry Development Trends</td> <td>3 hours</td> </tr> </tbody> </table>	Date of study	Organizer	Course title	Duration of study	2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hours	2024.10.28	Taipei Foundation of Finance	Corporate Governance – Generative AI Industry Development Trends	3 hours	
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Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
V. Does your company establish channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Does your company create a section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concerns stakeholders?	✓		<p>(1) HEC adopts the AA1000 SES Stakeholder Engagement Standard, which is based on the five core principles of "Relevance, Accountability, Influence, Diversity of Perspectives, and Tension of Interests," in addition to identifying stakeholders within the industry. After discussions with external scholars and experts, the Company has identified seven categories of stakeholders: government agencies, employees and other workers, suppliers, shareholders and other investors, financial institutions, business partners, and customers.</p> <p>(2) We have created a section for stakeholders under "Investor Information" on our website (<a href="http://www.hec-group.com.tw/index.php?id=170&amp;L=1">http://www.hec-group.com.tw/index.php?id=170&amp;L=1</a>), , clearly listing the significance of each stakeholder group to the Company, their areas of concern, communication channels, frequency, and the effectiveness of communication.</p>	No significant differences
VI. Does your company engage any professional shareholder services agent to manage affairs for shareholders' meetings?	✓		We have engaged Yuanta Securities Co., Ltd. as our shareholder services agent to manage affairs for shareholders' meetings. No significant differences VII.	No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
VII. Information disclosure				
(I) Does your company set up a website to disclose financial, business and corporate governance information?	✓		(I) A section for investors has been set up on our website for disclosure of our financial business within at least the most recent three years, with the content thereof updated by designated personnel (our website: <a href="http://www.hec-group.com.tw/">http://www.hec-group.com.tw/</a> ).	No significant differences
(II) Does your company use other means to disclose information (e.g. setting up an English website, assigning specialized personnel to collect and disclose corporate information, implementing a spokesperson system, uploading the proceedings of investor conferences to your company's website)?	✓		(II) 1. We have set up an English website to disclose information of our products and business. Our website: <a href="http://www.hec-group.com.tw/">http://www.hec-group.com.tw/</a> 2. We have appointed a spokesperson and a deputy spokesperson, and information relating to shareholders' meetings and investor conferences has been published on our website ( <a href="https://www.hec-group.com.tw/index.php?id=100&amp;L=1">https://www.hec-group.com.tw/index.php?id=100&amp;L=1</a> ).	No significant differences
(III) Does your company publish and submit an annual financial report within two months after the end of each fiscal year? Does your company publish and submit financial reports of the first, second and third quarters and the monthly status of operations before the required deadline?	✓		(III) HEC has consistently published and filed its annual financial reports, first, second, and third quarter financial reports, as well as monthly operating results ahead of the regulatory deadlines. For details, please refer to the filings on the Market Observation Post System (MOPS) at <a href="https://mops.twse.com.tw/">https://mops.twse.com.tw/</a> .	No significant differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
VIII. Does your company have other important information useful for understanding the status of corporate governance of your company (including but not limited to employees' rights, employee care, investor relations, supplier relationship, stakeholders' rights, continuing training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by your company, etc.)?	✓		See the descriptions below.	No significant differences

VIII. Important information useful for understanding the status of corporate governance of your company (including but not limited to employees' rights, employee care, investor relations, supplier relationship, stakeholders' rights, continuing training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by your company):

(I) Employees' rights and employee care:

In accordance with the relevant laws and regulations, we have established work rules expressly setting out the protection of employees' rights and prohibiting sexual discrimination and harassment against employees to provide a harmonious and safe working environment for employees. Furthermore, we organize non-regular domestic and foreign incentive trips and year-end banquets in which the family members of our employees are invited to participate, and we care about our employees with regard to marriage, funerals and festivities.

(II) Supplier relationship:

We maintain good relationships of mutual assistance and cooperation with suppliers and customers dealing with us. We communicate our policies for environmental safety and energy conservation to all suppliers with the expectation that they follow our policies to meet requirements of the code of conduct for corporate social responsibilities.

(III) Continuing training of directors:

Since our directors have possessed relevant expertise, we will arrange, as appropriate and in accordance with our corporate governance principles, for them to continue to attend courses on corporate governance, and we will advise them to take part in any training course on legal awareness, if available.

(IV) Implementation of risk management policies and risk measurement standards:

We have established a strict internal control system as required by law, whose implementation is audited by our internal auditors on a regular or non-regular basis. We have also taken out the relevant property insurance to avoid risks.

(V) Protection of consumers or implementation of customer policies:

Under the policy of "consumer and customer first," our relevant internal regulations have been established according to the spirit of the Consumer Protection Act and other applicable laws to be implemented by our employees.

(VI) The following indicates the liability insurance we have purchased for our directors:

The insured	Insurance company	Amount insured	Insurance period	Remarks
All directors	Cathay Century Insurance Co., Ltd.	NTD32,215 thousand (USD1 million)	September 15, 2024 to September 15, 2025	Renewed

IX. Please specify the result of corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year and describe the improvements made, and please specify the priorities and measures for improvement with respect to matters for which improvement has yet to be made.

(I) Improvements made with respect to the result of corporate governance evaluation released in the most recent year:

1. At the 2024 annual shareholders' meeting, electronic voting had been adopted, and voting had been held on a proposal-by-proposal basis.
2. A meeting handbook is uploaded 30 days prior to a shareholders' meeting.
3. An annual report is uploaded 16 days prior to an annual shareholders' meeting.

(II) Priorities and measures for improvement with respect to the result of corporate governance evaluation:

1. An annual report is uploaded 16 days prior to an annual shareholders' meeting.
2. A meeting handbook is uploaded 30 days prior to a shareholders' meeting.

(IV) Where your company has established a remuneration committee, information regarding its composition, responsibilities and operations must be disclosed:

On October 26, 2011, the Board of Directors adopted the "Organizational Regulations for the Remuneration Committee" and established a Remuneration Committee consisting of three elected members, whose term is the same as that of directors. On June 23, 2022, the shareholders' meeting held a new election of directors, on the same day, the Board of Directors appointed a Remuneration Committee. On June 15, 2023, during the shareholders' meeting, an additional independent director was elected. Also on the same day, the Board of Directors appointed the newly elected independent director as a member of the Remuneration Committee. The following is the information of its members and operations:

## **(1) Information of members of the Remuneration Committee**

2025.04.22

Position (Note 1)	Name	Criteria	Professional qualifications and experience	Independence	Also a remuneration committee member at the following number of other public company(ies)
Independent director/ Convener	Hsu Chia-Te		<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>President, Well-Spring Enterprise Corp.</li> </ol>	Note 1	1
Independent director	Chen Jung-Chao		<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>A professional or technician who has passed the national examination required for judge, prosecutor, lawyer, accountant or any other business of HEC and has received a certificate thereof.</li> <li>CPA, Water Accountants' Firm.</li> </ol>	Note 1	2
Independent director	Hua Chih-Chiang		<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Dean, College of Engineering, National Yunlin University of Science and Technology.</li> </ol>	Note 1	-
Independent director	Wang Yu-Ling		<ol style="list-style-type: none"> <li>Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for HEC's business.</li> <li>Judge at Taiwan New Taipei District Court.</li> <li>Attorney at Heng Li Law Firm.</li> </ol>	Note 1	1

Note 1: We have obtained a written statement from each independent director confirming the independence of himself/herself and his/her lineal relatives vis-à-vis HEC.

The criteria of independence are as follows:

- (1) Not an employee of HEC or any of its affiliates.
- (2) Not a director or supervisor of HEC or any of its affiliates (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (3) Not a natural-person shareholder whose shareholding, including the shares held by his/her spouse or minor children or through nominees, equals or exceeds 1% of the total outstanding shares of HEC, or who is among the top 10 shareholders of HEC.
- (4) Excluding managers listed in item (1), and the spouses, second-degree relatives, or third-degree direct blood relatives of individuals listed in items (2) and (3).
- (5) Not a director, supervisor or employee of any corporate shareholder who holds at least 5% of the outstanding shares of HEC, is among the top 5 shareholders or has appointed a representative as a director or supervisor of HEC in accordance with paragraph 1 or 2, Article 27 of the Company Act (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (6) Not a director, supervisor or employee of another company where a majority of the seats of director or voting shares are under the control of the same person (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (7) Not a director, supervisor or employee of another company or institution who is also the chairman, president or any officer with equivalent position at HEC or is his/her spouse (except in cases where the individual concurrently serves as an independent director of a company and its parent company, a subsidiary, or another subsidiary of the same parent company, as permitted under the Securities and Exchange Act or applicable local laws).
- (8) Not a director, supervisor or manager or a shareholder with a shareholding of no less than 5% at any company or institution with a financial or business relationship with HEC (except where that company or institution holds no less than 20% and no more than 50% of the total outstanding shares of HEC, and where the person serves as an independent director concurrently at HEC and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (9) Not a professional or an owner, partner, director, supervisor or manager of any sole proprietorship, partnership, company or institution specialized in commercial, legal, financial, accounting or other related services, who provides auditing services to HEC or any of its affiliates or who has received a cumulative amount of less than NTD500,000 as remuneration in the most recent 2 years, and not his/her spouse, except for any of the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers who perform their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) None of the circumstances under Article 30 of the Company Act applies.

## (2) Information of operations of the Remuneration Committee

- I. The Remuneration Committee of HEC consists of 4 members.
- II. The term of the current members commenced on June 23, 2022 and expires on June 22, 2025. In 2024, the Remuneration Committee held three meetings (A), and the qualifications of the members and their attendance in these meetings are as follows:

Title	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual rate of attendance (%) (B/A) (Note)	Remarks
Independent director	Hsu Chia-Te	3	0	100%	
Independent director	Chen Jung-Chao	3	0	100%	
Independent director	Hua Chih-Chiang	3	0	100%	
Independent director	Wang Yu-Ling	3	0	100%	

Other information required:

- I. Where the board of directors has declined to adopt or amend the suggestions of the remuneration committee, the date and session of the relevant board of directors meeting, the proposal(s) for the meeting, the relevant resolution of the board of directors and the actions taken by your company in response to the opinions of the remuneration committee must be specified (if the remuneration approved by the board of directors is higher than that suggested by the remuneration committee, the difference and its reason must be specified): None.
- II. Where members of the remuneration committee have expressed objections or reservations in records or written statements to any matter subject to a resolution of the remuneration committee, the date and session of the relevant remuneration committee meeting, the proposal(s) for the meeting, all opinions of the members and the actions taken in response to the opinions of the members must be specified: None.
- III. The following is a summary of the main matters communicated and resolutions in 2024:

Remuneration Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by HEC in response to the opinions of the Remuneration Committee
5th term, 5th meeting 2024.03.13	<ol style="list-style-type: none"> <li>1. Percentage and amount of the remuneration for employees, directors and supervisors in 2023.</li> <li>2. Approval of the remuneration for newly appointed managers.</li> <li>3. Amount of bonuses and remuneration for managers distributed during August 2023 to February 2024.</li> <li>4. Adjustment of the salary for managers.</li> <li>5. Amendment to certain provisions of the "Organizational Regulations for the Remuneration Committee."</li> </ol>	<p>Approved by all members. Submitted to the 10th meeting of the 16th term Board of Director on March 13, 2024 for a resolution.</p>	<p>Submitted to and approved by the Board of Directors.</p>

	Remuneration Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by HEC in response to the opinions of the Remuneration Committee
	5th term, 7th meeting 2024.05.10	<ol style="list-style-type: none"> <li>1. Amendment to certain provisions of the "Regulations Governing the Remuneration for Directors and Managers."</li> <li>2. Approval of the remuneration for newly appointed managers.</li> </ol>	Reviewed and approved by all members, and submitted to the 11th meeting of the 16th term Board of Directors on May 10, 2024 for a resolution.	Submitted to and approved by the Board of Directors.
	5th term, 8th meeting 2024.08.09	<ol style="list-style-type: none"> <li>1. Appointment of the financial manager and accounting manager.</li> <li>2. Approval of the remuneration for newly appointed managers.</li> <li>3. Proposal of amount of bonuses and remuneration for HEC's directors, supervisors and managers.</li> <li>4. Proposal of amount of bonuses and remuneration for managers distributed during March 2024 to July 2024.</li> </ol>	Approved by all members. Submitted to the 13th meeting of the 16th term Board of Director on August 9, 2024 for a resolution.	Submitted to and approved by the Board of Directors.

We have adopted the "Organizational Regulations for the Remuneration Committee" as required to assist the Board of Directors in performing its duties concerning the remuneration for our internal managers. The Remuneration Committee shall supervise all material matters relating to our remuneration and advise the Board of Directors on such matters, and is expected to meet at least twice each year to perform the following duties as authorized by the Board of Directors:

1. Establishing and periodically reviewing the annual and long-term performance targets of our directors and managers and the policy, system, standards and structure of their remuneration.
2. Periodically evaluating the achievement of the performance targets of our directors and managers, and assessing the reasonableness of the content and amounts of their individual remuneration.

(V) Promotion of sustainable development and climate-related information: The systems and measures adopted by HEC regarding environmental protection, community participation, social contribution, social services, social charity, consumer rights, human rights, safety, health and other social responsibility activities and their implementation.

**Promotion of sustainable development, differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences**

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
I. Does your company establish a governance framework to promote sustainable development? Does your company establish a specialized (or designate an existing) department to promote sustainable development, which the senior management is authorized by the board of directors to manage under the supervision of the board of directors?	✓		<p>1. HEC established the Sustainable Development Committee in June 2023 as a dedicated unit, chaired by the president and composed of senior executives from relevant departments as designated by the president.</p> <p>2. It serves as a platform for integrated communication vertically and horizontally across departments. Functional groups include the Corporate Governance Subcommittee, the Environmental Sustainability Subcommittee, and the Social Care Subcommittee.</p> <p>(1) The committee formulates HEC's direction and goals for sustainable development, as well as drafting related management policies and specific implementation plans.</p> <p>(2) It advocates and implements relevant work in aspects such as corporate integrity management and risk management.</p> <p>(3) Tracking, reviewing, and revising the execution and effectiveness of sustainable development initiatives.</p> <p>(4) Other matters resolved by the Board of Directors to be handled by this committee.</p> <p>3. The committee holds meetings at least once a year and reports regularly to the Board of Directors on the execution results of sustainable development and future work plans. The Board of Directors regularly receives operational reports from the management team each quarter, reviewing the progress of strategies and urging adjustments when necessary.</p>	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences						
	Yes	No	Summary							
			<p>4. In 2024, a total of one meeting was held, with the following agenda items:</p> <ul style="list-style-type: none"> <li>(1) Progress of ESG Sustainability Report execution.</li> <li>(2) Schedule planning for greenhouse gas inventory and verification.</li> <li>(3) Carbon reduction plan.</li> <li>(4) Implementation of public welfare plans.</li> <li>(5) Identification of relevant risks and assessment of execution status.</li> </ul>							
II. Does your company conduct any risk assessment regarding environmental, social and corporate governance issues related to your company's operations according to the materiality principle? Does your company establish any relevant risk management policy or strategy?	✓		<p>1. The boundary of our risk assessment is focused on HEC, including our current branches in Taiwan, Mainland China, other Asian regions and Americas, and has included our subsidiaries in its scope based on their relevance to our primary business operations and the level of their influence on material issues.</p> <p>2. The Sustainable Development Committee analyzes ESG issues based on the materiality principles outlined in the Sustainability Report, engages with internal and external stakeholders, and integrates data from various departments and subsidiaries. Based on the identified risks, the committee establishes appropriate risk management policies or strategies.</p> <p>Brief descriptions of the related risk management policies or strategies are outlined below, with detailed information available in the 2023 Sustainability Report:</p> <table border="1"> <thead> <tr> <th>Major Issues</th> <th>Risk Assessment Items</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Impact of Products on the Environment</td> <td> <p>1. To mitigate the adverse environmental impact of products, including reducing carbon emissions, conserving energy, and optimizing resource use to promote a circular economy and resource recycling. In product design and manufacturing processes, consideration should be given to principles such as material sourcing, energy efficiency, emission control, and waste management.</p> </td> </tr> </tbody> </table>	Major Issues	Risk Assessment Items	Description	Environmental	Impact of Products on the Environment	<p>1. To mitigate the adverse environmental impact of products, including reducing carbon emissions, conserving energy, and optimizing resource use to promote a circular economy and resource recycling. In product design and manufacturing processes, consideration should be given to principles such as material sourcing, energy efficiency, emission control, and waste management.</p>	No significant differences
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III. Environmental issues (I) Does your company create an appropriate environmental management system based on the industrial characteristics of your company?	✓	(I)	<p>1. The Business Planning Office is the department responsible for environmental management, and in December 2010 HEC received the ISO 14001 certification for environmental management system. HEC has established the following environmental policies: pollution prevention, compliance with environmental laws, continuous improvement, production of green products and implementation of environmental goals including: compliance with relevant requirements of the Waste Disposal Act; prevention of environmental pollution and continuous improvement; compliance with applicable legal requirements, with re-certification received in July 2015.</p>	No significant differences						

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(II) Is your company committed to achieving more efficient use of energy and using renewable materials with low impact on environmental burdens?	✓		<p>(II)</p> <ol style="list-style-type: none"> <li>1. HEC is committed to enhancing resource recycling and reuse, including the reuse of paper and envelopes, as well as the use of recycled materials whenever possible, such as recycled packaging materials (e.g., cartons, bubble wrap). To prevent environmental pollution and resource waste caused by the disposal of toner cartridges, all used cartridges from photocopiers and printers are returned to the original manufacturers for proper recycling and disposal. HEC also uses eco-friendly toner.</li> <li>2. For energy conservation and carbon reduction, we sort garbage, set air conditioning at specific temperature and use energy-saving LED light bulbs.</li> <li>3. HEC encourages our employees to bring their own water cups and reusable chopsticks to reduce the amount of disposable waste.</li> </ol>	No significant differences
(III) Does your company assess the present and future potential risks and opportunities arising from climate change for your company? Does your company take any measures in response to climate-related issues?	✓		<p>(III)</p> <ol style="list-style-type: none"> <li>1. HEC is committed to the management of energy conservation and carbon reduction in our day-to-day operations. HEC has been reminding our employees to partially turn off lighting and air conditioning when fewer people are in an office in order to reduce the amount of CO<sub>2</sub> generated by unnecessary electricity consumption and lessen its environmental impact.</li> <li>2. HEC periodically engages testing companies to conduct environmental sampling and testing in our workplace, the scope of which includes the testing of the concentration of organic chemical solvents/dust/CO<sub>2</sub>. All results of such testing have met legal requirements, ensuring effective improvement and optimization of the working environment to protect the physical health of our employees.</li> </ol>	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(IV) Does your company make statistics of the greenhouse gas emissions, water consumption and total weight of waste over the previous two years? Does your company establish policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water usage or management other waste?	✓		<p>(IV) HEC has successfully implemented the ISO 14064 system and received official certification.</p> <p>Pursuant to the Greenhouse Gas Reduction and Management Act, HEC conducts ISO 14064-1 greenhouse gas inventories annually to identify significant emission sources and formulate corresponding reduction measures, using the results of each year's inventory to assess effectiveness. The Company develops corresponding carbon reduction strategies and engages third-party organizations to conduct external verification. The Company implements water conservation and discharge management under the ISO 14001 Environmental Management System.</p> <p>The greenhouse gas inventory according to ISO 14064-1 has been completed by the end of January 2025.</p>	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
IV. Social issues (I) Does your company establish relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions?	✓	(I)	<ol style="list-style-type: none"> <li>1. In accordance with the Labor Standards Act, international human rights conventions and other applicable labor laws, we have established personnel management regulations and work rules for employees, and we have handled matters concerning labor insurance, the National Health Insurance and pensions for employees pursuant to applicable laws and regulations. Furthermore, we have established the "Regulations for Prevention of Sexual Harassment" in accordance with the Sexual Harassment Prevention Act and the Act of Gender Equality in Employment to provide our employees with a working and service environment free from sexual harassment.</li> <li>2. To ensure gender equality in employment, we offer paid pregnancy checkup, paternity, maternity and parental leave and convene non-periodical meetings of the labor - management committee to safeguard the rights of our employees.</li> <li>3. On August 9, 2022, HEC acquired the RBA Social Responsibility certification, which is valid for two years. After the expiration, the certification was renewed on July 31, 2024.</li> </ol>	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(II) Does your company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits)? Is the operating performance or result appropriately reflected in the remuneration for employees?	✓		<p>(II)</p> <ol style="list-style-type: none"> <li>1. The employee remuneration policy is determined based on individual capabilities, contributions to the Company, performance achievements, competitiveness, and consideration of future operational risks for HEC. Article 29 of the Articles of Incorporation stipulates that where HEC has a profit in a year, it shall allocate 2% to 10% thereof as the remuneration for employees, which shall be distributed in shares or cash subject to a resolution of the Board of Directors. The recipients of such remuneration may include the employees of foreign and domestic affiliates. The Board of Directors may adopt a resolution to allocate no more than 4% of the amount of the foregoing profit as the remuneration for directors and supervisors. We have established the "Employee Work Rules," "Regulations Governing Performance Evaluation" and "Regulations Governing Labor - Management Committee." In addition to communicating the relevant business ethics and the systems for employee performance, rewards and penalties, we have included talents, systems and future planning as evaluation indicators, consistent with the key mission of people-oriented corporate sustainable development as a corporate social responsibility, in order to enhance our competitiveness internationally in the future.</li> <li>2. For other employee welfare measures, see p.g 100.</li> <li>3. Workplace diversity and equality: We aim to achieve remuneration based on "equal pay for equal work" and ensure equal opportunity for promotion for both genders to facilitate sustainable and inclusive economic development. In 2024, women accounted for an average of 52% of our employees, and an average of 24% of our managers.</li> </ol>	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does your company provide employees with a safe and healthy work environment and give safety and health training to employees regularly?	✓	(III)	<ol style="list-style-type: none"> <li>1. Attaching great importance to the working environment of our employees, we periodically engage professional agencies to conduct testing at HEC by monitoring the concentration of organic solvents, dust, noise and CO2 in our workplace. All results of such testing have met relevant requirements, ensuring effective improvement and optimization of the working environment to protect the physical health of our employees. (Please refer to page 47 (III.) for detailed information.)</li> <li>2. We arrange safety and health training for new and current employees, including safety personnel training and fire drills, and hold related sessions on an ad hoc basis. We conducted a fire drill/emergency response exercise on May 27 and October 23, 2024, and we organized a health examination for employees on December 10, 2024.</li> <li>3. HEC has formulated the "Occupational Hazard Management Procedures" and the "Emergency Response Management Procedures." There were no occupational accidents or fire incidents in 2024.</li> <li>4. We have set up a lactation room for our female employees and provided them with proper childcare measures, and we have signed special contracts with kindergartens and infant care centers nearby HEC.</li> <li>5. We have engaged nurses and physicians from Sin-Lau Hospital to our factories for management of employees' health by level.</li> </ol>	No significant differences
(IV) Does your company establish an effective plan for development and training of the career abilities of employees?	✓	(IV)	HEC formulates an annual training plan to implement structured programs and mechanisms for the development of current and prospective managers. Internal training sessions are also arranged as needed, and employees may apply for external training based on job requirements.	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(V) Regarding customer health and safety, customer privacy, marketing and labeling in relation to products and services, does your company comply with applicable laws and international standards? Does your company establish policies and complaint procedures for the protection of consumer or customer rights?	✓		<p>(V)</p> <ol style="list-style-type: none"> <li>1. All our products are attached with labels in compliance with applicable laws and international rules, e.g. labels indicating safety certification, based on which consumers can choose what to buy.</li> <li>2. We have taken out product liability insurance for our customers, and a section for stakeholders has been created on our website. We have also set up a customer service hotline and a service email box (hec-service@hec-group.com.tw) to provide channels for consumer complaints and protect consumer rights.</li> </ol>	No significant differences
(VI) Does your company establish any supplier management policy that requires suppliers to comply with relevant regulations with regard to issues of environmental protection, occupational safety and health or labor rights? What is the status of its implementation?	✓		<p>(VI)</p> <ol style="list-style-type: none"> <li>1. We have established the "Regulations for Management of Vendors," which requires us to conduct an evaluation of any new supplier prior to dealing with it. The scope of such evaluation includes not only its production equipment and delivery capability, but also its quality level and quality assurance, while also taking into account whether it has any history of affecting the environment and society.</li> <li>2. All suppliers are required to abide by our policies in the "Ethical Corporate Management Best Practice Principles," and each of them must conclude a contract with us detailing the rights and obligations of both parties, including compliance with our ethical management policies and the requirement that the supplier must make improvement or terminate the contract where the counterparty is involved in violation of our policies for corporate social responsibility and has caused an effect on the environment and society.</li> </ol>	No significant differences

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
V. Does your company prepare a sustainable development report and other reports that disclose non-financial information of your company based on internationally accepted standards or guidelines for preparation of reports? Do the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agency?	✓		HEC compiled its 2023 Sustainability Report in 2024 and commissioned "AFNOR Asia Ltd." to conduct third-party verification according to Type 1 moderate assurance level of the AA1000 v3 Assurance Standard.	No significant differences
VI. Where your company has established its own principles of sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," the differences between the operations of your company and such principles must be described:			<p>(I) We have placed great emphasis on the importance of occupational safety, environmental protection, safety and health. In addition to receiving the ISO 14001 and OHSAS18001 certifications, we periodically engage in monitoring of the air, noise, waste and energy use in our factory areas, with an improvement plan promptly implemented if the criteria level is exceeded.</p> <p>(II) We have created plenty of job opportunities, and we have established the Employee Welfare Committee, implemented a pension system, organized training courses and taken out group insurance for our employees and periodically arranged for health examinations to demonstrate our commitment o harmonious labor relations.</p>	

Item promoted	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary	
VII. Other important information useful for understanding the status of promotion of sustainable development: Our focus on the promotion of sustainable development includes the original aspect of environmental management as well as risk assessments and measures concerning labor safety and health, promotion of labor rights, encouragement for a balance between work and leisure, prohibition of sexual harassment and other violations against employees, concern for occupational safety and the physical health of employees, adherence to business ethics and protection of intellectual property rights and trade secrets.				

## Climate-related information of listed and OTC companies

### 1. Implementation status of climate-related information

Item	Implementation status
1. Explanation of the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	<p>HEC has established the "Sustainable Development Committee." With the Board of Directors as the highest supervisory body, the committee oversees the management of climate-related risks and key achievements, and is responsible for horizontal cross-departmental coordination and collaboration to integrate sustainability strategies and climate action issues into product, operations, and value chain management.</p> <p>The members of the Sustainable Development Committee include the President, senior management of relevant departments, and other individuals designated by the President. At least one meeting shall be convened annually, with additional meetings convened as deemed necessary. Through comprehensive assessment and analysis, including various climate change-related risk scenarios, strategies for response shall be developed. Regular reports shall be submitted to the Board of Directors on the implementation outcomes and future plans regarding sustainable development, encompassing climate change-related issues, to ensure that climate-related matters are incorporated into the perspective of senior management and prudently managed.</p>
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).	<p>HEC faces both risks and opportunities stemming from climate change. The primary risks arise from increased costs associated with carbon emissions during the manufacturing process, as well as pressures from the supply chain and competitors. These factors are considered in terms of their impact on financial statements, directly affecting the company's net profit and cash flow. Indirect impacts may affect asset values, accounts receivable, inventory value, and so forth. However, considering the trend of future investors incorporating ESG factors into investment considerations, we remain committed to achieving sustainable operations. Our climate strategy is based on a scientifically grounded reduction pathway, focusing on improving energy efficiency, expanding renewable energy use, investing in innovative carbon reduction technologies, and removing residual carbon emissions. These actions are structured into three stages, progressively moving the entire value chain towards net zero emissions.</p> <p>I. Short-term:</p> <ul style="list-style-type: none"> <li>(1) Transitional Risks: Increased energy costs, increased costs of implementing decarbonization equipment, and reduced revenue due to customer turnover.</li> <li>(2) Physical Risks: Increased severity and frequency of extreme weather events.</li> <li>(3) Market Opportunities: Reduction in paper usage.</li> </ul> <p>II. Medium-term:</p>

Item	Implementation status
	<p>(1) Transitional Risks: Transitioning to low-emission technologies (low-carbon services), but with increased costs of transitioning to low-carbon technologies.</p> <p>(2) Market Opportunities: Developing low-carbon products and services, adjusting service processes, such as paperless workflows.</p> <p><b>III. Long-term:</b></p> <p>(1) Market Opportunities: Enhancing corporate image and company valuation.</p>
3. Describe the financial impact of extreme weather events and transition actions.	<p>During the corporate transition, corresponding costs may increase, including the purchase of carbon emission quotas, facility improvements and investments in decarbonization technologies, energy efficiency improvement measures, etc. The implementation of carbon taxes will require companies to pay additional costs for carbon emissions. These costs may also create pressure on the supply chain: carbon taxes may increase costs for upstream suppliers, thereby affecting the prices of raw materials and the stability of supply for companies. Additionally, the implementation of carbon taxes may put pressure on companies in competitive markets. If competitors can better cope with carbon taxes by reducing carbon emissions and improving energy efficiency, they may have a relative cost competitive advantage.</p>
4. Describe how the process of identifying, evaluating, and managing climate risks is integrated into the overall risk management system.	<p>In addition to risk response plans that may affect financial performance, our risk management includes assessments of natural disasters, environmental risks, and information risks, as well as emergency response plans. We integrate a preventive mindset into our corporate culture to eliminate identifiable and avoidable risks as much as possible, thereby reducing potential losses from operational disruptions.</p> <p>We actively develop advanced and more sensitive monitoring, evaluation, and risk control procedures and criteria for the major risks faced in various business operations, including sales markets, production operations, human resource planning, progress in new product development, and financial accounting and control. We aim to balance safety and efficiency, establish more economically efficient business operation models, and strengthen information system establishment and enhance early warning monitoring capabilities.</p> <p>Regarding environmental aspects, we have established and maintain emergency response procedures to cope with potential accidents or emergencies. These procedures serve as references for formulating response processes and plans. Their contents include the scope of emergency response plans, organizational responsibilities and structures, activation processes, hazard identification and risk assessment, rescue plans, evacuation maps, Safety Data Sheets (SDS), emergency response audit methods, etc. By following these operational processes and related methods, each unit can immediately reduce or mitigate the impacts and damages caused by human-made, natural disasters, and other major incidental events, such as personnel injuries, property losses, and production interruptions, and swiftly restore normal operations.</p>

Item	Implementation status
	<p><b>Risk Management Objectives:</b> To understand the risks of global economic trends, climate change, and energy supply and to formulate company development strategies and adjust operational models proactively.</p> <p><b>Commitment:</b> To monitor global industry dynamics and climate change, adjust development goals and business strategies in a timely manner, and reduce potential risks.</p> <p><b>Risk Management Measures:</b> To respond to various operational risks, convene management meetings irregularly to review response measures and adjust operational directions to prevent risks in advance.</p>
5. If resilience to climate change risks is assessed using scenario analysis, explain the scenario, parameters, assumptions, analysis factors, and major financial impacts used in the analysis.	<p>Type of Financial Impact: The imposition of carbon taxes leads to increased operating costs.</p> <p>I. Risk Description:</p> <ol style="list-style-type: none"> <li>(1) Cost Increase: This may include the purchase of carbon emission quotas, facility improvements and investments in decarbonization technologies, energy efficiency improvement measures, etc. The implementation of carbon taxes will require companies to pay additional costs for carbon emissions.</li> <li>(2) Supply Chain Pressure: Carbon taxes may increase costs for upstream suppliers, thereby affecting the prices of raw materials and the stability of supply for companies.</li> <li>(3) Competitive Pressure: The implementation of carbon taxes may put pressure on companies in competitive markets. If competitors can better cope with carbon taxes by reducing carbon emissions and improving energy efficiency, they may have a relative cost competitive advantage.</li> <li>(4) Financial Statement Impact: Direct impacts include increased carbon emission costs; indirect impacts include supply chain pressure and competitive pressure.</li> <li>(5) Investor Concerns: Investors are integrating ESG (Environmental, Social, Governance) factors into their investment decisions.</li> </ol> <p>II. Potential Financial Impact:</p> <ol style="list-style-type: none"> <li>(1) Cost Increase: These additional costs will raise the operational expenses of the company, potentially leading to a decrease in profit margins.</li> <li>(2) Supply Chain Pressure: It may increase the supply risks for companies, adversely affecting business operations and production capabilities.</li> <li>(3) Competitive Pressure: It may lead to companies losing market share, thereby negatively impacting revenue and profits.</li> <li>(4) Financial Statement Impact: Direct impacts will be reflected in the company's net profits and cash flows; indirect impacts may affect asset values, accounts receivable, inventory values, etc.</li> <li>(5) Implementation Investor Concerns: If companies fail to effectively address carbon taxes and sustainability challenges, they may face investor doubts and concerns about the company's value, thereby impacting capital inflows and stock prices.</li> </ol>

Item	Implementation status
6. If there are transformation plans to address climate-related risks, please explain the contents of such plans, as well as the indicators and targets used to identify and manage physical risks and transition risks.	In response to the opportunities for transformation arising from the "climate emergency" posed by climate change challenges, the Company aims to lead our customers towards a low-carbon green economic transition to mitigate climate impacts. To concretely implement and advance sustainability, we actively promote related initiatives, establish green management strategy goals, and implement solar power generation (for self-use) at our Donghua factory in mainland China to fulfill the purpose of protecting the Earth's environment. HEC disclosed emissions and waste data for the past two years in 2024 and completed ISO 14064-1 verification in January 2024.
7. If internal carbon pricing is used as a planning tool, please explain the basis for price setting.	HEC has not yet planned to use internal carbon pricing as a planning tool.
8. If climate-related targets are set, please explain the activities covered, scope of greenhouse gas emissions, planning timeframe, annual progress achieved, etc. If carbon offsetting or renewable energy certificates (RECs) are used to achieve relevant goals, please explain the source and quantity of carbon offsetting credits or the quantity of renewable energy certificates (RECs).	<p>In response to the opportunities for transformation arising from the "climate emergency" posed by climate change challenges, the Company aims to lead our customers towards a low-carbon green economic transition to mitigate climate impacts. To concretely implement and advance sustainability, we actively promote related initiatives, establish green management strategy goals, initiate various projects, execute green management, and assess effectiveness, verifying performance results through external verification to fulfill the purpose of protecting the Earth's environment.</p> <p>HEC has not used carbon offsetting or renewable energy certificates (RECs).</p>

Item	Implementation status
9. Inventory and assurance of greenhouse gas emissions.	According to the Financial Supervisory Commission's letter No. 11103849344, it is not yet mandatory for the regulated entities, but voluntary disclosure of inventory information was made in the 2023 Sustainability Report.

#### (VI) Status of ethical management and the measures taken

Over the years, the Company has been committed to adhering to the RBA Code of Conduct, with Business Ethics being one of the five major components of the RBA. The primary contents encompassed by the Business Ethics standards are as follows:

1. Business integrity: Monitoring and regulatory measures must be implemented to prevent corruption, extortion and embezzlement.
2. No improper advantage: Bribes or other improper advantages must not be offered/accepted.
3. Disclosure of information: Information regarding business activities, performance, etc. must be disclosed in accordance with applicable regulations and industry practices.
4. Intellectual property: Intellectual property rights must be protected and respected.
5. Fair business, advertising and competition: Customer information must be safeguarded in accordance with applicable standards.
6. Protection of identity: The identity of any whistleblower must remain confidential.

Based on the above, the status of implementation of our business philosophy and the RBA is as follows:

**Status of ethical management, differences with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences**

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
I. Establishment of ethical management policies and plans  (I) Does your company establish any ethical management policy adopted by the board of directors? Do the regulations and external documents of your company specify the policy and practices of ethical management and the commitments by the board of directors and the senior management to actively implementing the ethical management policy?   (II) Does your company established any mechanism for assessment of the risks of unethical behavior to perform regular analysis and assessment of operating activities with higher risks of unethical behavior within the scope of business of your company? Does your company establish, on the basis of the foregoing, any plan for prevention of unethical behavior, including at least measures for prevention of the behavior under Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓  ✓		(I) We have established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," according to which our directors, managers and employees are required to implement our ethical management policies and ensure compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act and other applicable laws and regulations which publicly listed companies must adhere to. We have also designated an Ethical Corporate Management Task Force as the responsible unit in this regard to submit regular reports to the Board of Directors.  (II) The "Ethical Corporate Management Best Practice Principles" includes relevant measures for prevention of the behavior under paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and requires all relevant departments to implement such measures. To prevent unethical behavior, we also conduct periodic or non-periodic sampling audits of whether HEC adheres to ethical principles and continue to follow up on the implementation of improvements, with periodic reports submitted quarterly to the Board of Directors.	No significant differences  No significant differences

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does your company specify and implement the operating procedures, guidelines of behavior, penalties for violations and complaint system in the plan for prevention of unethical behavior? Is the foregoing plan reviewed and amended on a regular basis?	✓		(III) The "Ethical Corporate Management Best Practice Principles" clearly prohibits unethical behavior. To ensure ethical management, we have established effective accounting and internal control systems, and our internal auditors have been conducting regular or non-regular audits on transaction processes and communicating our ethical management principles to all companies dealing with HEC. To completely prevent improper business conduct, bribes and the acceptance of gifts and kickbacks are prohibited.	No significant differences
II. Implementation of ethical management (I) Does your company assess the history of integrity of its business counterparties? Does the contract between your company and a business counterparty include any provision governing ethical behavior?  (II) Does your company set up (or designate) any unit under the board of directors that is responsible for the promotion of corporate ethical management and that gives a report to the Board of Directors regarding its ethical management policy and unethical behavior prevention plan and their supervision and implementation on a regular basis (at least annually)? Does your company, in accordance with the foregoing plan, conduct an audit of the compliance with the unethical behavior prevention plan, or engage a CPA to conduct such audit?	✓  ✓		(I) Before conducting any business transaction, we are required to consider the legality of the relevant agent, supplier or customer or other relevant business counterparty and whether it has engaged in any unethical behavior, and all contracts we have signed with other parties include a provision that the contract may be terminated or canceled at any time if any unethical behavior is involved.  (II) HEC has set up an Ethical Corporate Management Task Force under the Board of Directors to oversee and ensure the implementation of ethical business practices, with regular reporting to the Board.	No significant differences  No significant differences

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does the company have a policy in place to prevent conflicts of interest, along with appropriate channels for disclosure or reporting, and ensure its effective implementation?	✓		(III) The "Ethical Corporate Management Best Practice Principles" includes a system for recusal of directors and managers in case of conflict of interest. Any director, supervisor or manager who has a personal stake or who represents a corporation with a stake in any proposal to a meeting of the Board of Directors may, if such stake is likely to prejudice the interests of HEC, provide his/her opinion and answer questions at the meeting without participating in the discussion and voting on that proposal, and must recuse himself/herself from such discussion and voting. In addition, he/she may not exercise voting rights on behalf of any other director on that proposal.	No significant differences
(IV) Does your company establish effective accounting and internal control systems to ensure the implementation of ethical management? Does the internal audit department establish any relevant audit plan based on the result of assessment of the risks of unethical behavior?	✓		(IV) To ensure the implementation of ethical management, we have established effective accounting and internal control systems, with the internal auditors regularly conducting audits of the compliance with the aforementioned systems. Furthermore, in accordance with the requirements of the Company Act, the Securities and Exchange Act and other applicable laws, the CPAs are responsible for auditing and certifying relevant accounting statements and books.	No significant differences
(V) Does your company organize internal and external training sessions on ethical management on a regular basis?	✓		(V) We have integrated the requirements of ethical management into our corporate culture, and they are promoted from time to time at Board of Directors meetings, weekly meetings or annual management meetings.	No significant differences

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
<p>III. Operations of the whistleblowing system of your company</p> <p>(I) Does your company establish specific systems for whistleblowing and rewards? Does your company establish any convenient whistleblowing channel and appoint any appropriate person to handle the case of a person reported?</p> <p>(II) Does your company establish standard operating procedures for investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigation and the relevant confidentiality measures?</p>	✓		<p>(I) We have established the "Ethical Corporate Management Best Practice Principles," which clearly stipulate channels for reporting misconduct, as well as reward and complaint mechanisms. A designated department handles reports in accordance with prescribed procedures, and related matters are included in the annual performance evaluation. An internal whistleblowing mailbox is available, and the Company's website features an Investor Services section that provides a shareholder contact point and a dedicated hotline to ensure smooth communication channels. Employees and related parties may report any improper business conduct, and all cases are personally handled by senior management appointed by the Company.</p> <p>(II) We have established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," and "Procedures for Handling Complaints and Protecting Human Rights" which provide for the channels and methods for accepting reported cases, with a designated department responsible for handling such cases and communication of opinions. The relevant manager is responsible for maintaining confidentiality over the information of the persons involved and making the whistleblowers aware that HEC will do its best to protect the safety of persons reporting in good faith.</p>	<p>No significant differences</p> <p>No significant differences</p>

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does your company take measures to protect whistleblowers from improper retaliation as a result of whistleblowing?	✓		(III) Same as the description in (II).	No significant differences
IV. Enhancement of information disclosure  (I) Does your company disclose the contents of its ethical management principles and the results of their promotion on its website and the Market Observation Post System (MOPS)?	✓		<p>1. We have disclosed, as appropriate, the information of our financial business and corporate governance the MOPS and our website, and we have disclosed the status of implementation of our ethical management principles and the results of their promotion in our annual reports.</p> <p>2. We have appointed specialized personnel for disclosure of information and have established a spokesperson system.</p>	No significant differences
V. Where your company has established its own principles of ethical corporate management best practices in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," the differences between the operations of your company and such principles must be described:  We have established and implemented the "Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to create good systems for corporate governance and risk control and build a business environment based on sustainable development. There are no significant differences with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."				
VI. Other important information useful for understanding the status of ethical management at your company:	<ol style="list-style-type: none"> <li>1. We have been in compliance with the Company Act, the Securities and Exchange Act, the Fair Trade Act, the Business Entity Accounting Act, the applicable regulations for TWSE/TPEX listed companies or other regulations concerning business activities, which have served as the basis for implementation of ethical management.</li> <li>2. We communicate relevant laws and regulations to our internal employees on a non-periodic basis to make sure they understand our determination in and policies of ethical management and the consequences of unethical behavior.</li> <li>3. We have established the "Code of Ethical Conduct," according to which any director or manager who has obtain important non-public information is prohibited from trading relevant securities and must abide by the laws governing insider trading. Any individual or company violating the requirements regarding insider trading will be subject to civil and criminal penalties.</li> <li>4. We periodically review and amend the "Code of Ethical Conduct" and the "Ethical Corporate Management Best Practice Principles," which were approved by the Board of Directors to be amended on November 9, 2023 and August 9, 2024.</li> </ol>			

(VII) Other important information useful for understanding the status of corporate governance

1. Employees' rights and employee care: We firmly believe that employees are a force driving the growth of a company, so we attach great importance to employees' rights and adhere to all legal rights of our employees. We have established regulations governing employee retirement and an employee remuneration system, and have formed an Employee Welfare Committee responsible for employee benefits.
2. Investor relations: Committed to the principles of integrity and fair disclosure of information and the transparency of corporate governance, we regularly publish information related to our operations and finance to shareholders and the public, and has established a system of spokesperson and deputy spokesperson to fulfill our responsibilities and obligations in disclosing corporate information. We have created a section of "Investment Services" on our website to disclose financial, business and corporate governance information. We have also appointed personnel responsible for investor relations and set up a dedicated email box to handle suggestions and questions from investors.
3. Supplier relationship and stakeholders' rights: We keep long-term and close cooperation with our suppliers to ensure there is no shortage of the sources of our materials.
4. Our important information has been disclosed on the MOPS as required by the competent authority.
5. In order to create a good mechanism for the management and disclosure of material insider information, avoid improper disclosure of information and ensure the consistency and accuracy of our information published externally, we have established the "Ethical Corporate Management Best Practice Principles," "Procedures for Management of Material Information," "Code of Ethical Conduct" and "Procedures on Application for Suspension and Resumption of Transactions" and other relevant procedures, which have been approved by the Board of Directors.
6. Participation of our directors, accounting and financial managers and chief internal auditor in training on corporate governance:

Title	Name	Date	Organizer	Course title	Duration
Chairman	Wang Chun-Tung	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Change Summit Finance and Climate	6 hours
Director	Ko Chi-Yuan	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Change Summit Finance and Climate	6 hours
Director	Ko Chi-Yuan	2024/09/10	Taiwan Stock Exchange	Taiwan's Capital Market Summit	3 hours
Director	Ko Chi-Yuan	2024/10/25	Securities and Futures Institute (SFI)	2024 Conference on Awareness of Compliance with the Laws Governing Trading of Equity by Insiders	3 hours
Director	Li Li-Sheng	2024/11/05	Taiwan Corporate Association Governance	Integrity Management and Corporate Governance: From Labor Law Developments to Insider Trading (Part 1)	3 hours
Director	Li Li-Sheng	2024/11/05	Taiwan Corporate Association Governance	Integrity Management and Corporate Governance: From Labor Law Developments to Insider Trading (Part 2)	3 hours

Title	Name	Date	Organizer	Course title	Duration
Director	Chung Ding-Chun	2024/05/03	Securities and Futures Institute (SFI)	Sustainability Practice Promotion Seminar	3 hours
Director	Chung Ding-Chun	2024/10/11	Securities and Futures Institute (SFI)	2024 Conference on Awareness of Compliance with the Laws Governing Trading of Equity by Insiders	3 hours
Director	Huang Hsiu-Ling	2024/06/07	Taiwan Institute of Directors	Directors' Continuing Education Program: The New Energy Era	3 hours
Director	Huang Hsiu-Ling	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Change Summit Finance and Climate	6 hours
Director	Huang Hsiu-Ling	2024/09/27	Accounting Research and Development Foundation (ARDF)	Common Issues in Financial Report Review and Practical Interpretation of Important Internal Control Regulations	6 hours
Director	Huang Hsiu-Ling	2024/10/07	Accounting Research and Development Foundation (ARDF)	Internal Control Practices for Corporate Greenhouse Gas Inventory	6 hours
Director	Li Ssu-Chia	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Change Summit Finance and Climate	6 hours
Director	Li Ssu-Chia	2024/10/04	Securities and Futures Institute (SFI)	2024 Conference on Awareness of Prevention of Insider Trading	3 hours
Independent director	Hua Chih-Chiang	2024/05/31	Securities and Futures Institute (SFI)	Sustainability Practice Promotion Seminar	3 hours
Independent director	Hsu Chia-Te	2024/05/09	Taiwan Corporate Association Governance	Corporate Governance and Directors' Responsibilities	3 hours
Independent director	Hsu Chia-Te	2024/11/07	Taiwan Corporate Association Governance	Carbon Wave Incoming: An Overview of Carbon Credit Formation and Trading	3 hours
Independent director	Chen Jung-Chao	2024/05/10	Taiwan Institute of Directors	Leveraging Policy Instruments to Enhance Corporate Governance and Mitigate R&D Risks	3 hours
Independent director	Chen Jung-Chao	2024/06/19	Taiwan Investor Relations Association	Practical Insights into Sustainability Report Preparation	3 hours
Independent director	Chen Jung-Chao	2024/06/19	Taiwan Investor Relations Association	The Role and Prospects of the Carbon Exchange & Data-Driven Precision Carbon Reduction for Enhanced Operational Management	3 hours
Independent director	Wang Yu-Ling	2024/02/27	Securities and Futures Institute (SFI)	Advanced Seminar for Directors, Supervisors (Including Independent) and Corporate Governance Executives: Sustainable Supply Strategies amid Escalating Global Risks	3 hours

Title	Name	Date	Organizer	Course title	Duration
Independent director	Wang Yu-Ling	2024/08/06	Securities and Futures Institute (SFI)	Seminar on Advanced Practices for Directors, Supervisors (including independent directors), and Corporate Governance Executives: Carbon Credit Trading Mechanisms and Applications in Carbon Management	3 hours
Chief corporate governance officer	Li Yu-Ming	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Change Summit Finance and Climate	6 hours
Chief corporate governance officer	Li Yu-Ming	2024/10/28	Taipei Foundation of Finance	Corporate Governance – Generative AI Industry Development Trends	3 hours
Chief Auditor	Hsu Ya-Hui	2024/06/17	The Institute of Internal Auditors - Chinese Taiwan	Adapting Internal Control Frameworks to Meet Emerging ESG Regulatory Requirements	6 hours

(VIII) Operations of the internal control system:

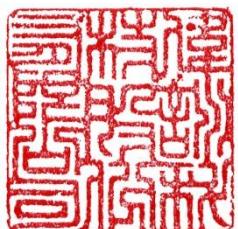
Compucase Enterprise Co., Ltd.  
Statement of Internal Control System

Date: March 13, 2025

Based on the results of self-audit of our internal control system in 2024, we hereby issue the following statement:

- I. We acknowledge that our Board of Directors and managers are responsible for establishment, implementation and maintenance of the internal control system, and that we have established such system. The purpose of the system is to provide reasonable assurance for achievement of the goals of operational effectiveness and efficiency (including profits, performance and protection of asset security), reliable, timely and transparent reporting in compliance with applicable regulations, and compliance with applicable laws and regulations.
- II. The internal control system has its inherent limits. Regardless of how perfect its design is, an effective internal control system can only provide reasonable assurance for the achievement of the above-mentioned three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may also change. Nonetheless, our internal control system has a self-monitoring mechanism. Once a deficiency is identified, we will take action to correct it.
- III. We determine whether the design and implementation of our internal control system are effective based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter the "Regulations") for determination of the effectiveness of an internal control system. The criteria adopted by the "Regulations" for determination of an internal control system divide such system into five elements based on the process of management and control: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communication; and 5. supervision. Each of the elements further includes several criteria. For the foregoing criteria, please see the requirements of the "Regulations."
- IV. We have adopted the above-mentioned criteria for determination of an internal control system to assess the effectiveness of the design and implementation of our internal control system.
- V. Based on the results of the foregoing assessment, we consider that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including the design and implementation of the internal control system in relation to the understanding of the level of accomplishment of the goals of operational effectiveness and efficiency, reliable, timely and transparent reporting in compliance with applicable regulations and compliance with applicable laws and regulations, is effective and able to reasonably ensure the achievement of the above-mentioned goals.
- VI. This statement will form part of the main content of our annual report and prospectus and will be published. In the event that any of the above published information involves falsification, concealment or other illegality, we will be subject to the legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. We declare that this statement was approved by a Board of Directors meeting on March 13, 2025. None of the ten directors attending the meeting expressed any objection, and all of them approved the information in this statement.

Compucase Enterprise Co., Ltd.



Chairman and President: Wang Chun-Tung



2. Where a CPA has been engaged to review the internal control system, the review report of the CPA must be disclosed: None.

(IX) Important resolutions adopted by the shareholders' meeting and the Board of Directors in the most recent year and as of the date of publication of the annual report:

1. Important resolutions adopted by the shareholders' meeting and their implementation:

Date	Important resolution	Implementation of resolution of the shareholders' meeting
2024.06.20	1. 2023 statements of final accounts.	Implemented according to the resolution.
	2. Distribution of earnings for 2023.	1. An amount of NTD3.5 per share was distributed as cash dividends to shareholders in a total of NTD393,000 thousand, and July 29, 2024 was set as the ex-dividend date according to the resolution adopted by the Board of Directors on June 20, 2024. Distribution of the cash dividends was completed on August 21, 2024.
	3. Amendment to certain provisions of the "Articles of Incorporation."	The procedures after amendment shall apply.
	4. Amendment to certain provisions of the "Regulations Governing Acquisition or Disposal of Assets."	The procedures after amendment shall apply.
	5. Amendment to certain provisions of the Company's "Regulations Governing Loaning of Funds."	The procedures after amendment shall apply.
	6. Amendment to certain provisions of the Company's "Regulations for the Election of Directors and Supervisors."	The procedures after amendment shall apply.

2. Important resolutions adopted by the Board of Directors

Date	Important resolution
16th term, 10th meeting 2024.03.13	<ol style="list-style-type: none"> <li>1. The 2023 business report and financial report.</li> <li>2. Distribution of earnings for 2023.</li> <li>3. Percentage and amount of the remuneration for employees, directors and supervisors in 2023.</li> <li>4. Approval of the remuneration for newly appointed managers.</li> <li>5. Amount of bonuses and remuneration for managers distributed during August 2023 to February 2024.</li> <li>6. Adjustment of the salary for managers.</li> <li>7. The 2023 statement of internal control system.</li> <li>8. Matters concerning distribution of the accumulated earnings of foreign subsidiaries with investments from HEC.</li> <li>9. Content of the "Overview of the 2024 Business Plan and the Strategy for Future Development."</li> <li>10. Amendment to certain provisions of the Company's "Regulations for the Election of Directors and Supervisors."</li> <li>11. Amendment to certain provisions of the "Regulations Governing Acquisition or Disposal of Assets."</li> <li>12. Amendment to certain provisions of the Company's "Regulations Governing Loaning of Funds."</li> <li>13. Amendment to certain provisions of the "Organizational Regulations for the Remuneration Committee."</li> <li>14. Amendment to certain provisions of the "Articles of Incorporation."</li> <li>15. Amendment to the "Authorization Matrix" of HEC.</li> <li>16. Convening of the 2024 annual shareholders' meeting.</li> </ol>
16th term, 11th meeting 2024.05.10	<ol style="list-style-type: none"> <li>1. The financial statements for Q1 of 2024.</li> <li>2. Extension of the endorsements/guarantees from HEC to the limit provided by Cathay United Bank for FD.</li> <li>3. Cancellation of the capital increase for Anyuan Weichangfeng Electronic Co., Ltd. in Mainland China.</li> <li>4. Amendment to certain provisions of the "Regulations Governing the Remuneration for Directors and Managers."</li> <li>5. Cancellation of the funding loan of RMB50 million from HEC's subsidiary WCX to WSE.</li> <li>6. Subsidiary WCX's funding loan case to WSE in the amount of RMB50 million.</li> <li>7. Loaning of funds totaling USD3 million from HEC to its subsidiary Optima Healthcare Inc.</li> </ol>

Date	Important resolution
	8. Funding loan of USD 3.3 million from subsidiary WII to HEC. 9. HEC's funding loan case for its subsidiary in the US. 10. Approval of the remuneration for newly appointed managers.
16th term, 12th meeting 2024.06.20	1. Determination of the ex-dividend date for 2024.
16th term, 13th meeting 2024.08.09	1. The financial statements for Q2 of 2024. 2. Appointment of the financial manager and accounting manager. 3. Lifting of non-compete restrictions for managers. 4. Approval of the remuneration for newly appointed managers. 5. Proposal of amount of bonuses and remuneration for HEC's directors, supervisors and managers. 6. Proposal of amount of bonuses and remuneration for managers distributed during March 2024 to July 2024. 7. HEC's funding loan case for its subsidiary in the US. 8. Endorsements/guarantees totaling USD5 million from HEC to LFDG. 9. Cancellation of the funding loan of RMB30 million from subsidiary WJA to WSE. 10. Cancellation of the funding loan of RMB60 million from WJA to WSE. 11. Amendment proposal for certain articles of the "Significant Operating Procedures for Related Parties, Specific Companies, and Groups." 12. Amendments to the "Code of Conduct" of HEC. 13. HEC's 2023 ESG Sustainability Report.
16th term, 14th meeting 2024.11.12	1. The financial statements for Q3 of 2024. 2. Evaluation of the independence and competence of the CPAs. 3. Establishment of the 2025 audit plan. 4. Establishment of HEC's Information and Communication Security Committee. 5. Amendments to the organizational structure chart of HEC. 6. Cancellation of the funding loan of RMB10 million from HEC's subsidiary WCX to WYT. 7. HEC's capital increase through debt-to-equity conversion for its subsidiary in the US. 8. Amendments to the "internal control system" and "internal audit system."

Date	Important resolution
16th term, 15th meeting 2025.03.13	<ol style="list-style-type: none"> <li>1. The 2024 business report and financial statements.</li> <li>2. Distribution of the earnings in 2024.</li> <li>3. Percentage and amount of the remuneration for employees and directors in 2024.</li> <li>4. Amendment to certain provisions of the "Regulations Governing the Remuneration for Directors and Managers."</li> <li>5. Amount of bonuses and remuneration for managers distributed during September 2024 to February 2025.</li> <li>6. The 2024 statement of internal control system.</li> <li>7. Matters concerning distribution of the accumulated earnings of foreign subsidiaries with investments from HEC.</li> <li>8. Content of the "Overview of the 2025 Business Plan and the Strategy for Future Development."</li> <li>9. Amendment to certain provisions of the "Articles of Incorporation."</li> <li>10. Amendment to certain provisions of the "Regulations Governing Acquisition or Disposal of Assets."</li> <li>11. Amendment to certain provisions of the "Regulations Governing Loaning of Funds to Others."</li> <li>12. Full re-election of Board of Directors.</li> <li>13. Review of the list of nominated candidates for independent directors by the Board of Directors.</li> <li>14. Lifting of non-compete restrictions on directors.</li> <li>15. Approval of a credit line of NT\$900 million by Mizuho Bank and authorization for the Chairman to execute the transaction.</li> <li>16. Convening of the 2025 annual shareholders' meeting.</li> </ol>

(X) Where directors or supervisors have expressed different opinions in records or written statements regarding important resolutions adopted by the board of directors during the most recent year and as of the date of publication of the annual report, the main contents of such opinions must be specified: None.

III. Information of professional fees for CPAs:

**Information of professional fees for CPAs**

Unit: NTD thousand

Name of CPA firm	Name of CPA	CPA audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Wang Teng-Wei	2024	3,580	880	4,460	Note
	Li Chi-Chen					

Note: NTD340 thousand for transfer pricing in 2024; NTD350 thousand for the master file of 2024; NTD190 thousand advanced for branch office expenses.

1. Where the CPA firm is changed and the audit fees paid for the year when such change occurs are less than those paid for the year prior to such change the amounts of the audit fees before and after such change and the reasons for such decrease must be disclosed: None.
2. Where the decrease in the audit fees is no less than 10% from the previous year, the amount and percentage of and the reasons for such decrease in the audit fees must be disclosed: None.

IV. Information of change of CPAs:

To maintain the independence of CPAs and implement the mechanism for internal rotation of CPAs, Deloitte Taiwan has changed the CPAs for HEC starting from Q3 of 2021, with the original CPAs Wu Chiu-Yen and Yang Chao-Chin replaced by Wang Teng-Wei and Li Chi-Chen.

- V. Where the chairman, president or financial or accounting manager of your company has served at the firm of the CPAs or any of its affiliates during the most recent year, his/her name and title and the period of his/her service at the firm of the CPAs or any of its affiliates must be disclosed: None.

VI. Changes in transfers and pledges of shares held by directors, supervisors, managers, and shareholders with a shareholding of more than 10% during the most recent year and as of the date of publication of the annual report:

(I) Changes in shares held by directors, supervisors, managers, and shareholders with a shareholding of more than 10%

Title	Name	2024		As of April 22, 2025	
		Increase (Decrease) in the number of shares held	Increase (Decrease) in the number of shares pledged	Increase (Decrease) in the number of shares held	Increase (Decrease) in the number of shares pledged
Chairman	CompuCase Investment Co., Ltd.	-	(3,100,000)	-	-
Representative of Chairman	Wang Chun-Tung	-	-	-	-
Representative of Director	Huang Hsiao-Ling	-	-	-	-
Director	Cheng Li Investment Co., Ltd.	-	(550,000)	-	-
Representative of Director	Ko Chi-Yuan	-	-	-	-
Representative of Director	Li Ssu-Chia	-	-	-	-
Director	Chung Ding-Chun	-	-	-	-
Director	Li Li-Sheng	-	-	-	-
Independent director	Hsu Chia-Te	-	-	-	-
Independent director	Chen Jung-Chao	-	-	-	-
Independent director	Hua Chih-Chiang	-	-	-	-
Independent director	Wang Yu-Ling				
Chairman and President	Wang Chun-Tung	-	-	-	-
Senior Vice President	Lee Chia-Ching	-	-	-	-
Vice President	Li Chun-Liang	-	-	-	-
Vice President	Huang Li-Chun	-	-	-	-
Assistant Vice President	Lin Yong-Zong	-	-	-	-
Assistant Vice President	Wu Yen-Yu	1,000	-	-	-
Assistant Vice President	Hsu Hwa-Teh	-	-	-	-
Chief corporate governance officer	Li Yu-Ming	-	-	-	-
Financial Manager	Lin Yung-Hsiang				
Accounting Manager	Chen Fang-Ting	-	-	-	-

(II) Information of related parties who are the counterparties in transfers or pledges of shares:  
None.

VII. Information of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity

**Information of the relationship between shareholders with the top 10 shareholdings**

2025.04.22

Name	Personal shareholding		Shareholding of spouse or minor children	Total nominee shareholding		Names and relationship of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name	Relationship		
Representative of Compucase Investment Co., Ltd.: Ko Chi-Yuan	23,835,605	21.23%	-	-	-	-	-	-
Representative of MiTAC International Corporation: Miao Feng-Chiang	10,000,000	8.91%	-	-	-	-	-	-
Miao Feng-Chiang	-	-	-	-	-	-	-	-
Representative of Cheng Li Investment Co., Ltd.: Ko Chi-Yuan	6,638,193	5.91%	-	-	-	-	-	-
Ko Chi-Yuan	336,000	0.30%	-	-	-	-	-	-
HSBC Bank (Taiwan) Limited – Custodian for Mitsubishi UFJ Morgan Stanley (Proprietary Trading Unit), Platform-Based Third-Party SBL Investment Account	3,310,000	2.95%	-	-	-	-	-	-
Citibank – Custodian for Berkeley Capital SBL/PB Investment Account	2,351,000	2.09%	-	-	-	-	-	-
Hung Ching-Chung	1,700,000	1.51%	-	-	-	-	-	-
Standard Chartered Bank Main Branch – Custodian for Mizuho Securities Co., Ltd. Investment Account	1,153,000	1.03%	-	-	-	-	-	-
Hsu Chien Chiu-Hsiang	1,047,036	0.93%	-	-	-	-	-	-

Name	Personal shareholding		Shareholding of spouse or minor children	Total nominee shareholding	Names and relationship of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding (%)			Shareholding (%)	Number of shares	
Tahua Investment Co., Ltd. Representative: Chang Lien-Sheng	973,000	0.87%	-	-	-	-	-
Chang Lien-Sheng	-	-	-	-	-	-	-
Citibank Taiwan Limited – Custodian for UBS Europe SE Investment Account	715,109	0.64%	-	-	-	-	-

Note: The calculation of shareholding is based on the outstanding shares of 113,285,626 shares, excluding treasury shares of 1,000,000 shares.

VIII. Numbers of shares Held by HEC, its directors, supervisors, and managers and companies directly or indirectly controlled by HEC in a single investee company, and the comprehensive shareholding percentage calculated on a consolidated basis: No such situation.

## Chapter III      Financing

### I. Capital and shares of HEC:

#### (I) Sources of share capital

2025.04.22

Year, Month	Par value per share (NTD)	Authorized share capital		Paid-in share capital		Remarks			
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of share capital	Non-cash property used as share payment	Others	Date and number of documents of approval of capital increase
1997/08	10	15,000	150,000	15,000	150,000	Capital increase by cash NTD70,000 thousand Capital increase from earnings NTD30,000 thousand	-	-	October 22, 1997 Letter Jing-(1997)-Shang-Zi No. 121094
1999/07	10	75,000	750,000	38,000	380,000	Capital increase by cash NTD170,000 thousand Capital increase from earnings NTD60,000 thousand	-	-	August 9, 1999 Letter Jing-(1999)-Shang-Zi No. 088128766
2000/12	10	75,000	750,000	49,400	494,000	Capital increase from earnings NTD114,000 thousand	-	-	January 3, 2001 Letter Jing-(1997)-Shang-Zi No. 089148759
2001/07	10	75,000	750,000	59,493	594,930	Capital increase from earnings NTD100,930 thousand	-	-	August 29, 2001 Letter Jing-(1999)-Shang-Zi No. 09001343520
2002/04	10	85,000	850,000	62,618	626,180	Capital increase by cash NTD31,250 thousand	-	-	May 2, 2002 Letter Jing-(1997)-Shang-Zi No. 09101154380
2002/10	10	85,000	850,000	76,184	761,846	Capital increase from earnings NTD135,666 thousand	-	-	October 16, 2002 Letter Jing-(1999)-Shang-Zi No. 09101416830
2003/12	10	110,000	1,100,000	86,038	860,378	Capital increase from earnings NTD98,532 thousand	-	-	December 1, 2003 Letter Jing-Shou-Shang-Zi No. 09201326140
2004/08	10	110,000	1,100,000	89,876	898,759	Capital increase from earnings NTD38,381 thousand	-	-	August 9, 2004 Letter Jing-Shou-Shang-Zi No. 09301146740
2005/08	10	110,000	1,100,000	91,352	913,520	Capital increase from earnings NTD14,761 thousand	-	-	August 1, 2005 Letter Jing-Shou-Shang-Zi No. 09301146740
2006/07	10	110,000	1,100,000	93,320	933,195	Capital increase from earnings NTD19,675 thousand	-	-	July 26, 2006 Letter Jing-Shou-Shang-Zi No. 09501159850
2007/07	10	110,000	1,100,000	96,211	962,109	Capital increase from earnings NTD28,914 thousand	-	-	July 23, 2007 Letter Jing-Shou-Shang-Zi No. 09601175190

Year, Month	Par value per share (NTD)	Authorized share capital		Paid-in share capital		Remarks			
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of share capital	Non-cash property used as share payment	Others	Date and number of documents of approval of capital increase
2008/07	10	110,000	1,100,000	101,116	1,011,164	Capital increase from earnings NTD49,054 thousand	-	-	July 24, 2008 Letter Jing-Shou-Shang-Zi No. 09701184210
2010/08	10	110,000	1,100,000	102,813	1,028,130	Capital increase from earnings NTD16,966 thousand	-	-	August 16, 2010 Letter Jing-Shou-Shang-Zi No. 09901185530
2011/08	10	150,000	1,500,000	104,648	1,046,476	Capital increase from earnings NTD18,346 thousand	-	-	August 22, 2011 Letter Jing-Shou-Shang-Zi No. 10001192030
2011/12	10	150,000	1,500,000	103,286	1,032,856	Cancellation of treasury stocks NTD13,620 thousand	-	-	December 28, 2011 Letter Jing-Shou-Shang-Zi No. 10001290090
2016/10	10	150,000	1,500,000	113,286	1,132,856	Capital increase by cash from private placement NTD100,000 thousand	-	-	October 24, 2016 Letter Jing-Shou-Shang-Zi No. 10501251030

Type of shares	Authorized share capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common shares	113,285,626	36,714,374	150,000,000	None

Note: The outstanding shares include 10,000,000 privately placed shares, and 1,000,000 treasury shares, with the remaining being publicly traded shares.

## (II) List of major shareholders

Names of shareholders with a shareholding of no less than 5% or shareholders with the top 10 shareholdings, the numbers of shares held by them, and their shareholding percentages:

2025.04.22

Name of major shareholder	Capital Stock	Number of shares held	Shareholding (%)
1. Compucase Investment Co., Ltd.		23,835,605	21.23%
2. MiTAC International Corporation		10,000,000	8.91%
3. Cheng Li Investment Co., Ltd.		6,638,193	5.91%
4. HSBC Bank (Taiwan) Limited – Custodian for Mitsubishi UFJ Morgan Stanley (Proprietary Trading Unit), Platform-Based Third-Party SBL Investment Account		3,310,000	2.95%
5. Citibank – Custodian for Berkeley Capital SBL/PB Investment Account		2,351,000	2.09%
6. Hung Ching-Chung		1,700,000	1.51%
7. Standard Chartered Bank Main Branch – Custodian for Mizuho Securities Co., Ltd. Investment Account		1,153,000	1.03%
8. Hsu Chien Chiu-Hsiang		1,047,036	0.93%
9. Tahuia Investment Co., Ltd.		973,000	0.87%
10. Citibank Taiwan Limited – Custodian for UBS Europe SE Investment Account		715,109	0.64%

Note: The calculation of shareholding is based on the outstanding shares of 113,285,626 shares, excluding treasury shares of 1,000,000 shares.

## (III) The dividend policy of your company and its implementation

1. The dividend policy stipulated in the Articles of Incorporation:

If HEC has earnings in the annual financial statements, it will pay taxes and offset any losses as required by law, then set aside 10% of the remaining earnings as legal reserves. However, if the legal reserves have already reached the Company's paid-in capital, no further contributions will be made to this reserve. Any remaining earnings will be set aside or reversed as special reserves according to applicable laws. Should there still be remaining earnings, these, along with any accumulated undistributed earnings, may be retained at the discretion of the Board of Directors, depending on the Company's operating performance. The Board will then prepare a proposal for profit distribution, which will be submitted to the shareholders' meeting for a resolution on the distribution of dividends to shareholders.

In consideration of its future investment funding needs and its financial structure, HEC has adopted a balanced and stable dividend policy for the purposes of sustainable management and long-term development, with shareholders' interests and other factors taken into account. Each year, no less than 10% of the distributable earnings shall be appropriated for distribution of bonuses to shareholders. No such distribution is required if the cumulative distributable earnings amount to less than 2% of the paid-in share capital. For distribution of dividends in any future year, it is expected that the amount of cash dividends distributed will be no less than 10% of the total dividends distributed in that year, and that such dividends will, based on the investment funding needs and the level of dilution of earnings per share, be distributed in stock or cash, as appropriate.

Regarding the preceding paragraph, HEC may determine the most appropriate dividend policy and manner of distribution based on the actual condition of its operations in the current year, taking into account the capital budget plan for the next year.

2. Distribution of dividends proposed at the current shareholders' meeting

The proposal for distribution of earnings for 2024 was approved by the Board of Directors on March 13, 2025, with a cash dividend of NTD2.75 per share. This distribution will be made subject to approval by the annual shareholders' meeting, after which the Board of Directors will set the ex-dividend date.

3. The expected dividend policy is anticipated to undergo significant changes: None.

(IV) The proposed stock dividend at this year's shareholders' meeting and its impact on the Company's operating performance and earnings per share: Not applicable.

(V) Remuneration for employees and directors

1. The percentage or range of the remuneration for employees and directors as specified in the Articles of Incorporation

(1) The remuneration for employees shall be 2% to 10% of HEC's profit, and the recipients of such remuneration may include the employees of any domestic or foreign company affiliated to HEC.

(2) The remuneration for directors shall be no more than 4% of HEC's profit.

2. The basis of estimate of the remuneration for employees, directors, and the basis of calculation of the number of shares distributed as stock dividends, and the accounting treatment in case of any difference between the actual amount of distribution and the estimate for the current period

- (1) The basis of estimate of the remuneration for employees:

The amount of the remuneration for employees and directors in the current year is estimated, recognized, and accounted for according to the percentage set forth under the Articles of Incorporation and based on past practices.

- (2) The basis of calculation of the number of shares distributed as stock dividends

If the Board of Directors has adopted a resolution to distribute the remuneration for employees in shares, the number of shares for such remuneration will be calculated according to the closing price on the day prior to the date of resolution of the Board of Directors.

- (3) The accounting treatment in case of any difference between the actual amount of distribution and the estimate

Subject to a resolution of the Board of Directors, any difference between the actual amount of distribution and that accounted for will be treated as a change in accounting estimates and recognized as a profit/loss in the year of actual distribution.

3. Information regarding distribution of the remuneration for employees approved by the Board of Directors:

- (1) Amount of the remuneration distributed for employees and directors

The following is the amount of the remuneration distributed for employees, directors and supervisors approved by a resolution of the Board of Directors on March 13, 2025:

Remuneration for employees: NTD51,790,047, to be distributed in cash.

Remuneration for directors: NTD25,895,024, to be distributed in cash.

- (2) The proposed amount of the remuneration for employees distributed in shares and its share of the sum of the after-tax net profit and total remuneration for employees in the current period:

N/A.

- (3) The estimated earnings per share following consideration of the proposal for distribution of the remuneration for employees and directors is NTD4.61.

4. Actual distribution of employee and director/supervisor remuneration in 2023 (including the number of shares distributed, the amount, and the share price). Any difference from the amounts recognized as employee and director/supervisor remuneration shall be explained, including the amount of the discrepancy, reasons therefor, and the manner of handling:

- (1) The actual distribution of remuneration to employees, directors, and supervisors in 2023 is as follows:

In 2023, the actual amounts of the remuneration distributed for employees and for directors and supervisors were NTD60,849,584 and NTD15,227,396 respectively.

(2) If there is any difference between the actual remuneration distributed and the amounts recognized for employees, directors, and supervisors, the difference, reasons, and treatment shall be explained: There is no difference between the amounts of remuneration actually distributed to employees, directors, and supervisors and the amounts resolved by the Board of Directors and recognized in the accounts.

(VI) Repurchase by HEC of its own shares: None.

(1) Repurchase by HEC of its own shares (completed)

2025.04.22

Repurchase tranche	6th
Purpose of repurchase	Transfer to employees
Repurchase period	July 14 to September 2, 2022
Repurchase price range	Between NTD21.5 and NTD35. HEC may continue to repurchase shares where the price of its shares is lower than the minimum price of the set range.
Type and number of repurchased shares	Common shares/2,000,000
Amount of shares repurchased	NTD59,144,179
Percentage of the repurchased number in the number planned to be repurchased (%)	50%
Number of shares canceled and transferred (Note)	1,000,000
Cumulative number of HEC's shares held	1,000,000
Percentage of the cumulative number of HEC's shares held in the number of total outstanding shares (%)	0.88%

Note: The cumulative 1,000,000 treasury shares held have not been transferred to employees.

(2) Repurchase by HEC of its own shares (currently in progress): None.

II. Issuance of corporate bonds (including foreign corporate bonds): None.

III. Issuance of preferred shares: None.

IV. Issuance of global depositary receipts: None.

V. Issuance of employee stock warrants: None.

VI. Issuance of new restricted shares to employees: None.

VII. Issuance of new shares with shares acquired or transferred from other companies: None.

VIII. Implementation of the fund usage plan: None.

## Chapter IV      Overview of Operations

### I. Information of business activities

#### (I) Scope of business

1. Our registered scope of business includes:

Business activities not prohibited or restricted by law, other than those permitted.

2. The percentage each of our main product's accounts for in our operations is as follows:

2024.12.31	
Product	Share of operations (%)
Computers, server chassis and their components	29%
Power supplies	39%
Private brands of computer and gaming peripherals	22%
Medical and home beds	2%
Others	8%
Total	100%

3. Current products (services)

- A. Computer and gaming peripherals.
- B. Power supplies and other IT products.

4. New products planned for development

- A. PSU:
  - a. Utilizing programmable digital control ICs to implement LLC+PFC power architecture, which offers high light-load efficiency and great design flexibility; various wattage models are being developed progressively.
  - b. Launching mass production of 1600W Titanium models with a compact 180mm size to enhance product competitiveness.
- B. Case: Employing a compartmentalized water-cooled chassis, tested with actual equipment operation to effectively reduce CPU/GPU/NPU operating temperatures and fan noise by over 10%, enhancing stability and efficiency of AI PC operation, and military-grade chassis.
- C. Cougar Case: Planning to develop the next generation of panoramic view chassis with 270-degree full transparent glass, modular design for both visual aesthetics and ventilation, ensuring gaming chassis not only possess visual appeal but also requisite cooling and assembly convenience features.
- D. COUGAR Gaming Chair: Terminator Air – Flagship Ergonomic Gaming Chair. Building upon the design elements of COUGAR's flagship Terminator gaming chair, the Terminator Air integrates multifunctional ergonomic features to create a new gaming chair that perfectly combines iconic gaming aesthetics with superior ergonomic comfort.
- E. COUGAR Cooling Products: Our digital liquid cooling solutions display computer information directly on the water block's LCD screen via COUGAR's proprietary firmware and software, allowing users to monitor real-time system data during operation. The screen design can also be customized to reflect each user's personal style.

## (II) Overview of industry

### 1. Current status and development of industry

#### PC industry

PCs are expected to enjoy three major advantages in 2025, boosting the industry back to a growth trajectory. These include healthy PC inventory levels, opportunities arising from the post-2020 epidemic equipment replacement cycle, and Microsoft's plan to end support for Windows 10 updates in October 2025, significantly increasing enterprise motivation to upgrade, thereby assisting the PC industry in emerging from its slump and ushering in a new wave of shipments. Therefore, it can be understood that the industry is on a path of recovery and growth.

In addition to benefiting from the replacement cycle, the recent selling points of the PC industry also include the flourishing development of generative AI applications in recent years. The trend is shifting from high reliance on cloud data centers for AI inference to direct AI application on terminal devices. This makes AI PC a focal point in the PC industry, impacting hardware specification upgrades and driving significant changes in user scenarios and supply chain reorganization. The vast opportunities in the AI PC industry have become a battleground for many major players, with more research resources and funds continuously invested. AI PC is poised to play a key role in leading the industry to the next peak.

Overall, while demand for general personal computer-related power supplies is not expected to experience significant growth, servers, automotive, and other downstream products can maintain higher shipment growth rates. Moreover, server power supplies continue to develop towards higher power specifications, and PC power supplies are also upgrading to ATX 3.0 specifications. With domestic manufacturers gradually entering high unit price products such as automotive, it can support the revenue performance of related manufacturers. However, as some products are transferred to third-party manufacturing sites, it is estimated that the production and sales value of the domestic power supply manufacturing industry in 2025 will only remain flat compared to 2024.

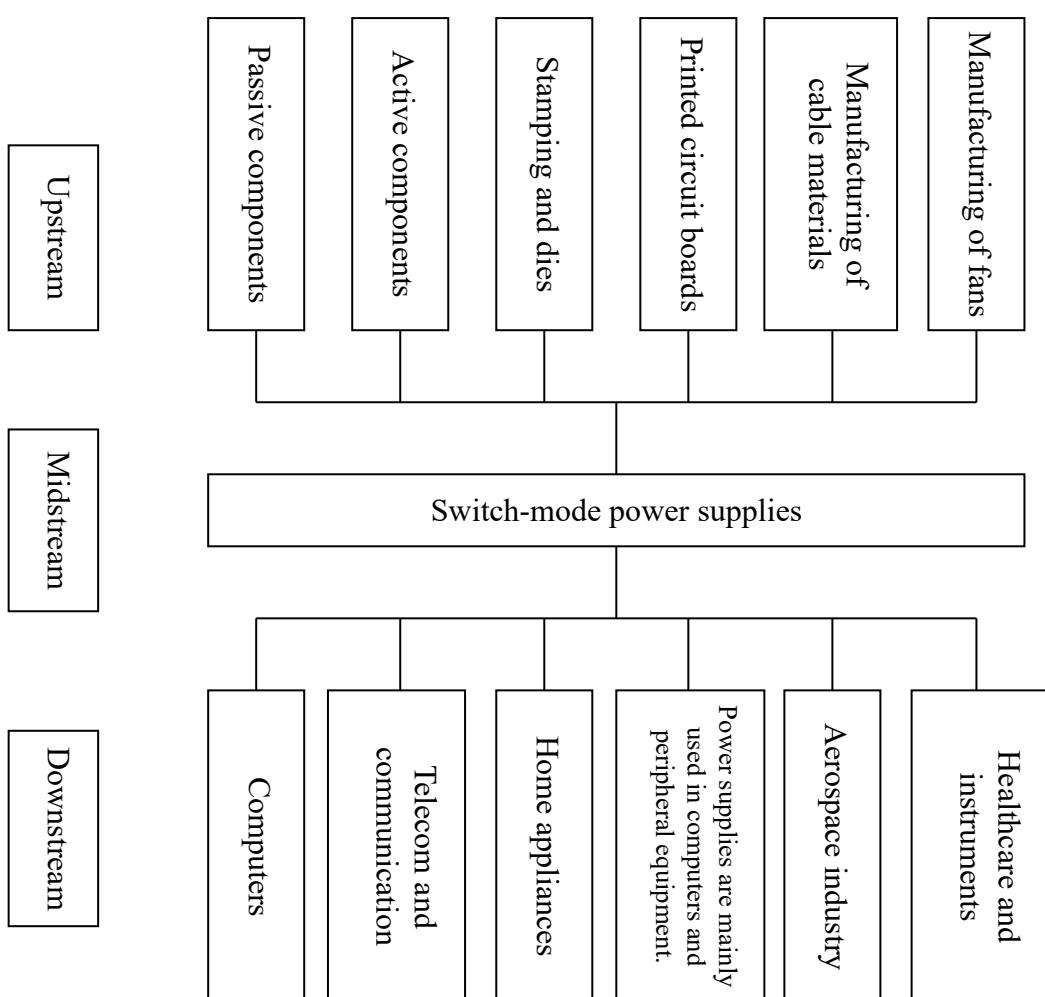
## 2. Relationship among the upstream, midstream, and downstream in the industry of PC power supplies

## Relationship between the upstream raw materials and industry

The primary raw materials of switch-mode power supplies generally include active, passive, and magnetic components, other electronic components, chassis, and printed circuit boards. A few kinds of components, such as controller ICs and semiconductors, are mostly supplied by large foreign manufacturers, while others are mainly made by domestic manufacturers. Thus, they are closely related to the upstream industry.

## Relationship between the downstream products and switch-mode power supplies

As the IT industry keeps booming, Taiwan has become the largest producer of switch-mode power supplies globally. Moreover, power supplies are an indispensable component of the IT industry, and as a result the power supply industry collaborates closely with the upstream, midstream, and downstream suppliers. The following is the structure of the upstream, midstream, and downstream sectors of the industry:



(III) Overview of technology and R&D:

1. R&D expenses invested in the most recent year and as of the date of publication of the annual report

Item	Year	Unit: NTD thousand	
		2024	As of March 31 2025 (Note)
R&D expense		165,733	41,307

Note: The amount as of March 31, 2025 has not been audited and reviewed by the CPAs.

2. Successfully developed technologies or products

- Development completed to improve PSU energy efficiency under ultra-light loads, meeting Energy Star 9.0 standards.
- A low-loss layout design is implemented to enhance efficiency, enabling a common platform for both 80 PLUS Gold and Platinum certified models, thereby shortening development cycles and reducing certification costs.
- The glass side panel chassis has been completed, successfully preventing EMI leakage, meeting market trends, and balancing aesthetics and safety standards.
- The 240KW and 350KW charging pile terminals have obtained delivery acceptance, officially entering the electric vehicle supply chain.
- The world's first innovative all-around cable-concealing chassis design, OmnyX, can be positioned on any side of the desktop without orientation restrictions. Equipped with four large 160mm fans and a straight-through airflow design, OmnyX was mass-produced and launched in Q2 2024. Unlike traditional PC cases, it combines aesthetic design with optimized thermal performance and has garnered positive market feedback ahead of its official launch.
- The CFV235, the world's first chassis with an innovative floating design and exclusive airflow tailored for high-end graphics card cooling, is scheduled for mass production in June 2025.

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

1. Short-term development plan:

Marketing strategy:

- Seeking retail ODM projects:

Due to a great year-by-year increase in the demand for gaming PCs, many major retail manufacturers have kept releasing new products, and some non-chassis brands have also entered the chassis market. With professional teams and years of experience in ODM, we differentiate ourselves from Mainland Chinese manufacturers in that we are capable of providing plenty of services to retail customers, and our experience in areas like ID, mechanism and specification is where our strength lies.

B. Enhancing brand awareness through local marketing initiatives focused on the domestic market:

Enhancing brand awareness will in the long term be positively helpful for sales. With a plan for agents and complete product lines, the return on continued investment of marketing resources will be reflected on the sales figures more quickly. The focuses of our plan for marketing activities include:

- (1) Game event: Each year, players from around the world focus on the largest annual game events. We plan to participate in professional and highly popular exhibitions such as E3 Expo, Dreamhack, and PAX in the United States; China Joy and Bilibili World in China; PGA in Poland; Gamescom in Germany; and IgroMir in Russia. These events provide valuable opportunities for players to experience Cougar products firsthand and increase brand exposure.
- (2) Gaming tournament: We participate in gaming tournaments by co-branding or officially sponsoring gaming chairs, focusing on tournaments featuring the top three games in terms of player count: LOL, Overwatch, and Dota2.
- (3) Gaming team: We sponsor gaming teams to join tournaments using the name of Cougar to further develop the market of gaming fans.
- (4) Channel marketing: We plan to invest in channel marketing in collaboration with online and offline channels.

C. Management of the Cougar brand for our private outdoor products:

As the gross profit from OEM continues to drop, no breakthrough is possible without the sale of private brands. Based on our experience in the gaming brand Cougar, we will develop new brands of outdoor products for sale to increase our profit and revenue.

D. Investment in gaming products with sales synergy:

Based on our plan for agents and the gradual completion of the sales channels being built, we are able to develop more complete product series of chassis and power supplies, while more new product lines for gaming desks are expected to make them as popular as gaming chairs. We also target the market demand for XBOX/PlayStation and mobile games to release more high-, middle- and low-end headset products, so that we will be able to gain immediate benefits from sales growth.

Production policy:

A. Integration of materials to increase gross profit margin:

Integration of material design: Materials such as transformers, semiconductors, and cables will be integrated into a unified design to streamline procurement and management. Centralizing material purchases increases volume, strengthening our bargaining power. In-house production of transformers and cables can also be scaled up to reduce costs and improve gross profit.

B. Enhancement of production technologies:

We will build a complete set of equipment and workforce for our laboratories, develop the talents and fundamental production technologies necessary for our policies, complete suitable lines exclusively for production, acquire more automated production equipment and improve product conformity.

C. Automation of factory production:

Our IE center will continue to assess the automated equipment for preparatory processing/final testing/packaging and increase UPH to reduce labor and manufacturing costs. Furthermore, it will work with RD in conducting research on design, process, and equipment to increase the speed of production.

D. Development of required talents:

We will develop multi-skilled workers and train multi-skilled managers through rotation, and we will engage in continuous review and improvement to ensure an effective system for quality assurance and management.

Operations management:

A. Ensuring sufficient working capital and expanding operating capabilities based on performance growth:

To ensure sufficient supply of funds required for the development of our business and strengthen our financial structure, we will make investments or raise funds in the capital market with our earnings of prior years.

B. Actively recruiting R&D talents:

We will attract outstanding R&D talents through industry - academia collaboration to enhance our R&D teams.

2. Long-term development plan:

Marketing strategy:

By leveraging our core competencies, we aim to establish a global logistics management system that fully meets customers' comprehensive needs and builds a long-term, stable international marketing network. With a strong and stable customer base, we will continue to expand the market share of our own-brand products, driving steady year-over-year growth in both revenue and profit.

Production strategy:

We will relocate the LFDG factory to expand the scale of production, and we will integrate the demand for materials with concentrated purchases to lower the procurement cost. In response to the international trend in environmental protection, we will purchase pollution-free, automated precision production equipment and develop new processes to achieve the target of increased production capacity and value.

Operations management:

We will promote a global marketing system and strengthen the functions and control of our overseas business units to enhance their performance.

## II. Overview of market and production/sales

### (I) Market analysis

According to the industrial production statistics from the Ministry of Economic Affairs, in 2024, despite the development in digital environment and the burgeoning esports industry, which favor the layout of emerging application markets such as automotive, medical, and industrial, and the development of new products like esports and customization by operators has helped drive the performance of operators' gross profit margins, and the post-pandemic return to physical work has also stabilized demand for office and other commercial peripherals. However, due to the unfavorable operating environment in this industry and the significant decline in computer product shipments, coupled with the easing of the pandemic leading to a significant increase in domestic and international tourism demand, squeezing out other consumer spending, which is unfavorable for the growth momentum of domestic demand in the market. Furthermore, due to continued inventory pressure on downstream customers, order momentum remained weak, with some shipments deferred. Combined with a relatively low base period in the same period of 2023, the sales value of Taiwan's computer peripheral equipment manufacturing industry reached only NTD55.46 billion from January to November 2024, representing a year-on-year decline of 1.44% and indicating a significantly expanded downturn.

#### 1. Sales territories for main products

HEC's main customers are well-known foreign manufacturers. HEC's products are primarily exported, with Asia, America, and Europe being the main markets. The regional sales figures for HEC in 2024 are as follows:

Unit: NTD thousand

Item	Year	2024	
		Amount	%
% Net operating revenue of domestic sales		42,431	1%
Export	Asia	2,625,027	35%
	Europe	1,467,147	20%
	Americas	3,219,866	43%
	Others	47,542	1%
Total		7,402,013	100.00

#### 2. Approximate market share

In 2024, the total shipment of PCs was 256 million units, a 3% increase from 2023. Canalys believes that there are signs of recovery in the PC market, and the performance of the PC market in 2025 is worth looking forward to. In addition to the rebound in market demand, AI PCs will also become an important driving force for the growth of the PC industry. Based on the shipment volume of the Company's PC products, the global market share is estimated to be approximately 4%, indicating significant room for growth. Due to our product development strategy focusing on mid to high-end models and retail products with higher unit prices, our global market share is even higher when calculated by sales value, and our average gross profit margin is also higher.

### 3. Future Market Supply and Demand Situation and Growth

#### (1) Demand

The main factor affecting supply is the emergence of "stay-at-home economy," be it gaming or online networking, which creates huge business opportunities. More frequent use of equipment means a higher chance for its replacement. Replacing a CPU, graphics card or operating system will require the power supply to be also replaced, thus generating a new business opportunity for Power Supplies.

The phase-out of the Windows XP operating system and USB 3.0, along with the growing popularity of entertainment media, has created various types of demand and promising business opportunities for our products, including computer chassis and power supplies.

#### (2) Supply

Computer products are closely related to the economic situation of the industry. According to statistics of the Institute for Information Industry and relevant studies, the computer industry of Taiwan is ranked first in terms of global share under several categories.

#### (3) Growth

##### A. Economic growth in the industry will continue

The computer industry and the IT industry are closely associated. As a result of growing multimedia applications, there has been increasing demand for networking and digitized homes, while the global IT market will keep growing. Despite being less convenient than notebooks and tablets, desktops remain an indispensable office tool for businesses.

##### B. Wide range of product applications

As required components of computers, power supplies and computer chassis have a wider range of applications compared to ordinary IT products.

##### C. Export-oriented

Desktops made in Taiwan are mainly sold to the markets of the US, Europe, and the Asia-Pacific region, and they have gradually become a strong force driving industry growth as the economy in emerging markets grows.

##### D. Prevalence of division of labor in production and sales

With competitive advantages in terms of manufacturing, design and cost, manufacturers in Taiwan have received great recognition from their major peers in Europe, the US and Japan and become an important production base for the PC industry.

##### E. With stable quality, our products are positioned in the mid-to-high-end segment, offering a clear distinction from high-priced products in Europe, the US, and low-priced products in Asia.

### 4. Competitive niche

- (1) The introduction of USB 3.2 has significantly improved data transmission speed, driving strong demand from both the gaming and system integration (SI) sectors.
- (2) Demand in the gaming market gradually increases.

- (3) The booming gaming market brings about demand for replacement of computers.
- (4) With experience accumulated over many years in cooperation with our customers and enhanced OEM capabilities, we have great opportunities in seeking future OEM orders, and we will continue to introduce Cougar-brand chassis with gradual growth expected in retail.

5. Advantages and disadvantages for prospects of development, and measures in response

- (1) Advantages:
  - A. HEC has successful experience in developing 1st Tier products, a healthy structure, and excellent quality control, making it well-suited for undertaking development projects for large system providers.
  - B. HEC has strong mold development capabilities, especially in plastic polishing and glossy surface technology, which is ahead of its competitors.
  - C. HEC is capable of developing and manufacturing chassis and power supplies, so we are able to provide C+P solutions to our customers.
  - D. We have built a complete network of channels overseas and established branches in Europe, the US, Japan, and other advanced countries, making it possible for us to operate in the market and provide services to customers locally.
  - E. New Intel specifications and GEN5 have been successfully mass-produced, facilitating derivative projects.
  - F. Developing copper sheet transformers can be introduced into existing high-end models to increase project opportunities.
- (2) Disadvantages
  - A. The outbreak of the Russo-Ukrainian war.
  - B. Our competitors compete for orders with a low-price strategy.
  - C. The impact of the US-China trade war on the market.
  - D. Shrinkage of mainstream copper models in the market.
- (3) Measures in response
  - A. We will establish marketing locations globally to better operate in local markets and provide services to customers. Additionally, we will set up factories in Mainland China for production to reduce manufacturing costs and enhance the flexibility and efficiency of integrating global resources.
  - B. Our product line includes an economical series, an energy-efficient and eco-friendly series, and a high-wattage series for gamers. These will be introduced to the market in low, mid, and high tiers, offering customers a comprehensive range of options.
  - C. In addition to ensuring that existing customers can have extended project development, benchmark products such as titanium power supplies/full digital power supplies/water-cooled power supplies, leading technological indicators, and new circuit design architectures, are developed to attract new projects and customers.

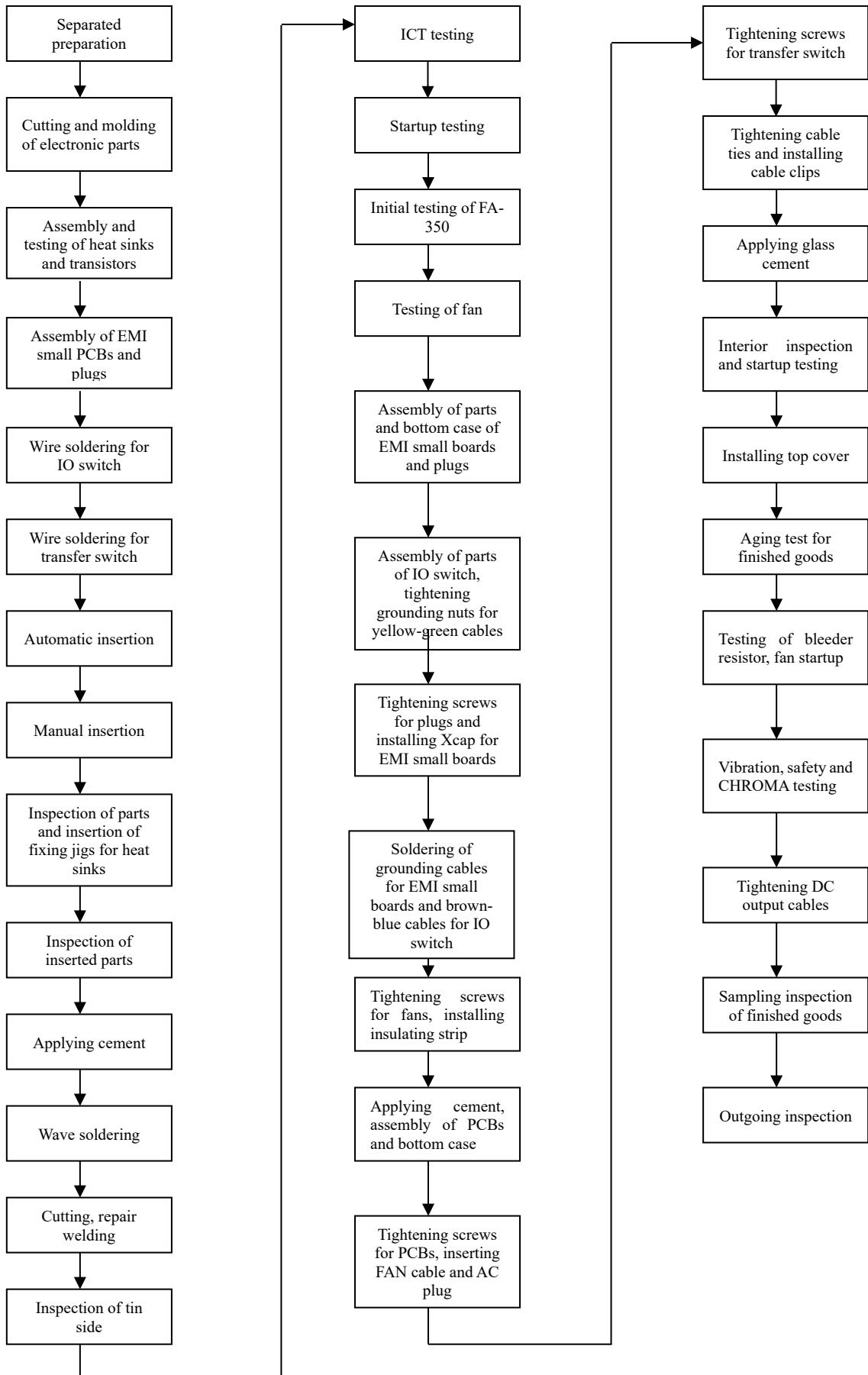
- D. We will stay committed to developing our brands, differentiating our products and services, and enhancing the features of middle- and high-end products to keep our profit at a relative high level.
- E. We will continue to develop high-value-added products, such as server chassis, and reduce the cost of die sinking with standardized specifications to increase the profitability of products.
- F. Strengthen the development of own brands in the European and American markets, where the acceptance of mid-to-high-priced products with higher brand positioning is higher, which helps enhance brand positioning.

(II) Important applications and manufacturing processes of main products

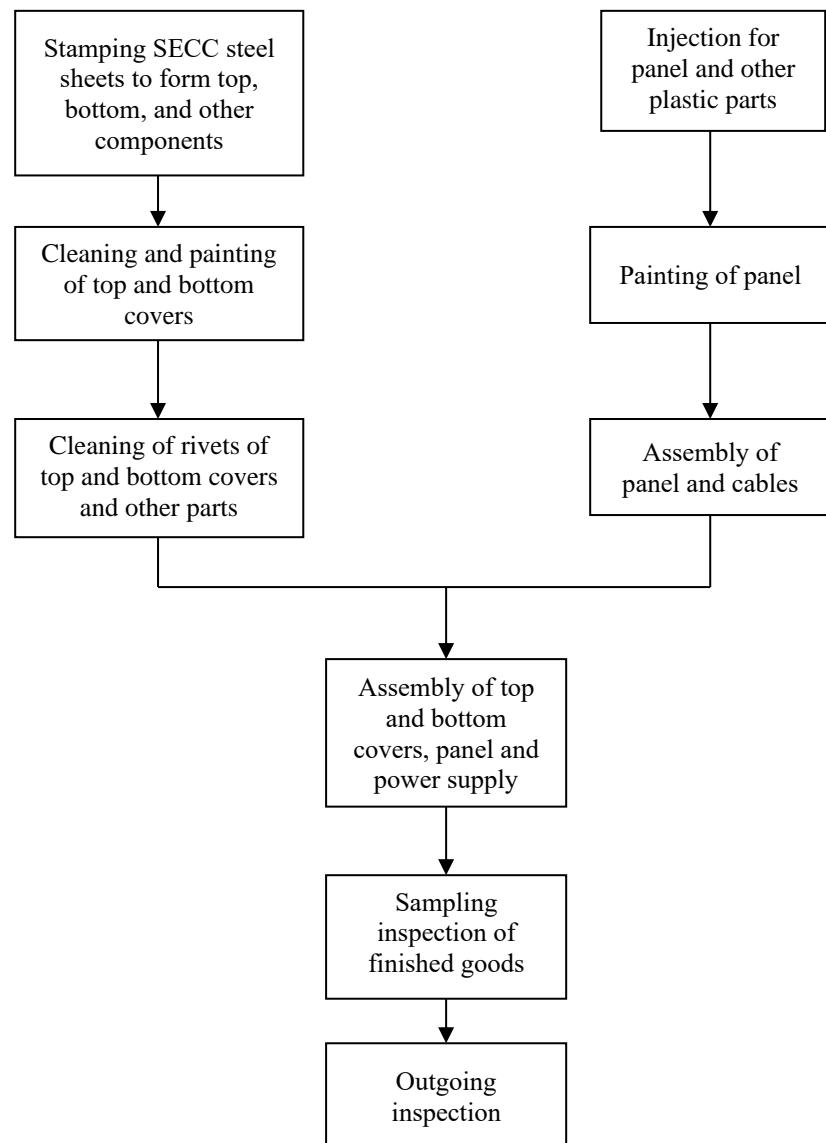
Product	Applications
Power supplies and other IT products	A device capable of converting AC or DC to one or more sets of output DC power used by electronic equipment. Being small-sized, high-efficiency and lightweight, it is applied to a variety of IT, consumer, and industrial control products.
Computer peripherals	Components and peripheral parts and components required for assembly of computer chassis products or storage equipment.

The products above are designed by HEC and manufactured by factories in Mainland China with investments from HEC via a third area, and then shipped to its customers. The main production and manufacturing processes are as follows:

## 1. Manufacturing process of power supplies and other IT products:



## 2. Manufacturing of computer chassis



(III) Supply of primary raw materials

The raw materials of our main products are steel plates, ABS plastic materials and electronic parts. There has been no single manufacturer monopolizing the market, while we have maintained long-term, close cooperation with our main suppliers, thus ensuring really stable and good supply conditions.

(IV) Main suppliers and sales customers in the most recent two years

1. List of main suppliers

Information of the main suppliers in the most recent two years

Unit: NTD thousand

Item	2023				2024				As of Q1, 2025 (Note 2)			
	Name	Amount	Share of annual net purchase (%)	Relationship with the issuer	Name	Amount	Share of annual net purchase (%)	Relationship with the issuer	Name	Amount	Share of net purchase in the current year, as of the previous quarter (%)	Relationship with the issuer
1	Company T	277,917	6%	None	Company T	411,624	9%	None	-	N/A		
2	Company U	187,644	4%	None	Company N	160,362	3%	None	-			
3	Company V	171,963	3%	None	Company U	141,922	3%	None	-			
4	Company W	160,195	3%	None	Company W	140,704	3%	None	-			
5	Others	4,118,111	84%	None	Others	3,928,402	82%	None	-			
	Net purchase	4,915,830	100%		Net purchase	4,783,014	100%		Net purchase	-	0%	-

Note

1. All suppliers are represented by codes only. Since none of the main suppliers has a share of at least 10%, those with a share of at least 3% are disclosed.
2. The data for Q1 of 2025 is not applicable since it has not been reviewed by the CPAs as of the date of publication of the annual report.

2. List of main customers for sales

Information of the main sales customers in the most recent two years

Unit: NTD thousand

Item	2023				2024				As of Q1, 2025 (Note 2)			
	Name	Amount	Share of annual net sales (%)	Relationship with the issuer	Name	Amount	Share of annual net sales (%)	Relationship with the issuer	Name	Amount	Share of net sales in the current year, as of the previous quarter (%)	Relationship with the issuer
1	Company A	2,939,195	36%	None	Company A	2,605,670	35%	None	-	N/A		
2	Company H	756,798	9%	None	Company H	723,758	10%	None	-			
3	Company E	620,438	8%	None	Company I	506,334	7%	None	-			
4	Company C	487,684	6%	None	Company J	321,565	4%	None	-			
5	Others	3,330,618	41%	None	Others	3,244,686	44%	None	-			
	Net sales	8,134,733	100%		Net sales	7,402,013	100%		Net sales	-	0%	-

Note

1. The names of customers accounting for no less than 10% of the total sales during the most recent two years and their respective amounts and percentages of sales are specified, except that a code may be used where non-disclosure of a customer's name has been agreed under the contract or where the counterparty is an individual not a related party.
2. The data for Q1 of 2025 is not applicable since it has not been reviewed by the CPAs as of the date of publication of the annual report.
3. Description of changes: Due to business needs, changes in the product sales mix, and fluctuations in the market environment, there have been adjustments in suppliers, sales customers, as well as the corresponding amounts and percentages.

III. Information of employees during the most recent two years and as of March 31, 2025

Year		2023	2024	As of March 31 2025
Number of employees (person)	Indirect employees	933	931	942
	Direct employees	1,834	1,849	1,777
	Total	2,767	2,780	2,719
Average age		39.36	39.52	41.15
Average length of service (year)		3.58	4.48	3.62
Distribution of educational level (%)	Doctorate	-	-	-
	Master	2%	2%	2%
	College	18%	10%	15%
	Senior high school	9%	37%	32%
	Below senior high school	71%	51%	51%

IV. Information of environmental protection expenses

Losses and total amount of penalties incurred by your company due to environmental pollution during the most recent year and as of the date of publication of the annual report, and future measures in response and possible expenses:

HEC:

	2024	As of March 31, 2025
Status of pollution	None	None
Agency imposing penalties	None	None
Penalties	None	None
Other losses	None	None

LFE:

	2024	As of March 31, 2025
Status of pollution	None	None
Agency imposing penalties	None	None
Penalties	None	None
Other losses	None	None

Future measures in response: None.

## V. Labor - management relations

(I) Employee welfare measures, continuous education, training and retirement systems and their implementation, agreements between employees and the employer, and measures for protection of the rights of employees:

### 1. Employee welfare measures

#### A. Welfare measures implemented by HEC

- (1) Employee stock option: Any employee may purchase shares based on his/her position, performance, and length of service.
- (2) Labor insurance: An employee will be covered by labor insurance since his/her employment start date.
- (3) National Health Insurance: An employee will be covered by the National Health Insurance since his/her employment start date.
- (4) Group insurance for employees: An employee will be covered by group insurance since his/her employment start date.
- (5) Regular health check-ups: We have planned comprehensive health check-ups that exceed regulatory requirements. Contracted clinic staff will regularly monitor employees' health status and implement tiered management.
- (6) Year-end bonus: Year-end bonuses are distributed based on the performance of our employees and the condition of our operations.
- (7) Remuneration for employees: In accordance with the Articles of Incorporation, 2% - 10% of our profit is allocated and distributed to our employees in shares or cash based on their positions and performance.
- (8) Cash gifts for holidays: Cash gifts are distributed to our employees on Workers' Day, the Dragon Boat Festival, and the Mid-Autumn Festival.
- (9) Reading and leisure rooms: We have subscribed to newspapers and financial and healthcare magazines for our employees to borrow and read. We have also purchased fitness equipment, table tennis tables and pool tables for our employees to relieve their stress through leisure activities.

#### B. Welfare measures implemented by the Employee Welfare Committee

- (1) Domestic or foreign trip: Domestic or foreign trips are organized on a non-periodic basis.
- (2) Cash gift for birthday: A cash gift is given to each employee based on the month of his/her birth.
- (3) Free lunches.
- (4) For marriage, festivity or funeral, an application for a non-fixed amount of cash gift or condolence money may be submitted according to seniority.
- (5) Any employee injured at work or hospitalized due to illness may apply for an allowance.
- (6) Club subsidies: Badminton club, yoga club, golf club.

## 2. Continuous education and training of employees

Before the end of each year, the training plan for the following year must be submitted. New employees shall be trained in accordance with the "New Employee Development Plan." On their first day of reporting, Human Resources will provide an introduction to company policies and employee benefits; the Legal Department will conduct training on anti-corruption and anti-bribery; the Fire Safety Manager will conduct fire safety and emergency response drills; and the Occupational Safety personnel will introduce occupational safety regulations and workplace hazard warnings to provide new employees with a comprehensive training program. At the same time, senior employees or supervisors will be assigned as mentors to ensure the effective implementation of on-the-job training (OJT), providing guidance in both daily life and professional fields. In terms of training resource allocation, all employees, regardless of gender or age, are required to undergo pre-employment training.

For current employees, in-person training courses are provided. A variety of teaching methods are adopted, including classroom lectures, seminars, group meetings, poster sessions, and weekly meetings, to enhance the timeliness of training. Each year, training programs are planned according to operational strategies and competency requirements at all levels. Different types of training are also designed for different positions to strengthen learning effectiveness and align it with job responsibilities, enabling employees to apply what they have learned to their work and improve both work quality and efficiency.

## 3. Retirement system and its implementation

In accordance with the Labor Standards Act and the Labor Pension Act, the Company makes a monthly contribution of 6% to each employee's individual pension account under the new pension system. Additionally, monthly contributions to the retirement fund are made in accordance with the law and deposited into a dedicated account supervised by the Labor Retirement Reserve Supervisory Committee. Employees may also choose to voluntarily contribute an additional 0% to 6% of their salary to their individual pension accounts.

## 4. Agreements between employees and the employer, and measures for protection of the rights of employees

The Company regards all employees as one of its key assets for sustainable development. Only with a stable and high-performing workforce can the Company achieve steady and secure growth. Therefore, the Company maintains open and effective communication with employees and provides comprehensive working conditions and employee benefits. To implement and establish a sound working environment, the Company strictly complies with local labor laws, including the Labor Standards Act and the Occupational Safety and Health Act. In addition, the Company has formulated various policies such as the "Human Rights Policy," "Employee Welfare Policy," "Labor-Management Communication Policy," and "Compensation Policy" to protect and understand employees, promote harmonious labor relations, and achieve a win-win outcome for both the Company and its employees. In addition, to safeguard the rights of employees, HEC will not discriminate based on factors such as gender, age, ethnicity, nationality, political affiliation, or religious beliefs, and will establish internal channels for employees to report any illegal activities of HEC. As of the end of 2024, the Company has not received any complaints regarding gender or racial discrimination or labor practices in violation of human rights. There have also been no incidents of forced labor, child labor, restrictions on freedom of association, discrimination, excessive overtime, or related violations.

(II) Losses incurred due to labor - management disputes during the most recent year and as of the date of publication of the annual report, and disclosure of the estimated amount and responses for such disputes that may occur currently or in the future:

Date of disposition	Disposition reference number	Violated legal provisions	Contents of legal violations	Disposition details
2024.01.19	Administrative Order No. 1130097957 issued by the Department of Labor, Southern City.	Article 38, Paragraph 4 of the Labor Standards Act.	For special leave not taken by the employee due to the end of the fiscal year or termination of the contract, the employer shall pay wages. However, if the days of leave not taken by the end of the fiscal year are deferred to the following fiscal year by mutual agreement between the employer and the employee, the employer shall pay wages for the days not taken by the end of the following fiscal year or upon termination of the contract.	Penalties of NTD50,000 shall be imposed in accordance with Article 79, Paragraph 1, and Article 80-1, Paragraph 2 of the same Act.

Future Measures: When calculating the wages for unused special leave by employees, the full attendance bonus has been included in the calculation.

## VI. Management of information and communication security:

(I) Structure for management of information and communication security

The Company has established an "Information Security Committee" responsible for implementing information operations security management planning, establishing and maintaining the information security management system, overseeing the formulation and execution of information security-related policies, conducting risk management and compliance audits, and handling matters related to the annual ISO 27001 certification.

The Information Security Committee conducts an annual management review meeting to regularly evaluate and revise information security policies, review the results of information security risk assessments, and determine the corresponding protective measures the Company needs to implement. This ensures the continued applicability, appropriateness, and effectiveness of the information security management system. The results of the regular review of information security policies are reported to the Board of Directors on a periodic basis.

## (II) Information and communication security policies

The Company's information security policy is guided by the following principles:

1. The company shall comply with relevant laws and contracts to provide a secure information security environment.
2. Maintaining the confidentiality, integrity, and availability of our business operations.
3. Identifying risks to the Company's business activities to ensure effective resource utilization.
4. Implementing information security education and training.
5. Strengthening the handling, reporting, and prevention of information security incidents to minimize business impact and ensure the continuous operation of the Company.
6. Promoting information security audits.

The Company has established firewalls, intrusion detection systems, and antivirus systems to enhance its ability to defend against external attacks and ensure the protection of internal confidential information.

The Company has implemented and established a comprehensive information security management system to reduce cybersecurity threats, create an information security protection environment that meets customer needs, and continuously improve through the "Plan-Do-Check-Act" (PDCA) cycle.

Since 2023, the Company has implemented the ISO 27001 Information Security Management System and its certification, ensuring that information systems operate under standardized information management regulations. This reduces security vulnerabilities and production anomalies caused by human errors, while continuously improving through annual re-assessment processes.

The Company regularly monitors the effectiveness of information security management indicators and conducts third-party re-assessment audits of the management system each year to ensure continuous improvement in information security management and defense capabilities. Additionally, the Company reviews and improves procedures, taking disciplinary action in accordance with regulations when employees or contractors violate information security policies and procedures. Ongoing awareness campaigns are conducted to enhance overall security by promoting information security awareness among all employees.

## (III) Specific management plans

To achieve the information security policy and objectives, and establish comprehensive information security protection, the following management activities and specific management plans are implemented:

1. Enhancing information security defense capabilities: Regularly performing vulnerability scans on critical information security systems and reinforcing and patching them to reduce security risks. Security incident response plans are developed for important systems, and impact and loss assessments are conducted based on the severity of incidents, with corresponding reporting and recovery actions taken.
2. Improving network, endpoint, and application security: Enhancing the anomaly detection and protection capabilities of endpoint devices, including mechanisms like application whitelisting and permission management.

3. Ensuring legal compliance and adopting international information security certification standards: The Company complies with ISO27001 certification standards and relevant regulations on information security, serving as a basis for managing and verifying various risk management methods.
4. Conducting education and training: Regularly carrying out information security awareness campaigns to enhance security awareness, ensuring that information security practices are implemented by every employee.

(IV) Resources invested in the management of information and communication security

Information security has become a critical issue for the Company's operations. The corresponding information security management activities and resource allocation plans are as follows:

1. Dedicated personnel: A dedicated organization, the "Information Security Committee," is established, consisting of one convener and three members. This committee is responsible for the company's information security planning, technical implementation, and related auditing activities to maintain and continuously strengthen information security.
2. Management review: The Information Security Committee conducts an annual management review meeting to audit the results of information security risk analyses and the corresponding measures and protections that need to be taken within the company. This ensures the applicability, adequacy, and effectiveness of the information security management system's ongoing operations.
3. Customer satisfaction: No major information security incidents or customer complaints related to data loss have occurred.
4. Information security announcements: Information security notices are created to communicate important regulations and precautions related to information security protection. (This will be implemented later this year.)

(V) ISO 27001 Information Security Management System Certification

HEC has implemented the ISO 27001 Information Security Management System, which has also been certified by a third party. The certification is valid from December 7, 2023, to December 6, 2026.

(VI) Losses incurred due to major information and communication security incidents, their possible effects, and measures in response. Where no reasonable estimate is possible, the actual operation for which a reasonable estimate is not possible must be described: None.

(VII) Information security risks and mitigation measures:

"Human error" is often listed as one of the key technology risks. Due to security vulnerabilities caused by human error, the Company may fail to effectively defend against cyberattacks, exposing itself to the risks of data breaches and ransomware. This could potentially lead to production system disruptions, resulting in severe operational losses and negatively impacting the Company's reputation. For example, misconfigurations, failure to update security patches in a timely manner, or clicking on malicious website links in phishing emails can lead to significant security incidents. In the face of ever-evolving and diverse threats, strengthening employees' security awareness and operational standards becomes particularly important. The Company's primary goal is to improve employees' security awareness and operational capabilities with limited resources. The Company has established an "Information Security Committee" to manage internal and external risks, assess the levels of information security risks, and implement risk management solutions while conducting regular reviews.

The Company places great emphasis on preventing information security and network risks. Therefore, it has built a comprehensive multi-layered defense network, including firewalls, intrusion detection, antivirus systems, and more, from the outside in, to continuously enhance its information security defense capabilities.

VII. Supply/sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other important contracts sufficiently to affect shareholders' equity, which are currently valid and existing as of the date of publication of the annual report and which will expire in the most recent year:

I. HEC: None.

II. LFE: No new important contract in 2024.

Nature of contract	Contracting party	Start and expiry dates of contract	Main subject	Restrictions
Contract for construction project in Guangdong Province	Dongguan Qing Xing Steel Structure Construction Co., Ltd.	2022.01.17~2020.12.30	RMB18,500 thousand for a project to construct additional premises for Building B Completed and accepted, with project closure expected in May 2022.	None
Contract for construction project in Guangdong Province	Guangdong Min An Construction Co., Ltd.	2020.03.16~2020.12.30	RMB925 thousand for a project to construct additional fire safety facilities at the premises of Building B Completed and accepted, with project closure expected in January 2022.	None
Contract for construction project in Guangdong Province	Sichuan Fu Yu Construction Co., Ltd.	2020.04.09~2020.6.30	RMB425 thousand for a project to relocate and install the photovoltaic power generators originally on the rooftop of Building B Completed and accepted, with project closure expected in August 2021.	None

## Chapter V      Review and Analysis of Financial Conditions and Financial Performance and Risk Matters

### I. Financial conditions

#### Review and analysis of financial conditions

Unit: NTD thousand

Item	Year	2024.12.31	2023.12.31	Difference		Description of change of increase/decrease
				Amount	%	
Current assets		\$7,463,294	\$ 6,350,719	1,112,575	18%	-
Property, plant and equipment		1,139,550	1,138,576	974	0%	-
Intangible assets		11,400	10,780	620	6%	-
Other assets		851,967	804,224	47,743	6%	-
Total assets		9,466,211	8,304,299	1,161,912	14%	-
Current liabilities		4,900,282	4,064,506	835,776	21%	Description 1
Non-current liabilities		52,334	32,702	19,632	60%	Description 2
Total liabilities		4,952,616	4,097,208	855,408	21%	Description 3
Share capital		1,132,856	1,132,856	0	0%	-
Capital reserves		441,767	441,767	0	0%	-
Retained earnings		1,885,402	1,759,567	125,835	7%	-
Other equity		(184,008)	(316,025)	132,017	42%	Description 4
Non-controlling interest		1,267,110	1,218,458	48,652	4%	-
Total equity		4,513,595	4,207,091	306,504	7%	-

Description of items where change of increase/decrease equals or exceeds 20% and its amount has reached NTD10,000 thousand:

1. This is due to an increase in short-term borrowings during the current period.
2. This is primarily due to an increase in lease liabilities.
3. This is mainly due to an increase in short-term borrowings during the current period.
4. This is mainly due to foreign currency translation gains from the current period.

For significant impacts, future contingency plans should be provided to address the situation: None.

## II. Financial performance

### (I) Comparison and analysis of operating results

Unit: NTD thousand

Item	Year	2024	2023	Amount of increase (decrease)	Percentage of change (%)	Description of change of increase/decrease
Net operating revenue		\$7,402,013	\$8,134,733	(732,720)	(9%)	-
Gross operating profit		1,621,480	1,872,713	(251,233)	(13%)	-
Operating expense		1,138,173	1,024,873	113,300	11%	-
Net operating profit (loss)		483,307	847,840	(364,533)	(43%)	Description 1
Non-operating revenues and expenses		207,197	86,078	121,119	141%	Description 2
Pre-tax net profit		690,504	933,918	(243,414)	(26%)	Description 1
After-tax net profit of continuing operations		639,175	747,506	(108,331)	(14%)	-
Loss of discontinued operations		0	0			-
Net profit for the current period		639,175	747,506	(108,331)	(14%)	-
Other comprehensive income for the current period (after tax, net)		170,877	(80,791)	251,668	(312%)	Description 3
Total comprehensive income for the current period		810,052	666,715	143,337	21%	Description 3
Net profit attributable to owners of HEC		517,876	605,857	(87,981)	(15%)	-
Net profit attributable to non-controlling interests		121,299	141,649	(20,350)	(14%)	-
Total comprehensive income attributable to owners of HEC		650,852	544,051	106,801	20%	Description 3
Total comprehensive income attributable to non-controlling interests		159,200	122,664	36,536	30%	Description 3
Earnings per share (NTD)		4.61	5.41	(1)	(15%)	
Description of items where change of increase/decrease equals or exceeds 20% and its amount has reached NTD10,000 thousand:						
<ol style="list-style-type: none"> <li>1. The increase in revenue is mainly attributable to the growth in power supply sales.</li> <li>2. The decrease in exchange gains is mainly due to reduced foreign exchange gains.</li> <li>3. The foreign exchange loss in the translated foreign currency financial statements mainly due to exchange rate fluctuations.</li> </ol>						

## (II) Expected sales volumes and their basis

We have made the most appropriate estimates based on our operational plan and production volumes and capacity in 2025.

## (III) Expected sales volumes and their shares in 2025

Name of main product	Expected sales volume (set)	Percentage (%)
Power supplies and other IT products	1,901,820	47%
Computer chassis, servers, and other products	1,020,995	25%
Products of private brand Cougar	1,128,435	28%
Total	4,051,250	100%

## (IV) Possible effects on future financial business, and the plan in response

Press Release: Taiwan Economic Research Institutes' "2025 Taiwan Macroeconomic Forecast" In 2024, Taiwan's economy saw stable domestic demand, with export performance continuing to grow driven by information and communication technology (ICT) products. However, non-ICT products were affected by overproduction in China and the depreciation of the Japanese yen, resulting in disappointing performance in the first half of the year. It was not until the third quarter that the decline was halted and a recovery was seen, indicating that the industry's recovery was still uneven. Due to climate disruptions and the uncertainty of geopolitical risks, the prices of food and oil products experienced significant volatility. Inflation maintained a gradual downward trend, but uncertainties such as climate change, labor shortages, and geopolitical risks persisted. Additionally, the previous increase in utility rates will limit the pace at which inflation can cool down.

Looking ahead to Taiwan's economy in 2025, although the two major economies, the United States and China, will continue to face challenges in consumption and investment, other major economies such as Europe and Japan are expected to see a rebound. Emerging markets and developing economies in Southeast Asia, South Asia, Africa, and Latin America are also anticipated to perform better than in 2024. Therefore, major international forecasting institutions expect global economic growth in 2025 to be similar to that of 2024, with the global trade growth rate likely to improve compared to 2024. This will be beneficial for Taiwan's export performance. Overall, the global economy remains resilient, and with the U.S. and Europe entering a rate-cutting cycle, there is hope to stimulate consumption and investment.

Looking to the future, the global economy will continue to face numerous challenges. The Company will continue to monitor trends in raw material prices, the economic outlook of China, and the monetary policy direction of various central banks. We will gradually introduce automation into the manufacturing processes of our factories to focus on cost control, reducing expenses and maintaining a healthy financial structure to minimize the impact.

### III. Review and analysis of cash flows

#### (I) Analysis of liquidity in the most recent two years

Item	Year	2024	2023	Percentage of increase (decrease) (%)
Cash flow ratio		27.73	27.07	2%
Cash flow adequacy ratio		155.48	129.88	20%
Cash reinvestment ratio		13.63	13.16	4%
Analysis and description of changes in the percentage of increase/decrease:				
Cash Flow Adequacy Ratio: Mainly due to the increase in net cash flow from operating activities during the current period.				

#### (II) Improvement plan for insufficient liquidity: None.

#### (III) Analysis of cash liquidity for the next year

Starting cash balance	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Estimated cash balance (deficit)	Estimated remedy for cash deficit	
				Investment plan	Financing plan
\$2,032,809	\$1,259,385	\$614,857	\$2,677,337	-	-
Analysis of changes in cash flows of the current year:					
(1) Operating activities: An estimated net cash inflow of NTD1,259,385 thousand from operating activities. (2) Investing and financing activities: An estimated total cash outflow of NTD614,857 thousand from purchase of fixed assets, receipt of cash dividends, distribution of cash dividends to shareholders and loan repayments.					

### IV. Effect of material capital expenditure in the most recent year on financial business:

HEC and subsidiaries had no material capital expenditure in 2024.

### V. Reinvestment policy for the most recent year, the main reasons for profits or losses, the improvement plan, and the investment plan for the next year:

- (I) Our reinvestment policy is based on our future direction of operations and implemented on a step-by-step basis. Currently, our reinvestment targets focus on industries relating to our primary business and business activities that are able to enhance the development of our technologies.
- (II) The Company's net profit from long-term investments for the year 2024 was NTD318,572 thousand, a decrease compared to NTD350,889 thousand for the same period last year. The primary reasons for this decrease were the decline in sales and reduced shipment volume, which led to lower investment returns.

(III) Investment plan for the next year:

We make reinvestments based on considerations such as operational needs, future growth, and other factors. Regarding the investee companies, we continuously monitor their operational status, analyze the effectiveness of the investments, and conduct follow-up evaluations. The results of these assessments serve as references for subsequent investment plans. The Company resolved at the Board of Directors meeting on March 20, 2025, to acquire 100% of the shares in Amber Investment Partners Limited (Cayman). This acquisition will expand HEC's product portfolio to include acoustics and electric vehicle (EV) industries, offering customers a wider range of products and strengthening its presence in Southeast Asia.

VI. Analysis and assessment of risk matters during the most recent year and as of the date of publication of the annual report

(I) Effects of interest rate, exchange rate change and inflation on the profit/loss of your company, and future measures in response

Unit: NTD thousand		
Item/Year	2024	Share of operating revenue (%)
Interest income	115,977	1.57%
Interest expense	51,557	0.70%
Profit (Loss) on exchange	105,298	1.42%
Net profit (loss) on financial assets and liabilities measured at fair value through profit/loss	(154)	-
Operating revenue	7,402,013	-

1. Interest rate

With regard to financing, the Company primarily relies on its own funds to support operational needs. As of the end of 2024, the Company's total borrowings amounted to approximately NTD2 billion, with an average interest rate ranging from 1.78% to 2.23%. In 2024, interest expenses represented only 0.7% of the operating revenue, indicating that the cost of NTD-denominated borrowings remained relatively low. Meanwhile, interest income from bank deposits accounted for 1.57% of the operating revenue, reflecting a relatively small proportion. Therefore, fluctuations in interest rates are not expected to have a significant impact on the Company.

Future measures in response: We will pay close attention to the information of domestic and foreign interest rates and keep close contact with the banks with which we conduct transactions in order to obtain the most preferential interest rates for deposit and loan, lower the cost of loan and use them as reference for asset arrangements.

2. Exchange rate

At least 90% of our products sold are for export. All exported products are quoted in USD, and raw materials purchased externally are also priced in USD. The risk of exchange rate change may be partially offset by purchases and sales, while it is possible for the USD positions to achieve the purpose of natural hedge. Nonetheless, as the size of operations gradually expands, any exchange rate change will still have significant effect on our operating revenue and profitability. In 2024, exchange rate fluctuations generated an exchange profit of NTD105,298 thousand that accounted for 1.42% of the operating revenue, with limited effect on the Company.

In order to avoid any potential effect of exchange rate fluctuations on our profits, our management of foreign exchange risks is based on the principle of stability, with the following specific measures in response:

- (1) In order to keep full track of the information of exchange rate changes and manage foreign exchange risks, we have appointed appropriate personnel to strengthen analysis of exchange rate changes. In the event of any heavy exchange rate fluctuation, we will sell part of our forward foreign exchange contracts in advance, if necessary, based on our operational needs.
- (2) We consider the information of exchange rate changes provided by the banks with which we conduct transactions and take appropriate hedge measures on our foreign currency assets and liabilities.
- (3) For quotes given by our sales department, we take into account price adjustments arising from exchange rate changes to maintain a proper profit.
- (4) We enhance the quality and added value of products and are committed to cost control in order to increase the gross profit of products and mitigate the effect of exchange rate fluctuations on the gross profit.

### 3. Inflation

Inflation reflects changes in the overall economic environment. the Company remains committed to consistent cost-reduction measures, which will not be altered due to inflation or deflation in the external environment. We closely monitor fluctuations in the prices of key raw materials and will formulate appropriate medium-to long-term procurement strategies when necessary. Therefore, the impact of inflation on our operations and profitability remains limited.

(II) Policies on high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees and transactions of derivatives, the main reasons for profits or losses, and future measures in response

1. We have not engaged in any high-risk and high-leverage investment during the most recent year.

2. The loaning of funds by HEC and its subsidiaries to others is primarily for the operational needs of its subsidiaries and is in accordance with the requirements of the "Regulations Governing Loaning of Funds to Others" established by HEC and its subsidiaries. Funds loaned to others as of Q1 of 2025 are detailed as follows:

Unit: NTD thousand

Lender of funds to others	Borrower		Nature of funds loaned	Limit of funds loanable at end of the period	Cumulative amount of funds loaned as a share of the net value of the financial statements for the most recent period (%)	Amount of funds loanable disbursed at end of the period
	Company name	Relationship				
HEC	US subsidiary	Subsidiary - shareholding at 100%	Business transaction	16,603	0.5%	0
HEC	US subsidiary	Subsidiary - shareholding at 100%	Short-term financing	16,603	0.5%	0
HEC	OPT	Subsidiary - shareholding at 59.49%	Short-term financing	99,615	3%	0
<b>Total for HEC</b>				<b>132,821</b>	<b>4%</b>	<b>0</b>
WCX	WSE	Same parent	Short-term financing	228,650	7%	109,752
WII	HEC	Parent - shareholding at 100%	Short-term financing	99,615	3%	92,974
WII	HEC	Parent - shareholding at 100%	Short-term financing	109,577	3%	108,580
WJA	WCF	Same parent	Short-term financing	137,190	4%	126,672
WJA	WSE	Same parent	Short-term financing	274,380	9%	123,471
LFE	HEC	Parent - shareholding at 50.62%	Short-term financing	90,000	3%	0
<b>Total for subsidiaries</b>				<b>939,412</b>	<b>29%</b>	<b>561,449</b>

Note

1. The net value of the financial statements for the most recent period is calculated based on NTD3,246,485 thousand in Q4 of 2024.
2. The USD exchange rate is 1:33.205.
3. The endorsements/guarantees provided by HEC and its subsidiaries are primarily for the bank limits of its subsidiaries and are in accordance with the requirements of the "Regulations Governing Endorsements/Guarantees" established by HEC and its subsidiaries. Endorsements/Guarantees provided by HEC and its subsidiaries as of Q1 of 2024 are detailed as follows:

Unit: NTD thousand

Endorsement/ Guarantee provider	Endorsement/Guarantee recipient		Limit of endorsements/ guarantees at end of the period	Cumulative amount of endorsements/ guarantees as a share of the net value of the financial statements for the most recent period (%)	Amount of endorsements/ guarantees disbursed at end of the period
	Company name	Relationship			
HEC	LFDG	Subsidiary - shareholding at 60.56%	166,025	5%	-
HEC	FD	Subsidiary - shareholding at 77.24%	91,460	3%	-
<b>Total for HEC</b>			<b>257,485</b>	<b>8%</b>	-
Endorsement/ Guarantee provider	Endorsement/Guarantee recipient		Limit of endorsements/ guarantees at end of the period	Cumulative amount of endorsements/ guarantees as a share of the net value of the financial statements for the most recent period (%)	Amount of endorsements/ guarantees disbursed at end of the period
	Company name	Relationship			
LFE	LFDG	Subsidiary - 79.87%	334,149	14%	0
<b>Total for subsidiaries</b>			<b>334,149</b>	<b>14%</b>	<b>0</b>

Note

1. The latest net asset value of the Company is calculated based on the Q4 in 2024, amounting to NTD3,246,485 thousand, while the net asset value of LFE as of the Q4 of 2024 is NT\$2,462,153 thousand.
2. The USD exchange rate is 1:33.205.
4. We conduct transactions of derivatives in accordance with relevant regulations including the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the Securities and Futures Bureau, the "Directions for Auditing Internal Control Systems of Listed Companies" of the Taiwan Stock Exchange and our "Regulations Governing Acquisition or Disposal of Assets." Based on the purpose of hedging, i.e. engaging in hedging transactions on assets we "own" or "clearly expect to own," we take actions in a conservative manner to avoid risks arising from fluctuations in exchange rates to achieve the aim for stable operations.

(1) Financial instruments measured at fair value through profit/loss

	2024.12.31	2023.12.31
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instrument -		
forward foreign exchange contract (I)	\$ -	\$ 10,532
Hybrid financial instruments –		
structured deposits (II)	<u>982,052</u>	<u>-</u>
	<u>\$ 982,052</u>	<u>\$ 10,532</u>
<u>Financial liabilities - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instrument -		
forward foreign exchange contract (I)	\$ 10,668	\$ -

(2) The following are forward foreign exchange contracts which do not apply hedge accounting and are yet to mature as of Q4 of 2024:

			Contractual amount
	Currency	Maturity period	(NTD thousand)
Forward foreign exchange sold	USD/RMB	2025.01 ~ 2025.03	USD 18,720／CNY 133,988

(III) Future R&D plan and the estimated R&D expense to be invested:

I. Future R&D plan

1. Computer chassis:

(1) Introducing LCD Panels to display real-time information to enhance product appeal and differentiation:

Given the rapid advancements in technology, consumers in the gaming industry have high expectations for monitors that can provide chassis information. Therefore, utilizing LCD Panels attached to the glass side panel to display real-time computer system information, time, weather, or even play high-resolution JPG or GIF files, brings customized and captivating visual effects to the chassis, attracting attention and widening the gap with competitors while increasing market segmentation.

(2) Developing modular open-case chassis for high integration of peripheral accessories to enhance product appeal and differentiation:

As user hardware demands increase, open-case chassis offer high heat dissipation efficiency and DIY freedom compared to traditional chassis.

Through an open-case chassis with a convenient modular structure, users can assemble their unique chassis like building blocks. The modular square assembly is convenient, as all squares can be interconnected, allowing for continuous expansion of hardware assembly to accommodate various specifications and sizes.

Currently, open-case chassis on the market are either assembled from purchased parts or sold as complete units. Modular open-case chassis combine the advantages of both, allowing users to purchase chassis squares and assemble according to their needs. The design, which allows for continuous stacking and expansion, liberates users from the constraints of traditional complete unit chassis sales, offering the convenience of modular block assembly. This distinguishes them from other open-case chassis on the market and represents the future trend for DIY users.

(3) Continuing to invest in niche IPC/server products:

We will continue to strengthen our capability in the development of IPC/server products, and we will support the sales department in identifying customers with more capabilities to maximize the number of our orders and increase our sales profit. Regarding our R&D strategy, we will take the following approaches:

- A. Seek opportunities to cooperate with first-tier manufacturers to stabilize order volume and leverage their experience to better understand the planning and requirements of rackmount servers, thereby enhancing in-house R&D capabilities.
- B. Plan and actively pursue opportunities for IPC/server peripheral equipment and products, including but not limited to cabinets.
- C. Continuously seek collaboration opportunities with non-standard IPC manufacturers to develop non-standard IPC products.
- D. Continuously seek collaboration opportunities with EMS manufacturers to develop military-grade chassis products.
- E. Continuously explore partnerships with charging station operators to develop charging station products and copper bus bar products.
- F. Utilize existing infrastructure to implement NCT & mold interchangeably for production, ensuring maximum production flexibility.
- G. Utilize mold version switching to achieve completely different products from customers with minimal mold investment.
- H. Incorporate cost considerations and optimization directly into the design to make the product more conducive to existing manufacturing processes. While still maintaining product reliability as a focal point in structural design.

2. Power supplies:

- (1) In response to ESG requirements, design new models with R&D collaborating with factories to adopt new manufacturing process models, reduce the proportion of small board components, and streamline pre-processing time. Existing models are being subjected to process optimization, allowing for effective reduction of manual plug-ins on production lines, thereby achieving energy and carbon reduction goals, with continuous optimization. Conversion efficiency of power suppliers is being improved to reduce energy conversion losses, further contributing to energy and carbon reduction objectives.
- (2) Continuous development of PSU digital functions is underway to add more topicality and uniqueness to the products. Hardware development has been gradually completed, while software and MCU firmware programs are currently in development, with customization available according to customer requirements in the future. The goal for 2024 is to achieve standardized hardware/software/firmware, enabling customers to easily acquire digital power products and enhance their brand value.
- (3) Noise optimization is divided into the following three parts:
  - A. Fan noise control: Introducing PWM fan control for noise reduction while maintaining competitive pricing.
  - B. System loading noise issues: Implementing active feedback control to reduce feedback speed and improve output voltage drop.
  - C. Light-load energy-saving noise section: Increasing the internal operating frequency of PSU to avoid the audible range of human ears and reduce noise within audible range.

II. In 2024, HEC and its subsidiaries are expected to invest NTD77,995 thousand as R&D expense to achieve the R&D targets.

(IV) Effects of changes in important domestic or foreign policies and laws on the financial business of your company, and measures in response

1. In response to amendments of the Company Act and the Securities and Exchange Act, we will review and amend our relevant regulations from time to time to remain in compliance with the law.
2. Changes in important policies and laws of other countries are likely to cause changes in the industry and affect us. We will keep paying close attention to policies and laws that may affect our business and operations in order to give timely responses to the effects of their changes and promptly develop necessary measures to meet our operational needs.

(V) Effects of changes in technology and the industry on the financial business of the Company, and measures in response

We have established a comprehensive information network framework and systems for data and file backups and protection of computer security, such as systems for anti-virus software, data backup, domain certification and web firewall. These information security protection systems are used to control information security risks, damaged files, and account authentication, prevent leakage of internal data, maintain our manufacturing activities and operations, and perform other key functions of business operations.

With the rapid development of information technology, the frequency of criminal activities using computers and relevant equipment has been increasing. Despite the aforementioned information security protection systems, we are unable to guarantee full protection of our internal computer system and network framework against cyber-attacks from any third-party invasion system. Such a cyber-attack is carried out by illegally invading the internal network and information systems of a company for the purpose of committing an illegal action such as sabotaging the network operations of the company or stealing its important confidential information. Under severe cyber-attacks from hackers, the information of our customers or our important internal information may be lost from its information and computer systems, and our production lines and operations are likely to be suspended due to such attacks.

Regarding our information security management, external auditors have checked, verified, and conducted relevant risk management activities through computer audits based on information cycles, and we have established relevant requirements concerning the four levels of documents for information security. Our employees have implemented relevant regulations and complied with relevant procedures for information operations, which are regularly checked to ensure their appropriateness and effectiveness, and we have regularly inspected user-end computer equipment on a quarterly basis. Moreover, we have stressed the importance of our employees' awareness of information security anomalies and periodic data backup, and we have regularly arranged for our employees to attend external training courses on information security.

Even though we have established a risk management mechanism and been following an effective information security management system, we are unable to guarantee HEC will not be affected by innovative information technologies and new types of virus attacks through the Internet in the face of constantly changing web security threats. A web attack may seek to steal our trade secrets, intellectual property, and key confidential information of customers, such as the proprietary information of customers or other stakeholders and the personal data of employees. External auditors have regularly reviewed our operating processes to strengthen or improve our information operations against risks of theft of our trade secrets by ill-intentioned persons. Until now, we have not discovered any significant web attack or information security incident, nor have we found any existing or possible significant negative effect on our business and operations.

(VI) Effects of changes in corporate image on the crisis management of your company, and measures in response

We have maintained a good corporate image to enhance our status among peer companies.

(VII) Expected benefits and possible risks of merger, and measures in response: None.

(VIII) Expected benefits and possible risks of expansion of premises, and measures in response:

In 2024 and as of March 2025, no construction of new premises has been completed, except for amounts invested in installing new peripheral facilities of or repairing and improving current premises. Thus, there are no expected benefits, possible risks, and measures in response.

Due to the need for transfer of business within our group and additional new orders in the future, LFE has invested in expansion of the factory premises and production equipment of the subsidiary LFDG in Mainland China in order to increase production capacity and improve operational efficiency. However, without any relative increase in our revenue to cover such capital expenditure and the operating costs arising from expanded production capacity and enhanced production technologies, we will incur a negative financial effect.

We will keep focusing on future market demand to evaluate the benefit of expansion of production capacity.

(IX) Risks faced during the concentration of purchases or sales, and measures in response:

1. The purchase amount from the Company's largest supplier in the most recent year accounts for only 9% of the total annual purchases, indicating no risk of purchase concentration.
2. Our important sales customers are those who have cooperated with us for a long time. We keep a close business relationship and maintain good interactions with our customers, with payments received regularly based on the length of loan period. Furthermore, as new products are being developed, we will actively reach out to new customer bases to reduce the risk of concentration of sales.

(X) Effects and risks of substantial transfers or changes of shares held by directors, supervisors, or shareholders with a shareholding of more than 10% to the Company, and measures in response:

None. We keep constant track of changes in the shareholdings of our directors and major shareholders to reduce relevant risks and ensure timely responses to relevant changes.

(XI) Effects and risks of changes in management to your company, and measures in response:  
None.

(XII) Material litigious, non-litigious or administrative dispute events involving the directors, supervisors, president, de facto owner, major shareholders with a shareholding of more than 10% and subordinate entities of your company that are finalized or pending, whose results are likely to cause significant effects on shareholders' equity or securities price:

None during 2024 and as of the date of publication of the annual report.

Our subsidiary LFE has received an attestation letter from the SFIPC requesting all directors and supervisors of LFE to file a claim against former director Chang Lien-Sheng for the losses of purchase of real property from Quan Te Technology and Industry Co., Ltd. in July 2013, with former chairman Chang Yung-Ta bearing joint liability. LFE has engaged an attorney to handle matters relating to such claim, which is currently in process.

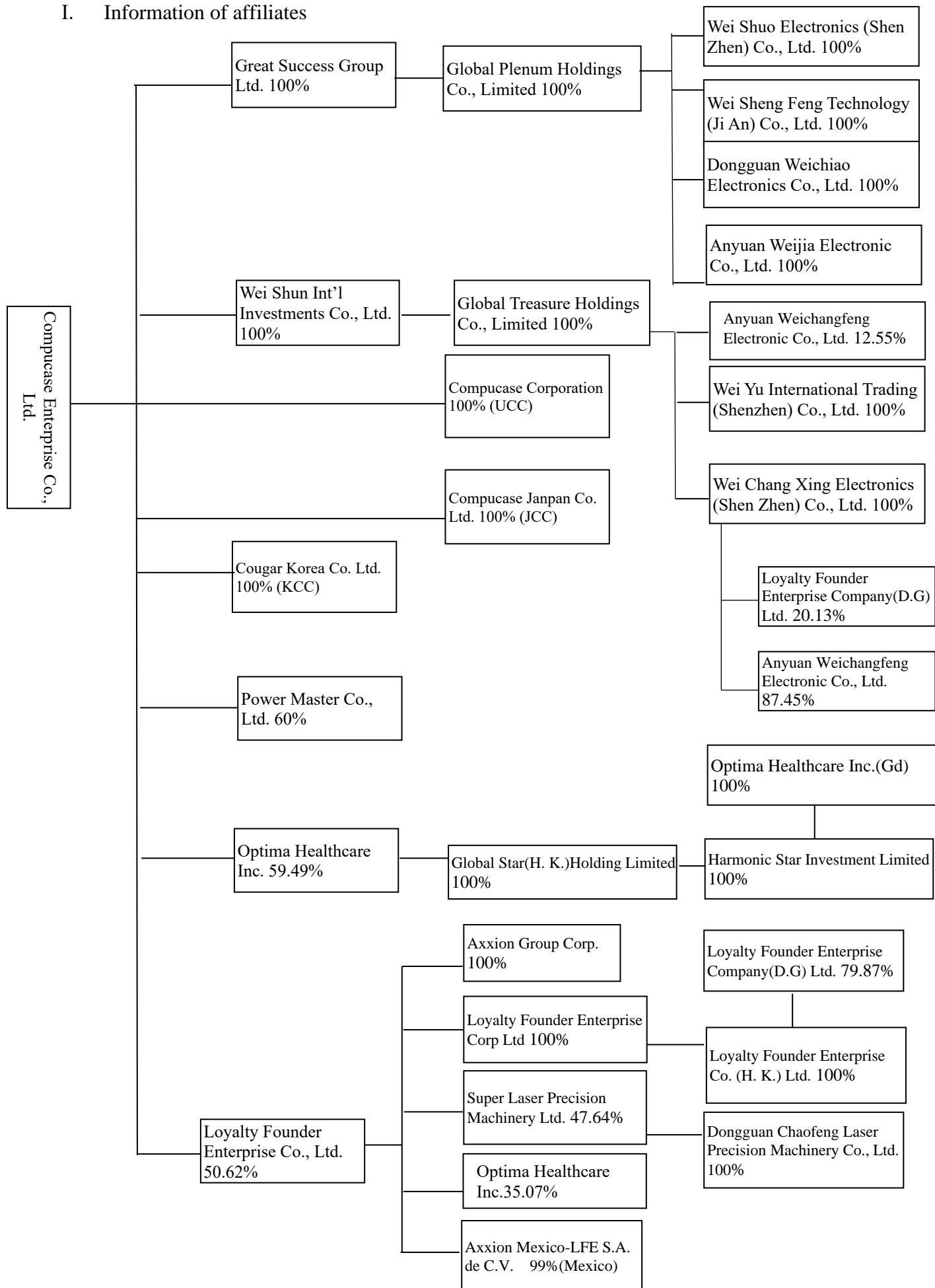
Former directors Chang Lien-Sheng and Chang Yung-Ta have not participated in the operations and management of LFE, and they therefore have no influence on its finance and business.

(XIII) Other significant risks, and measures in response: None.

VII. Other important matters: None.

## Chapter VI Special Information

### I. Information of affiliates



(II) Basic information of affiliates

Company name	Date of incorporation	Address	Paid-in capital	Scope of primary business or production	Remarks
Wei Shun Int'l Investments (BVI) Co., Ltd.	1997/02/03	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD900 thousand	Reinvestment and international trade	-
Great Success Group Ltd.	1997/12/29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD6.8 million	Reinvestment and international trade	-
Wei Shuo Electronics (Shen Zhen) Co., Ltd.	1998/08/10	Room 1910, Longhu Junhui Condominium, No. 2331, Meilong Ave., Longhua St., Longhua Dist., Shenzhen City, Guangdong Province	USD3.8 million	Production of power supplies and computer parts and accessories	-
CompuCase Corporation (UCC)	1995/12/19	16720 CHESTNUT ST CINDUSTRY, CA 91748 USA	USD115 thousand	Sales of electronic components	-
CompuCase Japan co.LTD.(JCC)	2000/01/18	1F, 3-24-5, Shin-Yokohama, Kōhoku-ku, Kanagawa Prefecture, Japan	JPY10 million	Sales of electronic components	-
Wei Chang Xing Electronics (Shen Zhen) Co., Ltd.	2000/04/05	Room 1910, Longhu Junhui Condominium, No. 2331, Meilong Ave., Longhua St., Longhua Dist., Shenzhen City, Guangdong Province	USD2.2 million	Production of computer parts and accessories and cutting and processing of iron materials	-
Wei Yu International Trading (Shenzhen) Co., Ltd.	2004/06/25	Room 1910, Longhu Junhui Condominium, No. 2331, Meilong Ave., Longhua St., Longhua Dist., Shenzhen City, Guangdong Province	USD650 thousand	International trade and re-export trade	-
Power Master Co., Ltd.	2006/06/06	No. 225, Ln. 54, Sec. 2, Anhe Rd., Annan Dist., Tainan City	NTD3 million	Sales of electronic components	-
Cougar Korea Co. Ltd. (KCC)	2007/03/30	Doosan We've Sentium Rm1013, 1241-2 Baeksukdong, ilsandonggu, Koyansi, Kyunggido, Korea	USD800 thousand	International trade and re-export trade	-
Global Treasure Holdings Co., Limited	2007/12/18	Room 1902, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay, Hong Kong	USD3.85 million	Investment holdings	-
Global Plenum Holdings Co., Limited	2007/12/18	Room 1902, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay, Hong Kong	USD12.1 million	Investment holdings	-
Wei Sheng Feng Technology (Ji An) Co., Ltd.	2010/09/13	Chengnan Industrial Park (Qiaonan Industrial Park, Enjiang Town), Yongfeng County, Jian City, Jiangxi Province	USD1.5 million	Production of power supplies and computer parts and accessories	-

Company name	Date of incorporation	Address	Paid-in capital	Scope of primary business or production	Remarks
Dongguan Weichiao Electronics Co., Ltd.	2015/06/11	4F, Building A, West Area, Jinqiao Industrial Park, Qingxi Town, Dongguan City	USD1.8 million	Production of power supplies and computer parts and accessories	-
Anyuan Weijia Electronic Co., Ltd.	2018/05/31	Banshi Industrial Park, Banshi Town, Anyuan County, Jiangxi Province	USD10 million	Production of power supplies and computer parts and accessories	-
Anyuan Weichangfeng Electronic Co., Ltd.	2020/08/24	Third road, Banshi Industrial Park, Banshi Town, Anyuan County, Jiangxi Province	RMB57.1728 million	Production of power supplies and computer parts and accessories	-
Optima Healthcare Inc.	2000/12/21	11F-1 and -2, No. 859, Jingguo Rd., Taoyuan Dist., Taoyuan City	NTD323.25 million	Production of medical beds, side tables and home electric beds	-
Global Star ( H. K. ) Holding Limited	2016/10/11	Room 1902, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay, Hong Kong	USD6.7 million	Investee company	-
Harmonic Star Investment Limited	2016/10/20	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD6.7 million	General investments	-
Loyalty Founder Enterprise Co., Ltd.	1984/7/23	No. 225, Ln. 54, Sec. 2, Anhe Rd., Tainan City	NTD1.47682 billion	Production of computer and server chassis	-
Axxion Group Corp.	1987/10/02	4731 Ripley Dr. Suite A El Paso, TX 79922 ,USA	USD733	Sales of computer chassis	-
Axxion Mexico-LFE S.A. de C.V.	2021/08/09	Ciudad Juárez, Chihuahua México	USD100 thousand	Manufacturing of computer components	-
Loyalty Founder Enterprise Corp.Ltd.	1997/05/08	P.O.Box 31119, Grand Pavilion, Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD36,270 thousand	General investments	-
Loyalty Founder Enterprise Co.(H.K.)Ltd.	1997/01/29	Room 1902,19/F, Lee Garden One,33 Hysan Avenue, Causeway Bay	HKD288,205 thousand	Manufacturing, processing and sales of precision steel mold and stamping die products for computer chassis, keyboards and scanners	-

Company name	Date of incorporation	Address	Paid-in capital	Scope of primary business or production	Remarks
Loyalty Founder Enterprise Company (D.G) Ltd.	2002/08/19	No. 70, Qingxi Sec., Qingzhang Rd., Qingxi Town, Dongguan City, Guangdong Province	HKD486,357 thousand	Production and sales of computer-aided manufacturing and other computer application systems, tools and dies.	-
Optima Healthcare Inc. (Gd)	2017/06/15	Room 101, No. 70, Qingxi Sec., Qingzhang Rd., Qingxi Town, Dongguan City, Guangdong Province	USD8,000 thousand	Manufacturing and sales of medical devices and equipment	-

Unit: NTD thousand

Name of affiliate	Shareholding relationship	Shareholding (%)	Number of shares invested in	Amount of investment
Wei Shun Int'l Investments (BVI) Co., Ltd.	HEC has shareholding in WII WII has shareholding in HEC	100% None	4,500 -	24,840 -
Great Success Group Ltd.	HEC has shareholding in GSG GSG has shareholding in HEC	100% None	20,000 -	211,592 -
Wei Shuo Electronics (Shen Zhen) Co., Ltd.	GPH has shareholding in WSE WSE has shareholding in GPH	100% None	- -	USD3.8 million -
CompuCase Corporation (UCC)	HEC has shareholding in UCC UCC has shareholding in HEC	100% None	14,150 -	50,416 -
CompuCase Japan co.LTD.(JCC)	HEC has shareholding in JCC JCC has shareholding in HEC	100% None	200 -	13,949 -
Wei Chang Xing Electronics (Shen Zhen) Co., Ltd.	GTH has shareholding in WCX WCX has shareholding in GTH	100% None	- -	USD2.2 million -
Wei Yu International Trading (Shenzhen) Co., Ltd.	GTH has shareholding in WYT WYT has shareholding in GTH	100% None	- -	USD650 thousand -
Power Master Co., Ltd.	HEC has shareholding in FCC FCC has shareholding in HEC	60% None	180,000 -	1,800 -
Cougar Korea Co. Ltd. (KCC)	HEC has shareholding in KCC KCC has shareholding in HEC	100% None	748,800 -	13,444 -
Global Treasure Holdings Co., Limited	HIT has shareholding in GTH GTH has shareholding in HIT	100% None	4,850,000 -	USD4.85 million -
Global Plenum Holdings Co., Limited	GSG has shareholding in GPH GPH has shareholding in GSG	100% None	12,100,000 -	USD12.1 million -
Wei Sheng Feng Technology (Ji An) Co., Ltd.	GPH has shareholding in WSF WSF has shareholding in GPH	100% None	- -	USD1.5 million -
Dongguan Weichiao Electronics Co., Ltd.	GPH has shareholding in DWC DWC has shareholding in GPH	100% None	- -	USD1.8 million -
Anyuan Weijia Electronic Co., Ltd.	GPH has shareholding in WJA WJA has shareholding in GPH	100% None	- -	USD5 million -
Anyuan Weichangfeng Electronic Co., Ltd.	WCX has shareholding in WCF WCF has shareholding in WCX GTH has shareholding in WCF WCF has shareholding in GTH	87.45% None 12.55% None	- - - -	RMB50 million - RMB7.1728 million -
Optima Healthcare Inc.	HEC has shareholding in OPT OPT has shareholding in HEC	59.49% None	19,229,750 -	301,063 -
Loyalty Founder Enterprise Co., Ltd.	HEC has shareholding in LFE LFE has shareholding in HEC	50.62% None	74,755,773 -	933,893 -

(III) Common shareholders in companies presumed to be controlled by or subordinate to your company: None.

(IV) Information of directors, supervisors and presidents of affiliates

1. Information of directors, supervisors and presidents of affiliates with investments from HEC:

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding (%)
Wei Shun Int'l Investments Co., Ltd.	Representative	Wang Chun-Tung	4,500	100%
Great Success Group Ltd.	Representative	Wang Chun-Tung	20,000	100%
Wei Shuo Electronics (Shen Zhen) Co., Ltd.	Chairman Director Director	Wang Chun-Tung (Corporate representative of GPH) Chung Ding-Chun (Corporate representative of GPH) Ko Chi-Yuan (Corporate representative of GPH)	-	100%
Wei Chang Xing Electronics (Shen Zhen) Co., Ltd.	Chairman Director Director	Wang Chun-Tung (Corporate representative of GTH) Chung Ding-Chun (Corporate representative of GTH) Ko Chi-Yuan (Corporate representative of GTH)	-	100%
CompuCase Corporation(UCC)	Owner	Wang Chun-Tung (Corporate representative of HEC)	1,150	100%
CompuCase Japan Co.LTD(JCC)	Chairman Director Director Supervisor	Wang Chun-Tung (Corporate representative of HEC) Ko Chi-Yuan (Corporate representative of HEC) Lin Cheng-Hung (Corporate representative of HEC) Lin Yung-Hsiang (Corporate representative of HEC)	200 200 200 200	100% 100% 100% 100%
Wei Yu International Trading (Shenzhen) Co., Ltd.	Chairman President Director	Wang Chun-Tung (Corporate representative of GTH) Chung Ding-Chun (Corporate representative of GTH) Ko Chi-Yuan (Corporate representative of GTH)	- - -	100%
Power Master Co., Ltd.	Chairman Director Director Supervisor	Wang Chun-Tung (Corporate representative of HEC) Ko Chi-Yuan (Corporate representative of HEC) Wang Chun-Chieh Lee Chia-Ching	180,000 180,000 120,000 0	60% 60% 40% 0%
Cougar Korea Co. Ltd. (KCC)	Chairman Director Director	Ko Chi-Yuan (Corporate representative of HEC) Wang Chun-Tung (Corporate representative of HEC) Brian Kim (Corporate representative of HEC)	748,800 748,800 748,800	100% 100% 100%
Global Treasure Holdings Co., Limited	Owner	Wang Chun-Tung	2,159,210	100%
Global Plenum Holdings Co., Limited	Owner	Wang Chun-Tung	12,100,000	100%
Wei Sheng Feng Technology (Ji An) Co., Ltd.	Chairman Director Director	Wang Chun-Tung (Corporate representative of GPH) Chung Ding-Chun (Corporate representative of GPH) Ko Chi-Yuan (Corporate representative of GPH)	-	100%
Dongguan Weichiao Electronics Co., Ltd.	Chairman Director Director	Wang Chun-Tung (Corporate representative of GPH) Chung Ding-Chun (Corporate representative of GPH) Ko Chi-Yuan (Corporate representative of GPH)	-	100%
Anyuan Weijia Electronic Co., Ltd.	Director	Wang Chun-Tung	-	100%
Anyuan Weichangfeng Electronic Co., Ltd.	Director	Wang Chun-Tung	-	100%

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding (%)
Optima Healthcare Inc.	Chairman	Wang Chun-Tung (Representative of HEC)	19,229,750	59.49%
	Director	Ko Chi-Yuan (Representative of HEC)	19,229,750	59.49%
	Director	Li Li-Sheng (Representative of HEC)	19,229,750	59.49%
	Director	Chung Ding-Chun (Representative of HEC)	19,229,750	59.49%
	Supervisor	Li Ssu-Chia	0	0%
Loyalty Founder Enterprise Co., Ltd.	Chairman	Ko Chi-Yuan (Representative of HEC)	74,755,773	50.62%
	Director	Chung Ding-Chun (Representative of HEC)	74,755,773	50.62%
	Director	Li Li-Sheng (Representative of HEC)	74,755,773	50.62%
	Director	Wang Chun-Tung (Representative of HEC)	74,755,773	50.62%
	Director	Chen Ling-Hsuan (Representative of Tahuia Investment)	1,323,247	0.09%
	Independent director	Huang Cheng-Chung	0	0%
	Independent director	Tang Li-Yu	0	0%
	Independent director	Chen Chieh-Shan	0	0%

2. Information of directors, supervisors and presidents of affiliates with investments from LFE:

2025.03.31				
Company name	Title	Name or representative	Shareholdings	
			Number of shares	Shareholding (%)
Axxion Group Corp.	Chairman	Loyalty Founder Enterprise Co., Ltd.	354	100%
	President	Representative: Ko Chi-Yuan Wang Chun-Tung	-	-
Loyalty Founder Enterprise Corp.Ltd.	Director	Loyalty Founder Enterprise Co., Ltd.	36,270,000	100%
		Representative: Ko Chi-Yuan Wang Chun-Tung	-	-
Loyalty Founder Enterprise Co.(H.K.)Ltd.	Director	Loyalty Founder Enterprise Corp.Ltd.	288,204,719	100%
		Representative: Ko Chi-Yuan Wang Chun-Tung	-	-
Loyalty Founder Enterprise Company (D.G) Ltd.	Chairman	Loyalty Founder Enterprise Co.(H.K.)Ltd.	-	79.87%
	Director	Representative: Ko Chi-Yuan Chang Lien-Sheng	-	-
	Director	Wang Chun-Tung	-	-
Axxion Mexico-LFE S.A. de C.V.	Chairman	Loyalty Founder Enterprise Co., Ltd.	99,000	99%
	President	Representative: Ko Chi-Yuan Wang Chun-Tung		

(V) Overview of operations of affiliates

1. Overview of operations of affiliates with investments from HEC

December 31, 2024; Unit: NTD thousand

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit/loss for the current period (after tax)	Earnings per share (NTD) (after tax)
WII	29,025	1,562,938	0	1,562,938	0	0	186,769	41,504.22
GSG	211,010	1,023,596	0	1,023,596	0	0	112,839	5,641.95
UCC	3,709	37,183	10,024	27,159	40,557	(20,673)	(20,810)	(1,470.67)
JCC	2,756	106,201	40,238	65,963	163,434	358	1,194	5,970.00
KCC	20,225	113	14	99	0	(3)	(3)	(0.00)
WSE	133,871	1,750,401	1,416,518	333,883	3,316,117	75,479	97,017	0.00
WCX	81,758	1,225,059	731	1,224,328	2,307	33,130	186,690	0.00
WYT (Shenzhen)	29,025	1,562,938	0	1,562,938	0	0	186,769	41,504.22
FCC	23,905	130,520	57,848	72,671	195,170	3,074	4,055	0.00
HIT	3,000	30,762	20,224	10,538	41,684	1,242	1,479	4.93
GTH	159,007	1,379,654	16,329	1,363,325	0	(13,311)	186,757	38.51
GPH	396,699	1,023,573	0	1,023,573	0	0	112,839	9.33
WSF	44,070	152,978	16,896	136,082	51,335	2,826	4,480	0.00
DWC	50,565	124,392	18,810	105,583	75,501	4,025	7,285	0.00
WJA	309,291	444,767	1,370	443,397	0	(38)	4,058	0.00
LFE	1,476,826	5,041,437	2,032,707	3,008,730	4,487,498	342,904	269,028	1.82
OPT	323,250	584,069	365,506	218,563	477,175	(165,976)	(147,770)	(4.57)
WCF	256,026	675,903	300,698	375,204	484,150	17,508	24,223	0.00

The figures of foreign companies are translated at the exchange rate on December 31, 2024.

2. Overview of operations of affiliates with investments from LFE

Unit: NTD thousand; EPS unit: NTD, December 31, 2024

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit/loss for the current period (after tax)	Earnings per share (after tax)
Axxion Group Corporation.	24	60,704	11,031	49,673	38,534	4,059	3,932	11,108
Loyalty Founder Enterprise Corp.Ltd.	1,172,785	2,187,115	0	2,187,115	0	0	244,171	6.73
Loyalty Founder Enterprise Co.(H.K.)Ltd.	1,116,405	2,184,462	5,376	2,179,086	0	(13,329)	243,300	0.84
Loyalty Founder Enterprise Company (D.G) Ltd.	1,917,314	4,430,186	1,707,570	2,722,616	4,102,805	284,739	320,145	-
Axxion Mexico-LFE S.A. de C.V.	2,793	2,177	8	2,169	0	(674)	(755)	(7.63)

II. Private placement of securities during the most recent year and as of the date of publication of the annual report: None.

III. Other additional information required: None.

**Chapter VII      Occurrence of Events With a Significant Effect on Shareholders' Equity or Securities Price, as Defined Under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, During the Most Recent Fiscal Year or Up to the Date of Publication of This Annual Report, Shall Also Be Disclosed Item by Item If Any Such Events Have Occurred: None.**

## Appendix 1 Consolidated financial statements for the most recent year

### Statement of Consolidated Financial Report for Affiliates

For the fiscal year 2024 (from January 1, 2024 to December 31, 2024), in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises," the companies included in the preparation of the consolidated financial report for affiliates are the same as those required to prepare the parent-subsidiary consolidated financial report under IFRS 10. Furthermore, the relevant information that should be disclosed in the consolidated financial report for affiliates has already been disclosed in the aforementioned parent-subsidiary consolidated financial report. As such, the Company will not prepare a separate consolidated financial report for affiliates.

Hereby declare.

Company name: Compucase Enterprise Co., Ltd.

Chairman: Wang Chun-Tung



March 13, 2025

**Compucase Enterprise Co., Ltd.**



**Chairman: Wang Chun**

