

Favite, Inc.

2024 Annual Report



Notice to readers

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

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Favite, Inc. Annual Report is available at: <http://www.favite.com>

I. Spokesperson

	Spokesperson	Deputy Spokesperson
Name	WANG, ZI-YUE	CAI, SHU-LING
Title	Vice President	Manager
Tel	(03) 554-5988	(03) 554-5988
E-mail	investor@favite.com	investor@favite.com

II. Headquarters and Plants

Headquarters and Plants : Address: No. 197, Section 2, Huanbei Road, Zhubei City, Hsinchu, Taiwan R.O.C.

Tel: (03) 554-5988

Taichung Office : Address: No. 8, Hongfu Lane 5, Section 3, Xitun Road, Xitun District, Taichung, Taiwan R.O.C.

Tel: (04) 2460-8158

Tainan Office : Address: 3rd Floor, No. 139, Sanmin Street, Xinshi District, Tainan, Taiwan R.O.C.

Tel: (06) 589-2425

III. Stock Transfer Agent

Name: Taishin Securities Stock Agency Department

Address: B1, No. 96, Section 1, Jianguo North Road, Taipei, Taiwan R.O.C.

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

Tel: (02) 2504-8125

IV. Auditors

Auditors: Su-Li Fang (CPA), Tung-Hui Yeh (CPA)

Name of Firm: Deloitte & Touche

Address: No. 2, Zhanye 1st Rd., Hsinchu Science Park, Taiwan, R.O.C.

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

Tel.: (03) 578-0899

V. Overseas Securities Exchange: N/A

VI. Corporate Website: <http://www.favite.com>

Favite, Inc.

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I. Letter to Shareholders

1 2024 Operating results

1.1 Company Overview

In 2024, the global economy continued the trend of the previous year, inflation gradually cooled down, but major consumer markets such as Europe, the United States and China are still facing an overall economic malaise, and the overall economic situation of major display panel brand manufacturers is uncertain, but the consumption boom has not fully recovered, even if the inventory continues to improve, the attitude of pulling goods is still conservative, so that the display panel factory customers strictly control the inventory, revise the utilization rate and reduce capital expenditure, and the overall revenue of Favite has become 50%, externally, the overall economy is expected to grow moderately in the coming year, which is expected to drive the continuous growth of Favite's revenue.

Paying attention to the high labor costs of customers and the global demand for carbon reduction, Favite continues to invest the accumulated R&D energy in the past into the application of AI AOI, replacing manpower as much as possible with the latest AI technology, and achieving the goal of industrial inspection automation. In addition, Micro LED is also a new field of display that is highly concerned by the market after OLED, and the company has developed a variety of products in the whole process segment in the past year, and is expected to become the main product in the next stage of the display industry. Favite not only pursues short-term expansion of revenue and market share, but also establishes more cooperation opportunities with leading factory customers, including the promotion of new technologies and the transformation and upgrading of equipment in the future. Focusing on the future, we will continue to focus on the layout of testing equipment, and balance and control the risk of industrial fluctuations with more diversified market distribution and product portfolio.

1.2 Business Performance

Unit: NT\$ thousands

Item	2024	2023	Growth Rate (%)
Operating revenues	667,587	445,675	49.79
Gross profit	317,400	202,952	56.39
Operating income	25,474	(19,412)	231.23
Net income before income tax	54,446	(10,580)	614.61
Net income after income tax	54,492	(33,001)	265.12

1.3 Financial income and expenditure and profitability analysis

1.3.1 Financial income and expenditure

The Company's current ratio for 2024 were 413.03% and the quick ratio was 358.80%, indicating that the solvency was still acceptable.

1.3.2 Profitability

	Item	%
Profitability	Return on assets (%)	4.19
	Return on equity (%)	4.82
	Profit before tax to paid-in capital (%)	6.89
	Net profit ratio (%)	8.16
	Earnings per share (NT\$)	0.69

1.4 Research Development

The main R&D achievement of this year is the Horus intelligent optical inspection and measurement machine, which is a product that integrates AI detection, defect re-judgment, classification, and automatic 2D/3D measurement in one machine compared with traditional AOI, and is suitable for process quality inspection of wafer, PCB substrate, packaging and other products.

2 Summary of the 2025 business plan

2.1 Management policy

Since its establishment, Favite has used original algorithms and the latest AI technology to provide customers with intelligent, accurate and high-speed machine vision inspection solutions, and is determined to become the quality guardian of the technology manufacturing industry and synonymous with AOI. Provide customers with automatic optical inspection and measurement equipment that best meets the benefits of production yield quality management, as well as comprehensive yield management solutions. With intelligence, efficiency and innovative services as the strategic goal of new products, and with the responsibility of becoming the guardian of industrial production quality, we will create common value and win-win benefits for customers, employees and shareholders.

2.2 Expected sales volume and basis

Favite is committed to the research and development in the field of machine vision, as a leading manufacturer of optical inspection equipment, over the years continue to attach importance to research and development and patent layout, in the TFT LCD/LTPS/AMOLED display industry has paid excellent results, in recent years, in semiconductors, PCB, Mini/Micro LED and other professional fields, to provide customers with high-precision, high-quality automatic optical inspection and measurement equipment and its factory production line defect detection and yield monitoring complete solutions. In the past year, the panel industry has been slowly improving, and display panel customers are still strictly controlling inventory and utilization rate, resulting in a considerable degree of impact on the progress of flat panel display equipment. In addition to the mature TFT LCD, the company also grasped the pulse of the display industry, developed the testing equipment of e-paper in a timely manner, and continued to cooperate with well-known Micro LED pioneers to introduce

it; At the same time, it has also stepped into the IC substrate industry, and even semiconductor front-end testing equipment. Make up for the decline in the display field as much as possible and diversify operational risks.

2.3 Important production and marketing policies

- 2.3.1 We will continue to adhere to the long-term cultivation of the TFT LCD display field, continuously improve product capabilities, and combine AI technology to provide customers with more efficient solutions. In addition to the Array/Color filter in the early stage, it also uses AI technology to provide yield management solutions to alleviate the impact of labor shortages under the epidemic. This year, in line with the customer's product update, we made a plan for the transformation of the e-paper production line.
- 2.3.2 Effectively use the company's existing R&D resources and achievements, based on the core optics, detection, mechanism and electronic control technology of automatic optical inspection, continue to focus on high value-added products, and develop new application markets. In the last year, certain R&D achievements have been made in the fields of advanced packaging and testing, Micro LED display, semiconductors, etc., and have been successively introduced into customer production or experimental lines. We look forward to working more closely with our customers and testing them in the coming year, with a view to getting into mass production faster.
- 2.3.3 Change the face-to-face marketing strategy of a single market in the past, adopt the way of multi-industry exhibitions, enhance the company's visibility in different fields, and actively participate in industry forums, establish and maintain cooperative relations with partners, customer groups, suppliers and other related groups, strive to deepen the customer base, solve the real production quality problems of customers from a professional point of view, enhance the adhesion of customers to the company, expand the business scope and the proportion of new markets, and maintain the company's long-term growth and development goals.
- 2.3.4 In terms of business development, the business team overcame difficulties and visited key customers in person as much as possible, tried their best to maintain customer relationships, and at the same time used digital tools to actively maintain close contact with customers, and used online collaboration to achieve the goal of both gross profit and net profit growth.
- 2.3.5 Although revenue has just returned to the growth track, the company continues to invest resources in basic R&D and education and training to improve the knowledge and management skills of colleagues. In addition to the basic education and training for several consecutive years, the introduction of internal and external lecturers, the development of basic science, applied science, management science and other courses, the use of online courses during the epidemic, in addition to strengthening the depth of knowledge, but also pay more attention to the breadth

of knowledge, R&D personnel and actively participate in various domestic and overseas advanced technology trend forums, absorb learning and pay attention to the market opportunities of related advanced processes.

2.4 Company Future Development Strategy

Favite has always adhered to the policy of "technological innovation, stable quality, efficiency improvement, and customer satisfaction", and uses machine vision and AI technology to provide various automated detection and measurement solutions in the field of industrial manufacturing, with the responsibility of becoming the guardian of manufacturing quality. Continue to focus on the research and development of advanced testing equipment, integrate the professional technology of optics, mechanism, electronic control and testing software, and continuously introduce higher-level AOI equipment, and gradually accumulate stable market share and market positioning of high-end products of automatic optical inspection machines. In addition to consolidating the company's existing market, it actively invests in the application of machine vision in various fields, strengthens artificial intelligence and big data analysis, and provides customers with high-efficiency all-round industrial automation measurement solutions.

- 2.4.1 With customer satisfaction as the ultimate goal, it is implemented in all business links. Understand and empathize with the real needs of customers, give full play to the creativity of R&D, production and manufacturing, provide products that they really think are high-quality, and meet customer needs at a level higher than what customers expect, so that customers can be pleasantly surprised.
- 2.4.2 Value-based products based on new technologies are introduced into emerging markets, solve the yield management problems of new markets, assist customers to quickly improve production yields, and jointly create high-value commodities to achieve a win-win situation.
- 2.4.3 Perform technology upgrades and capacity upgrades on existing product lines to improve customers' production efficiency while achieving stable revenue and profits.
- 2.4.4 Establish and expand good and stable partnerships with domestic and foreign, upstream and downstream manufacturers, join forces, establish cooperative teams, create common growth trends, and achieve win-win value.
- 2.4.5 Establish cell service teams in various regions, flexibly form teams, and achieve multi-functional and rapid on-site services. Satisfy customers, improve adhesion, and maintain the long-term mutual interests of business partners.
- 2.4.6 Continuously optimize the production quality management system, improve the efficiency of each stage of the production process, and achieve the comprehensive benefits of speed and quality improvement, efficiency improvement, and cost reduction.
- 2.4.7 Continue to cultivate professional and technical talents and management talents, improve the organizational reward system, and build a team that wants to win for

itself.

2.5 Impacts of External Competitive Environment, Legal Environment, and the Overall Operating Environment

2.5.1 External Competitive Environment

The entire panel industry has been affected by the epidemic and the closure of several large panel factories in the past three years, and the overall environment and demand situation have bottomed out at the end of last year according to the forecast provided by the market research agency, and it is expected to slowly begin to recover and rebound in 2025, although Mainland China is not as good as the panel market in the past. In good times, there are many cases of large-scale factory construction, but there is still a demand for factory expansion, including LCD and OLED panels, so in the expansion of the factory and line expansion of this part is Favite has the opportunity and actively strives for, in addition, in response to the demand for capacity improvement and new products and new processes, many panel factory customers in Mainland China and Taiwan also continue to purchase new machines or old machines for software and hardware upgrades, because the company's equipment shipments in the past are large, and long-term customer support and affirmation, This part of the order has a high degree of mastery.

2.5.2 Regulatory environment

On the premise of complying with laws and regulations, integrity and discipline, Favite tracks changes in laws and regulations, evaluates and revises internal regulations and the formulation and implementation of compliance plans at any time, so as to actively respond to changes in various regulatory environments. In addition, we arrange compliance education and training to enable employees to understand the laws and regulations related to the business and make correct business and ethical judgments. At the same time, we actively understand the various industrial upgrading and R&D incentive programs of the government, and complete the goal of industrial upgrading together with the assistance of the government.

2.5.3 General business environment

In addition to the traditional panel equipment AOI, Favite continues to work hard and pay attention to new display technologies, especially in Micro LED, the overall market size and growth until 2026 and even 2027 is still very promising, the market in the field of Micro LED capital investment warming trend, upstream, midstream and downstream integration and process and quality optimization, in this integration process, LED and panel manufacturers will look for their non-specialized field of AOI measurement equipment manufacturers to cooperate, With its long-term and deep-rooted professional and technical capabilities in detection and measurement, Favite has launched a series of measurement and measurement equipment solutions in the Micro LED production process, and has successfully won the favor and affirmation of several important customers with deep index significance, and a full range of measurement and measurement solution planning, including Epiwafer/LED quality

inspection in the upstream, to the complex mass transfer in the midstream and LED appearance defect detection and position accuracy measurement after bumping. It is believed that the follow-up with the expansion of new experimental lines and new production capacity of customers on both sides of the strait will help expand the revenue of Favite in Micro LED projects in the future.

In addition, Micro OLED is another new type of display technology, the OLED luminescence principle is applied to micron-level chips to achieve higher resolution, brightness and contrast, but also has lower energy consumption and thinner characteristics, is expected to occupy a place in the AR/VR market in the next few years, and began to increase under the impetus of China's manufacturers, and is expected to be the same as Micro LED by 2027. Based on its past experience in panel-level OLED AOI and semiconductor wafer AOI, Favite has successfully established AOI product lines for Micro OLED front-end processes, such as Inline AOI, Offline AOI, Mask AOI, and post-lamination AOI, and has received new AOI equipment orders from target customers in mid-2023. With the construction of new production capacity for Micro OLED Mainland customers in 2024~2025, it is believed that the Micro OLED project can contribute to the revenue of Favite in 2025.

As for the semiconductor market, the advanced packaging process including FOWLP (fan-out wafer-level packaging), 2.5D/3D packaging and FOPLP (fan-out panel level packaging) derived from the related inspection and measurement equipment is a project that Favite continues to pay attention to and invests in development, according to Yole Development's statistics, fan-out packaging technology is the fastest-growing advanced packaging technology, with a growth rate of 19%. By 2024, the market size for fan-out packages is expected to exceed \$3.8 billion. Through the accumulation of mass measurement technology and experience in Micro LED measurement equipment, Favite has advanced and optimized, and launched FOWLP and FOPLP Die Location measurement machines, which provide high-precision measurement functions for the position of chips on the Carrier. In addition, in the Chip last/Die face down process, the multi-layer RDL lines are stacked on the glass substrate first, and then the chip is placed on it to connect with the I/O contacts, and the FOPLP RDL Fine Line AOI developed by Favite can correspond to the detection of multi-layer RDL 2 micron fine lines. It is expected that it will be able to seize a place in the business opportunities of higher-level advanced packaging and testing equipment in the future.

In 2025, Favite will continue to deploy measurement and measurement equipment, and balance the fluctuations of a single industry with more diversified market distribution and product portfolio; In the emerging industrial upgrading plan, it has entered many new fields such as semiconductor packaging and testing, substrate testing, etc.; At the same time, we will continue to deepen the flat panel display industry with products and services with higher technical value, further assist customers to improve production capacity and yield, and reduce manufacturing costs. Such a long-term parallel is expected to also lead to more optimized revenue and gross profit performance for Favite. At the same time, we strive to improve ESG

and pursue the best interests of the company, the natural environment, society, employees, shareholders, manufacturers, and customers.

Favite, Inc.

Chairman: CHEN, YUNG-HUA

II. Corporate Governance Report

2.1 Directors, Supervisors and Management Team

2.1.1 Directors and Supervisors

1. Directors and Supervisors

As of March 31, 2025 ; Unit: shares

Title	Nationality	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman & president	R.O.C	CHEN, YUNG-HUA	Male 61~70	2022.06.24	3	2004.07.01	2,220,813	2.81%	1,900,813	2.40%	-	-	-	-	Bachelor, National Tsing Hua University Department of Physics Master's, Tatung University Department of Business Management Chairman, Favite Inc.	Chairman, Favite Limited Chairman, FAVEPC INC. Director, YIELD MICROELECTRONICS CORP.	-	-	-	(Note 4)
Director	R.O.C	Utechzone Co., Ltd.	-	2022.06.24	3	2018.03.21	11,379,272	14.39%	10,747,272	13.60%	-	-	-	-	-	Director, KGKAZA CO., LTD.	-	-	-	-
	R.O.C	Representative: CHANG, WEN CHIEH	Male 51~60	-	-	-	-	-	-	-	-	-	-	-	Shih Chien University Graduate School of Enterprise Innovation and Entrepreneurship Management noncompletion. Director, Utechzone Co., Ltd. General Manager, Utechzone Co., Ltd.	(Note 1)	-	-	-	-
Director	R.O.C	YEH, SHENG-FA	Male 61~70	2022.06.24	3	2022.06.24	300,000	0.38%	165,000	0.21%	-	-	-	-	Master's, City University of Seattle Department of Business Management. Chairman, Guangqiang Aquatic Products Co., Ltd.	(Note 2)	-	-	-	-
Director	R.O.C	Utechzone Co., Ltd.	-	2022.06.24	3	2018.03.21	11,379,272	14.39%	10,747,272	13.60%	-	-	-	-	-	-	-	-	-	-
	R.O.C	Representative: LIN, FANG-LUNG	Male 61~70	-	-	-	-	-	-	-	-	-	-	-	Master's, National Sun Yat-Sen University Department of Business Management. Director, Utechzone Co., Ltd.	(Note 3)	-	-	-	-
Director	R.O.C	LIN, HUNG-JEN	Male 61~70	2022.06.24	3	2022.06.24	1,246,000	1.58%	1,394,000	1.76%	2,000	0.00%	-	-	Bachelor, Tatung University Department of Mechanical Engineering. Chairman, JIE KUEN PRECISION TECHNOLOGIES CO., LTD.	Chairman, JIE KUEN PRECISION TECHNOLOGIES CO., LTD. Director, JIE KUEN ENTERPRISE INC.	-	-	-	-
Independent Director	R.O.C	TSENG, HSIANG CHI	Male 61~70	2022.06.24	3	2009.09.23	-	-	-	-	-	-	-	-	PhD, National Tsing Hua University Department of Physics. Professor, Chung Yuan Christian University Department of Physics.	Professor, Chung Yuan Christian University Department of Physics.	-	-	-	-
Independent Director	R.O.C	LEE, SHIH-CHENG	Male 51~60	2022.06.24	3	2019.06.12	-	-	-	-	-	-	-	-	Professor, National Central University Department of Finance. Associate Professor, Yuan Ze University College of Management. Visiting Research Fellow, University of Ared, Australia. Independent Director, WETRUST TECHNOLOGY CO., LTD.	Independent Director, WETRUST TECHNOLOGY CO., LTD.	-	-	-	-
Independent Director	R.O.C	SHEN, HIS-WEN	Male 61~70	2022.06.24	3	2022.06.24	-	-	-	-	-	-	-	-	Master's, Tulane University Department of Business Management.	Independent Director Unictron Technologies Corporation.	-	-	-	-
Independent Director	R.O.C	LO, CHIH-PING	Male 51~60	2022.06.24	3	2022.06.24	-	-	-	-	-	-	-	-	Bachelor, FU JEN CATHOLIC University Department of Electrical Engineering. Manager, EAST PRAYER INDUSTRIAL Vice President, VETON TECH LIMITED	Manager, EAST PRAYER INDUSTRIAL President, VETON TECH LIMITED Director, WEIDEKE NEW TECHNOLOGY CO., LTD.	-	-	-	-

Note 1: Director, Utechzone Co., Ltd., General Manager, Utechzone Co., Ltd., Director, KGKAZA CO., LTD., Director, ZF Investment Co., Ltd., Director of Utechzone Co., Ltd.

Note 2: Chairman, Natsume Smartech Co., Ltd., Chairman, SUNENGINE CORPORATION LTD., Chairman, Guangqiang Energy Co., Ltd., Independent Director, ACE PILLAR CO., LTD., Supervisor, Solomon Goldentek Display Corp., Director, KING ULTRASONIC CO., LTD., Director, SkyLine Technology Co., Ltd., Director, 3S Silicon Tech., Inc.

Note 3: Director, Utechzone Co., Ltd., Supervisor, ZF Investment Co., Ltd., Supervisor, Xtreme Testek Inc.

Note 4: The chairman of the company and the general manager or equivalent (the top manager) are the same person, are relatives of each other, such as a spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should (More than half of the directors have not served as employees or managers, etc.) :

- (1) The chairman concurrently holding the position of President enables the Board of Directors better grasp the operating conditions of the Company, and the flat management can bring more efficiency to the decision implementation. In order to strengthen the independence of the board of directors, the company has actively trained suitable candidates.
- (2) The Company has established an Audit Committee which, except with its functions and powers as specified, can also improve and supervise the management mechanism of the Board of Directors. Meanwhile, Independent Directors account for 44.44% of the total Directors of the Company, which can strengthen the supervision and checks and balances mechanism, and reduce the concentration of power and loss of objectivity and failure of effective supervision for the reason of the chairman and general manager.

2. Major shareholders of the institutional shareholders

As of March 31, 2025

Name of Institutional Shareholders	Major Shareholders
Utechzone Co., Ltd.	Tai Shin Life Insurance Co., Ltd. (3.00%) HSBC Custody – Cambria Emerging Shareholder Yield ETF (2.70%) ZOU, JIA-JUN (1.85%) YE, HUI-DE (1.69%) ZENG, JI-HUI (1.67%) Rich Wing Co., Ltd. (1.67%) SAN-YE Co., Ltd. (1.48%) LIN, FANG-LUNG (1.39%) LongHua Group Capital Investment Co., Ltd. (1.33%) CHANG, WEN-CHIEH (1.21%)

3. Major shareholders of the Company's major institutional shareholders

As of March 31, 2025

Name of Institutional Shareholders	Major Shareholders
Tai Shin Life Insurance Co., Ltd.	Taishin Financial Holding Co., Ltd. (100%) ◦
Rich Wing Co., Ltd.	ZOU, JIA-JUN (99.40%) ◦
SAN-YE Co., Ltd.	YE, TING-YUAN (99.32%) ◦
LongHua Group Capital Investment Co., Ltd.	LIU, SU-HUA (37.50%) ◦

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Name/ Title	Criteria	Professional Qualification Requirements and Work Experience	Independence Criteria (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
CHEN, YUNG-HUA / Chairman	Possesses five or more years of work experience required for the Company's business; the founder of and currently serving as Favite Inc.'s chairman as well as the chairman and president of the Company; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
Utechzone Co., Ltd./ Director Representative: CHANG, WEN-CHIEH	Possesses five or more years of work experience required for the Company's business; currently serving as president and Deputy General Manager of the Business Marketing Department of the Utechzone Co., Ltd.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
YEH, SHENG-FA/ Director	Possesses five or more years of work experience required for the Company's business; currently serving as Chairman of the SUNENGINE CORPORATION LTD.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
Utechzone Co., Ltd./ Director Representative: LIN, FANG-LUNG	Possesses five or more years of work experience required for the Company's business; currently serving as Deputy General Manager of the Administration and Finance Department of the Utechzone Co., Ltd.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	
LIN, HUNG-JEN/ Director	Possesses five or more years of work experience required for the Company's business; currently serving as Chairman of the IE KUEN PRECISION TECHNOLOGIES CO., LTD.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-	

Name/ Title	Criteria	Professional Qualification Requirements and Work Experience	Independence Criteria (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
TSENG, HSIANG-CHI /Independent Director		Possesses five or more years of work experience required for the Company's business; currently serving as professor of the department of physics at Chung Yuan Christian University; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-
LEE, SHIH-CHENG /Independent Director		Possesses five or more years of work experience required for the Company's business; currently serving as professor of the College of Management, Yuan Ze University; Visiting Research Fellow U. of Adelaide (Australia), Expert of Systemic Risk Hub (France); and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-
SHEN, HIS-WEN /Independent Director		Possesses five or more years of work experience required for the Company's business; had once worked as Vice president of Powertech Technology Inc.; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	1
LO, CHIH-PING /Independent Director		Possesses five or more years of work experience required for the Company's business; currently serving as Vice president of VETON TECH LIMITED; and has not been a person of any conditions defined in Article 30 of the Company Law.	(Note 1)	-

Note 1: Independence of the board of directors: The Company has 4 independent directors, accounting for 4/9 of the board of directors.

The board of directors of the Company meets the following independence criteria: The board of directors of the Company meets the following independence criteria:

1. Each director is not a family member of senior management who is employed by the Company or by a subsidiary of the Company.
2. Each director is (and is not affiliated with a Company that is) an adviser or consultant to the Company or a member of the Company's senior management. Only Chairmen CHEN, YUNG-HUA is the General Manager of the Company.
3. Each director is not affiliated with a significant supplier of the Company. Only Director CHANG, WEN CHIEH and Director LIN, FANG LUNG are affiliated with a significant supplier of the Company
4. Each director does not have any personal services contract with the Company or a member of the

Company's senior management.

5. Each director is not affiliated with a not-for-profit entity that receives significant contributions from the Company.
6. Each director has not been a partner or employee of the Company's external auditor during the past three years.
7. Each director does not have any other conflict of interest that the board of directors determines to mean he or she cannot be considered independent.
8. The board of directors complies with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act.
9. Each independent director meets the provisions of Article 3, Item 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

5. Diversity of the Board of Directors:

(1) Diversity of the Board of Directors:

Based on the policy of diversification and strengthening of corporate governance in order to promote the sound development of the Company's board composition and structure, the nomination of candidates for directors of the Company shall be adopted by the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Each candidate's academic qualifications, work experience, professional background, integrity or relevant professional qualifications, and others are evaluated and considered. After the Board of Directors passes the resolution, the proposed nominees will be submitted to the Shareholders Meeting for election. With regard to the board composition, it is advisable that the number of directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies, including but not limited to the following:

- A. Basic conditions and value: gender, age, nationality and culture.
- B. Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability, business management capability, risk management capability, industry knowledge, international market outlook, leadership capability, and decision-making capability.

Although no female directors have been selected at present, in the future, female candidates will be given priority consideration during the board nomination process. We will actively seek out female professionals with industry experience to join us, establish internal programs for cultivating female talent, and strengthen the career development of senior female management. This will increase the pool of future board candidates. Additionally, we will regularly review the progress of board diversity. The current Board of Directors of the Company consists of nine directors. The specific management objectives of the board diversity policy and their achievement status are as follows:

Diversity management objectives	Achievement status
The number of independent directors shall be no less than three and no less than one-fifth of the total number of directors.	Done
It is advisable that the number of directors who concurrently serve as managers of the Company should not exceed one-third of the board seats.	Done
Adequate and diverse professional knowledge and skills	Done

The implementation status of the board diversity policy is as follows:

Name/Title	Core of diversify					Professional background Professional knowledge and capabilities						
	Basic composition					Operational management and business judgment	Accounting	Finance and	Crisis handling	Industry knowledge	Global market perspectives	Leadership
	Nationality	Employee	Gender	Age								
51-60				61-70								
CHEN, YUNG-HUA / Chairman	R.O.C	✓	Male	-	✓	✓	-	✓	✓	✓	✓	✓
Utechzone Co., Ltd./ Director Representative: CHANG, WEN-CHIEH	R.O.C	-	Male	✓	-	✓	-	✓	✓	✓	✓	✓
YEH, SHENG-FA/ Director	R.O.C	-	Male	-	✓	✓	-	✓	✓	✓	✓	✓
Utechzone Co., Ltd./ Director Representative: LIN, FANG-LUNG	R.O.C	-	Male	-	✓	✓	✓	✓	✓	✓	✓	✓
LIN, HUNG-JEN / Director	R.O.C	-	Male	-	✓	✓	-	✓	✓	✓	✓	✓
TSENG, HSIANG-CHI /Independent Director	R.O.C	-	Male	-	✓	-	-	✓	✓	✓	✓	-
LEE, SHIH-CHENG /Independent Director	R.O.C	-	Male	✓	-	-	✓	✓	✓	✓	✓	-
SHEN, HIS-WEN /Independent Director	R.O.C	-	Male	-	✓	✓	-	✓	✓	✓	✓	✓
LO, CHIH-PING /Independent Director	R.O.C	-	Male	✓	-	✓	-	✓	✓	✓	✓	✓

The Board of Directors of the Company consists of nine directors, of which four are independent directors. Currently, the 9 members of the Board of this term have professional backgrounds in industries, academia, and professional specialties in the scopes of management, leadership and policy decision, industrial knowledge, academy and financial. The relevant information is also disclosed on the Company's website. Among the Directors, one Director with employee identity accounts for 11%, and four Independent Directors account for 44% and have worked there for 15, 5, 2, and 2 years respectively. The age distribution of the Board members shows that there are three Directors aged 51~60 and six Directors aged 61~70.

As of 2024.12.31, In addition, all independent directors comply with the regulations of the Securities and Futures Bureau and none of the circumstances prescribed in paragraph 3 and paragraph 4, Article 26-3 of the Securities Exchange Act exist among the directors and independent directors. The Experience(Education), Gender and Work Experience. (Please refer to pages 12-13 of this Annual Report - Information of directors)

2.2.2 Management Team

As of March 31, 2025; Unit: shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and President	R.O.C	CHEN, YUNG-HUA	Male	2004.07.01	1,900,813	2.40%	-	-	-	-	Bachelor, National Tsing Hua University Department of Physics. Master's, Tatung University Department of Business Management. Chairman, Favite, Inc.	Chairman, Favite Limited Chairman, FAVEPC INC. Director, YIELD MICROELECTRONICS CORP.	-	-	-	(Note 1)
Vice President	R.O.C	WANG, ZI-YUE	Female	2004.07.01	80,155	0.10%	-	-	-	-	Master's. Business Administration, Saint Leo University Senior manager Favite, Inc.	-	-	-	-	
Equipment Business Unit Senior manager	R.O.C	YEH, DONG-YI	Male	2010.03.11	17	0.00%	-	-	-	-	Master's, National Taiwan University. Department of Institute of Applied Mechanics Manager, Favite, Inc.	-	-	-	-	
Corporate Governance Officer	R.O.C	KUO, LUNG-CHANG	Male	2023.05.05	-	-	-	-	-	-	Master's, University of Wales Department of Financial and Accounting. CFO, Avision Inc.	-	-	-	-	
Financial Officer	R.O.C	FAN, HSIAO-LAN	Female	2023.02.24	-	-	NA	NA	NA	NA	Bachelor, Chung Hua University Department of Finance. Financial Manager, SEMILEDS OPTOELECTRONICS CO., LTD.	-	-	-	(Note 2)	
Financial & Accounting Officer	R.O.C	TSENG, TSAI-WEI	Female	2023.02.24	-	-	-	-	-	-	Master's, Feng Chia University Department Account. Assistant Manager, Deloitte & Touche Taiwan	-	-	-	-	

Note 1: The chairman of the company and the general manager or equivalent (the top manager) are the same person, and are relatives of each other, such as a spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should (More than half of the directors have not served as employees or managers, etc.):

(1) The chairman concurrently holding the position of President enables the Board of Directors better grasp the operating conditions of the Company, and the flat management can bring more efficiency to the decision implementation. In order to strengthen the independence of the board of directors, the company has actively trained suitable candidates.

(2) The Company has established an Audit Committee which, except with its functions and powers as specified, can also improve and supervise the management mechanism of the Board of Directors. Meanwhile, Independent Directors account for 44.44% of the total Directors of the Company, which can strengthen the supervision and checks and balances mechanism, and reduce the concentration of power and loss of objectivity and failure of effective supervision for the reason of the chairman and general manager.

Note 2: Due to internal job rotation, Ms. Fan Hsiao-Lan stepped down from her position on August 16, 2024.

2.2. Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

2.2.1 Remuneration of directors (including independent directors)

As of December 31, 2024 Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		Base Compensation(A) (Note 1)		Pension(B) (Note 2)		Directors Compensation(C) (Note 3)		Business expenses (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Pension (F)		Employee Compensation (G) (Note 3)						
		The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company		Consolidated Entities		The company	Consolidated Entities			
Chairman and President	CHEN, YUNG-HUA																					
Director	Utechzone Co., Ltd. Representative: CHANG, WEN-CHIEH																					
Director	YEH, SHENG-FA	-	-	-	-	1,238	1,238	168	168	2.58%	2.58%	4,038	4,038	-	-	-	-	-	-	9.99%	9.99%	-
Director	Utechzone Co., Ltd. Representative: LIN, FANG-LUNG																					
Director	LIN, HUNG-JEN																					
Independent Director	TSENG, HSIANG-CHI																					
Independent Director	LEE, SHIH-CHENG	1,440	1,440	-	-	-	-	126	126	2.87%	2.87%	-	-	-	-	-	-	-	-	2.87%	2.87%	-
Independent Director	SHEN, HIS-WEN																					
Independent Director	LO, CHIH-PING																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

The remuneration of directors and the remuneration of employees have not yet been decided, which is based on the percentage of the allocation in the previous year.

The Independent Directors don't jointly participate in the compensation distribution with the Directors. The "Fixed Remuneration" was further paid to the Independent Directors on a monthly basis, in accordance with their specific duties and responsibilities. After review and discussion by the Remuneration Committee, this was all submitted to the Board of Directors for resolution. The rationality of relevant remuneration of Independent Directors will be reviewed from time to time according to the practical operation situation and related laws and regulations, to reach the balance between the sustainable operation and risk control of the Company.

2. In addition to the above remuneration, the remuneration received by the directors of the Company in the recent year for providing services to all companies included in the financial report (such as serving as a non-employee consultant for the parent company / all companies included in the financial report / investee companies, etc.): None.

Note 1: Base compensation for directors in 2024 (including director's salary, duty allowance, severance pay, bonus and reward, etc.)

Note 2: Allowance or funding of pension obligation.

Note 3: This column shows the directors' remuneration allocated by the Company's Board of Directors on March 7, 2025.

Note 4: The directors' professional practicing fees in the most recent year (including transportation allowance, special allowance, various allowances, and provisions of such tangible objects as dormitory and car, etc...). If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other benefits. If a driver is assigned, please specify the pay made by The Company to the driver, but exclude the same from the remuneration.

Note 5: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the directors who acted as employees concurrently (including President, Vice President, managerial employee and employee) in the most recent year. If a house, car and any other transportation means or exclusive personal allowance is provided, please disclose the nature and cost of the assets, rent imputed based on the actual value or fair value, fuel expenses and other

benefits. If a driver is assigned, please specify the pay made by The Company to the driver, but exclude the same from the remuneration. The salary expenses recognized in accordance with IFRS 2 “Share-based payment”, including obtaining employee stock options, new restricted employee shares and participating in cash increase subscription shares, shall also be included in the remuneration.

Compensation Range Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Under NT\$ 1,000,000	CHEN, YUNG-HUA · Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA, · LIN, HUNG-JEN · TSENG, HSIANG-CHI · LEE, SHIH-CHENG, SHEN, HIS-WEN, · LO, CHIH-PING ·	CHEN, YUNG-HUA · Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA, · LIN, HUNG-JEN · TSENG, HSIANG-CHI · LEE, SHIH-CHENG, SHEN, HIS-WEN, · LO, CHIH-PING ·	Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA, · LIN, HUNG-JEN · TSENG, HSIANG-CHI · LEE, SHIH-CHENG, SHEN, HIS-WEN, · LO, CHIH-PING ·	Utechzone Co., Ltd., LIN, FANG-LUNG · Utechzone Co., Ltd., CHANG, WEN-CHIEH · YEH, SHENG-FA, · LIN, HUNG-JEN · TSENG, HSIANG-CHI · LEE, SHIH-CHENG, SHEN, HIS-WEN, · LO, CHIH-PING ·
NTD 1,000,000 (inclusive) ~NTD 2,000,000 (exclusive)	-	-	-	-
NTD 2,000,000 (inclusive) ~NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) ~NTD 5,000,000 (exclusive)	-	-	CHEN, YUNG-HUA	CHEN, YUNG-HUA
NTD 10,000,000 (inclusive) ~NTD 15,000,000 (exclusive)	-	-	-	-
NTD 10,000,000 (inclusive) ~NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) ~NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) ~NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) ~NTD 100,000,000 (exclusive)	-	-	-	-
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	9	9	9	9

2.2.2 Officer's Compensation

As of December 31, 2024 Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company		Consolidated Entities		The company	Consolidated Entities	
								Cash	Stock	Cash	Stock			
Chairman and President	CHEN, YUNG-HUA	7,062	7,062	141	141	1,113	1,113	-	-	-	-	15.30%	15.30%	-
Vice President	WANG, ZI-YUE													

Compensation Range Table

Compensation Range	Name of Officers	
	The company	Consolidated Entities
Under NTD 1,000,000	-	-
NTD 1,000,000 (inclusive) ~NTD 2,000,000 (exclusive)	-	-
NTD 2,000,000 (inclusive) ~NTD 3,500,000 (exclusive)	-	-
NTD 3,500,000 (inclusive) ~NTD 5,000,000 (exclusive)	CHEN, YUNG-HUA, WANG, ZI-YUE	CHEN, YUNG-HUA, WANG, ZI-YUE
NTD 5,000,000 (inclusive) ~NTD 10,000,000 (exclusive)	-	-
NTD 10,000,000 (inclusive) ~NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) ~NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) ~NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) ~NTD 100,000,000 (exclusive)	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	2	2

2.2.3 Employee's Compensation for Officers

As of December 31, 2024 Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Percentage of net income after taxes (%)
Executive Officer	Chairman and President	CHEN, YUNG-HUA				
	Vice President	WANG, ZI- YUE				
	Equipment Business Unit Structure Division Senior Director	YEH, DONG- YI	-	-	-	-
	Corporate Governance Officer	KUO,LUNG-CHANG				
	Financial Officer	FAN, HSIAO-LAN				
	Accounting Officer	TSENG, TSAI-WEI				

2.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

2.2.4.1 The ratio of the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT\$ thousands; %

Item Title	The company				Consolidated Entities			
	2023		2024		2023		2024	
	Total	Ratio to Net Incom	Total	Ratio to Net Incom	Total	Ratio to Net Incom	Total	Ratio to Net Incom
Remuneration of Directors (Excluding remuneration paid for positions as employees)	1,764	(5.35)%	2,972	5.45%	1,764	(5.35)%	2,972	5.45%
Remuneration of Supervisors	-	-	-	-	-	-	-	-
Remuneration of the President and Vice Presidents	7,931	(24.03)%	8,336	15.30%	7,931	(24.03)%	8,336	15.30%
Net Income	(33,001)		54,492		(33,001)	-	54,492	

2.2.4.2 The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

A. The Remuneration Committee was established on August 26, 2011 under the approval of the Board of Directors. With respect to the remunerations of Directors, President,

Vice President and managers, the Remuneration Committee shall periodically review the performances of Directors and managers as well as the policies, system, standards and structure of the remunerations according to the organization's rules thereof, and shall periodically assess the remunerations of Directors and managers, then propose to the Board of Directors for approval after the suggestions are made.

- B. Director's remuneration includes transportation expenses and director's remuneration allocated from company profits. Transportation expenses are paid based on the number of meetings attended. Director's remuneration is determined by the Board of Directors according to Article 19 of the company's articles of association. If profits are made annually, the Board of Directors may allocate up to 2% as director's remuneration, taking into account participation, contributions, and industry standards.
- C. The remuneration for independent directors consists of a fixed monthly salary. They received a fixed remuneration of \$30,000 per month in 2024 and transportation expenses for attending meetings. They do not participate in the director's remuneration allocated from company profits.
- D. Managerial remuneration includes salary, bonuses, and employee compensation. Salaries and bonuses are determined based on market salary levels, the scope of job responsibilities, individual performance achievements, and contributions to the company's operational goals. According to Article 19 of the company's articles of association, if profits are made annually, 10% should be allocated for employee compensation. This allocation considers individual contributions and annual performance evaluations, distributed among all employees to share the achievements and incentivize them to strive towards achieving the company's goals together.
- E. The rationality of relevant remunerations of Directors and managers shall be examined by the Remuneration Committee and Board of Directors, and the remuneration system will be reviewed from time to time according to the practical operation situation and related laws and regulations, to reach the balance between the sustainable operation and risk control of the Company.

2.3. Corporate Governance

2.3.1 Operation of the Board of Directors

Current member's term of office: June 24, 2022 to June 23, 2025

The Board of Directors held meetings 6 times in 2023. Attendance status of Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate(%)	Remarks
Chairman	CHEN, YUNG-HUA	6	-	100	
Director	Utechzone Co., Ltd. Representative: CHANG, WEN-CHIEH	5	1	83	
Director	YEH, SHENG-FA	5	1	83	
Director	Utechzone Co., Ltd. Representative: LIN, FANG-LUNG	6	-	100	Attend the board meeting via video conference on May 31, 2024.
Director	LIN, HUNG-JEN	6	-	100	
Independent Director	TSENG, HSIANG-CHI	6	-	100	

Independent Director	LEE, SHIH-CHENG	6	-	100	
Independent Director	SHEN, HIS-WEN	5	1	83	
Independent Director	LO, CHIH-PING	4	2	67	

Other disclosures:

2.3.1.1 If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Refer to the important resolutions of the Board of Directors.
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2.3.1.2 For execution status regarding matters bearing on the personal interests and recusal of directors due to conflict of interests, the name of the director, proposal, the reason for recusal and board resolution shall be stated:

Date	Name of Director	Subject	Reason for recusal	Voting results	Resolution
2024.01.26	CHEN, YUNG-HUA	2023 Year end bonus to managerial employees.	Interested in the directors	Did not vote	Other attending directors agreed accordingly
2024.08.09	TSENG,HSIANG-CHI	2024 employees salary adjustments.			
2025.01.17	CHEN, YUNG-HUA	2024 Year end bonus to managerial employees.			

2.3.1.3 Board of Directors performance evaluation

- (1) Evaluation cycles: Conducting an internal board performance evaluation every year.
- (2) Evaluation periods: From Jan. 1, 2024 to Dec. 31, 2024
- (3) Scope and method of evaluation: The performance evaluation of the board as a whole, individual board members and functional committees, including the audit committee, remuneration committee, and nominating committee.
- (4) Method of evaluation: The internal evaluation of the board, self-evaluation by individual board members, and the internal evaluation of the audit committee, remuneration committee, and nominating committee. The units conducting evaluations is nominating committee.
- (5) Criteria of evaluation:

A. The board of directors performance evaluation

- (1) Participation in the operation of the company;
- (2) Improvement of the quality of the board of directors' decision making;
- (3) Composition and structure of the board of directors;
- (4) Election and continuing education of the directors;
- (5) Internal control.

B. The board members' performance evaluation

- (1) Alignment of the goals and missions of the company;

- (2) Awareness of the duties of a director;
- (3) Participation in the operation of the company;
- (4) Management of internal relationships and communication;
- (5) The director's professionalism and continuing education;
- (6) Internal control.

C. Functional committee's performance evaluation

- (1) Participation in the operation of the company;
 - (2) Awareness of the duties of the functional committee;
 - (3) Improvement of quality of decisions made by the functional committee;
 - (4) Makeup of the functional committee and election of its members;
 - (5) Internal control.
- (6) Performance evaluation results: The performance evaluation results were reported to the Board of Directors on January 17, 2025. The performance evaluation results for the Board of Directors for the year 2024 were 'Good,' while the performance evaluation results for the board members were 'Excellent.' The performance evaluation results for the Audit Committee and the Compensation Committee were also 'Excellent.' These performance evaluation results will be used as a reference for the remuneration and re-nomination of individual directors or functional committee members.

2.3.1.4 The goals for strengthening the powers of the board of directors and performance evaluation:

- (1) Set up functions committees: For the purpose of developing supervisory functions and strengthening management mechanisms, the Company has set up an audit committee, remuneration committee, and nominating committee.
- (2) Enhance corporate governance: The Company has established corporate governance best practice principles, risk management policy, and regulations governing the board performance evaluation, and also discloses corporation governance information in accordance with the relevant laws.

2.3.2 Operation of Audit Committee or Supervisors' involvement in Board of Directors meetings:

2.3.2.1 Operation of Audit Committee

Current member's term of office: June 24, 2022 to June 23, 2025

The Audit Committee held meetings 6 times in 2024. Attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate(%)	Remarks
Independent Director	TSENG, HSIANG-CHI	6	-	100%	
Independent Director	LEE, SHIH-CHENG	6	-	100%	
Independent Director	SHEN, HIS-WEN	5	1	83%	
Independent Director	LO, CHIH-PING	4	2	67%	

Other disclosures:

1. In the event of any of the following in the audit committee, the dates of audit committee meetings, sessions, contents of motions, the dissenting opinion, qualified opinion, or significant suggestions of the independent director, resolutions of the audit committee meetings, and the Company's response to audit members' opinion should be specified.

1.1 Securities and Exchange Act §14-5 resolutions

Date	Resolutions	The Opinions of All Independent Directors and the Company's Actions to the Opinions
2024.01.26	<ol style="list-style-type: none"> 1. Amendments to the Internal Control System for the 'Sales and Collection Cycle' and certain provisions of the 'Internal Audit Implementation Rules - Sales and Collection Cycle.' 2. Amendments to our company's Internal Control System for 'Computerized Information Systems and Cybersecurity Inspections' and certain provisions of the 'Internal Audit Implementation Rules - Computerized Information Systems and Cybersecurity Inspections.' 	All independent directors approved
2024.2.23	<ol style="list-style-type: none"> 1. The company's 2023 parent company only financial and consolidated financial statements. 2. The company's 2023 Deficit Compensation proposal. 3. The company's 2023 business report and 2024 business plan. 4. Evaluation of the Independence and Competence of the Certified Public Accountant for 2024. 5. Appointment and Remuneration of the Certified Public Accountant for 2024. 	
2024.5.3	<ol style="list-style-type: none"> 1. 2024Q1 consolidated financial statements. 2. Establishment of the "Non- assurance Services, NAS ". 3. Amendments to the Internal Control System for the 'Procurement and Payment Cycle' and certain provisions of the 'Internal Audit Implementation Rules - Procurement and Payment Cycle.' 	
2024.5.31	<ol style="list-style-type: none"> 1. The land exchange case of our Huanbei Plant. 	
2024.8.9	<ol style="list-style-type: none"> 1. 2024 Q2 consolidated financial statements. 2. The proposed renewal of the “Liability Insurance of Directors, Supervisors, and Managerial Officers”. 3. Amendments to the Internal Audit Plan for 2024. 	
2024.11.11	<ol style="list-style-type: none"> 1. 2024 Q3 consolidated financial statements. 2. Change of Financial Officer. 3. 2025 Audit Plan. 4. Addition of the 'Sustainable Information Management Procedures' and amendments to certain provisions of the 'Internal Audit Implementation Rules - Management Methods.' 	

1.2 There was no resolution that was not approved by the Audit Committee but was approved by two-thirds or more of all Directors.

2. Execution of the independent directors' interests evasion: None.

3. The communication between the independent directors and the internal audit manager and the CPA:

(1) The Company's independent directors communicate with the CPA by way of meetings, discussions, telephone calls or e-mails through the audit committee or separately to discuss

the review results of the financial statements and related laws and regulations such as accounting, taxation, and securities management. If major issues occur, a meeting can be convened at any time.

- (2) The Audit Officer will periodically submit audit reports to the Independent Directors for review. The Company's independent directors communicate with the internal Audit Officer by way of meetings, discussions, telephone calls or e-mail through the audit committee or separately to discuss the company's audit-related works, audit reports, and the condition of discovering problems and tracking improvements. If major issues occur, a meeting can be convened at any time.

A. The major items of communication between the independent directors and the CPA

Date	The Major Items of the Communication	The suggestions of independent directors and the Company's action to the suggestions
2024.02.23 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2023 Year financial statements	No suggestion from independent directors
2024.05.03 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2024 first-quarter financial statements	No suggestion from independent directors
2024.08.09 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2024 second-quarter financial statements	No suggestion from independent directors
2024.11.11 (individual meeting)	Report of regulatory developments Any review problems or difficulties and management's response in connection with 2024 third-quarter financial statements	No suggestion from independent directors

Result: All the above matters were reviewed or approved by the Audit Committee, and the independent directors expressed no objection.

B. The major items of communication between the independent directors and the internal audit manager

Date	The Major Items of the Communication	The suggestions of independent directors and the Company's action to the suggestions
2024.01.26 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2024.02.23 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2024.05.03 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2024.05.31 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors
2024.08.09	Internal Auditor's report.	No suggestion from independent directors

	(individual meeting)		
	2024.11.11 (individual meeting)	Internal Auditor's report.	No suggestion from independent directors

2.3.2.2 Supervisors' involvement in Board of Directors meetings:

The company has replaced the function of the supervisor with the Audit Committee, therefore this item is not applicable for reporting.

2.3.3 The state of the company's implementation of corporate governance, and deviation of such implementation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established the 'Corporate Governance Best Practice Principles' in accordance with the 'Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.' Investors can find relevant corporate governance regulations in the corporate governance section of the company's website.	No significant deviation
2. Shareholding Structure and Shareholders' Rights (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has set up a spokesperson system and appointed a professional stock transfer agency to handle matters such as shareholder suggestions or doubts.	No significant deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Company has a good grasp of the shareholding status of major shareholders, directors, and managers by referencing the shareholder register on the book closure date that is provided by the stock agent. In addition, the Company files the shareholding changes of insiders (directors, managers, and shareholders holding no less than 10 percent of the Company's shares) with the competent authority through its designated Market Observation Post System on a monthly basis.	No significant deviation
(3) Does the Company establish and implement the risk management and firewall system between related companies?	✓		The business transactions between the Company and affiliated companies are implemented and controlled in accordance with relevant internal control systems, and laws and regulations.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.																				
	Yes	No	Summary Description																					
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		<p>The Company has formulated the “Procedures for Handling Material Inside Information Operations” and the “Procedures for the Prevention of Insider Trading” to keep insider trading from occurrence, protect investors and safeguard the rights and interests of the Company.</p> <p>Since 2022, the company has incorporated "Prevention of Insider Trading and Integrity Operation" into the mandatory training program for all employees. The curriculum covers relevant regulations of securities trading laws regarding insider trading, responsibilities and case studies, as well as the importance of integrity operation. Presentation materials and procedural documents for the training are stored in a public folder for all employees to access at any time. When new directors and managers take office, the Company also provides them with relevant regulatory information in advocacy thereof and reminds them of matters to be noted with regard to insider trading. The company regularly assigns employees from different departments to participate in internal and external education and training related to the prevention of insider trading and integrity operation. These training sessions include courses on integrity operation regulations, legal practices, advanced financial management, insider trading, and internal controls. The aim is to enhance employees' awareness of and compliance with regulations. The total duration of related education and training was 72 hours, with a total of 55 employees participating in the courses in 2024. Detailed training records are provided in the table below.</p> <table border="1"> <thead> <tr> <th>Course Name</th> <th>Number of people</th> <th>Length of the curriculum</th> <th>Completion rate</th> </tr> </thead> <tbody> <tr> <td>Integrity Management and Prevention of Insider Trading.</td> <td>52</td> <td>48</td> <td>100%</td> </tr> <tr> <td>Online Continuing Education Program for Accounting Managers of Issuers, Securities Firms, and Stock Exchanges.</td> <td>1</td> <td>12</td> <td>100%</td> </tr> <tr> <td>Discussing the New Role of Internal Audit through Case Studies - The Intersection of Ethics, Morality, and Law (Online).</td> <td>1</td> <td>6</td> <td>100%</td> </tr> <tr> <td>How to Analyze Key Financial Information of Enterprises to Enhance Crisis Early Warning Capabilities (Online).</td> <td>1</td> <td>6</td> <td>100%</td> </tr> </tbody> </table>	Course Name	Number of people	Length of the curriculum	Completion rate	Integrity Management and Prevention of Insider Trading.	52	48	100%	Online Continuing Education Program for Accounting Managers of Issuers, Securities Firms, and Stock Exchanges.	1	12	100%	Discussing the New Role of Internal Audit through Case Studies - The Intersection of Ethics, Morality, and Law (Online).	1	6	100%	How to Analyze Key Financial Information of Enterprises to Enhance Crisis Early Warning Capabilities (Online).	1	6	100%	No significant deviation
Course Name	Number of people	Length of the curriculum	Completion rate																					
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Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board established a diversity policy, and specific management goals and implemented them accordingly?	✓		Please take a reference to the Board Diversity Policy and Implementation Status on page 15 to 18 of this Annual Report.	No significant deviation
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The Company has set up the Remuneration Committee and the Audit Committee according to the law; the establishment of other committees is under evaluation.	No significant deviation
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		To implement corporate governance and improve its Board's functions, the Company has established various performance goals to enhance the Board's operating efficiency. The Company already formulated its "Regulations Governing Performance Evaluation of Board of Directors", by which it completed the performance evaluation of the Board of Directors of 2024 in January 2025 and submitted the evaluation results to the Board of Directors to serve as a reference, both for discussion and determination of the remuneration for the Board of Directors of 2024, and for re-nomination of directors in future Board elections.	No significant deviation
(4) Are external auditors' independence assessed on a regular basis?	✓		The Company's Audit Committee regularly reviews the independence of the independent auditors and reports the result to the Board of Directors. The nearest evaluation results submitted by the Audit Committee to the Board of Directors were on March 7, 2025. The Company's Audit Committee regularly evaluates the independent auditor's independence and suitability every year by means of either demanding that the independent auditors provide a "Statement of Independence" and the Accounting firm provide an Audit Quality Index (AQIs). With reference to Quality Control Standard No. 1, Article 47 of the Accountant Law, and Accountant Professional Ethics Code No. 10 Bulletin, the "Accountant Independence and Competency Evaluation Form" was formulated to assess items that may affect independence one by one. After evaluation, the Company believes it true that the independent auditors have no business or financial relationship with the Company, except the fees for their attestation and taxation service, evidencing the requirement for independence and suitability.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
4. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance employee who takes charge of the corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders' meetings according to the laws, and producing minutes of board meetings and shareholders' meetings, etc.)?		✓	Although the Company does not reach the standard of establishing a chief corporate governance employee, every unit of the Company takes charge of corporate governance-related affairs according to their job functions: The Financial and Accounting Department is responsible for handling the operation of the Board of Directors, Audit Committee and Shareholders' Meeting; Human Resource Department is responsible for the works related to meetings of the Compensation Committee; President Office is the top leading unit for the scope of ethic corporate management, risk management, and corporate sustainable development which is responsible for coordinating the target of corporate social responsibility and formulate the sustainable development policies, and annually report to the Board of Directors.	No significant deviation
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has set up a stakeholder section on our website with a dedicated email for stakeholder communication and contact. Any question, suggestion, or voice can be channeled through this mailbox for open and effective communication.	No significant deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Stock-Affairs Agency Department of Taishin International Bank as its agent to carry out tasks relevant to Shareholders' Meetings.	No significant deviation
7. Information disclosure				
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has a corporate website to disclose both financial standings and the status of corporate governance.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company had built a corporate website and appointed designated people to handle information collection and disclosure; carried out the spokesman system; participated in the investor conference held by the external institutes without a fixed schedule. The information for the investor conference had been disclosed on the Market Observation Post System and the corporate website.	No significant deviation
(3) Does the Company announce and report the annual financial statements within two months of the end of the fiscal year, and announce and report the first, second, and third-quarter financial statements and the monthly operating results ahead of time and within the specified time limit?		✓	The Company reports the annual/quarterly financial statements and operating results within the specified time limit.	No significant deviation

Evaluation Item	Implementation Status		Summary Description	Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No		
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>1. Employee rights: The Company ensures employees' legal rights by adhering to the Labor Standards Act and its personnel regulations. It also regularly holds labor-management meetings to harmonize its labor relations.</p> <p>2. Employee care: The Company upholds the philosophy of a friendly workplace in recruiting and retaining talents. It strives to provide a good work environment: Apart from the establishment of the Employee Benefits Committee, to which it regularly contributes employee benefit funds, it also contributes a certain amount of employee retirement funds as required by law, purchases group insurance for employees, and arranges health check-up for them, so as to maximize the employees' benefits it can provide.</p> <p>3. Investor relation: The Company has a spokesperson system and an acting spokesperson system, through which it communicates with outsiders. Aside from updating its operating results, the Company also assigns dedicated personnel to disclose its information on the Market Observation Post System as required by law.</p> <p>4. Supplier relations: Through activities such as ongoing exchange of opinions with the management, the Company works closely with key suppliers and contractors, and maintains productive relationships that would ensure better performance in the future.</p> <p>5. Stakeholders' interests: The Company has maintained a smooth communication channel with employees, customers, suppliers, and contractors, and respects and upholds their legal rights. Stakeholders may communicate their opinions to the Company at any time. The Company values their opinions and will use them as reference for future work implementation.</p> <p>6. Continuing education of directors and supervisors: The Company has established the Audit Committee to assume the duties of supervisors. All the Company's directors are experts in certain areas; they also regularly take part in continuing education courses as required by law and have obtained certificates.</p> <p>7. Risk management policies, practices, and risk assessment standards: The Company has established internal policies in accordance with laws to manage and assess risks.</p> <p>8. Execution of customer policy: The Company has assigned a dedicated unit to handle customers' complaints and issues. The unit is responsible for appropriately addressing issues that concern customers, and in doing so, maintains a good relationship with customers, thereby creating profits for the Company.</p> <p>9. The Directors and manager had been insured for liabilities and this is disclosed on the Market Observation Post System.</p>	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>Every year, the company reviews the indicators that have not yet met the scoring standards based on the recent corporate governance evaluation results and the corporate governance evaluation indicators released in the most recent year, arranges improvement schedules, and has completed the improvement of most of the projects that did not meet the standards.</p>				

Note1 : Continuing education of the Company's Directors in 2024:

Title	Name	Date	Organizer	Course Name	Length of the curriculum
Director	CHEN, YUNG-HUA	2024.08.09	Chinese Corporate Governance Association	Establishing a Friendly Workplace under the Labor Standards Act - Introduction to the Latest Gender Equality Employment Law and Sharing of Unlawful Infringement Cases	3 hours
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
Director	Utechzone Co., Ltd. Representative: CHANG, WEN-CHIEH	2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
Director	YEH, SHENG-FA	2024.10.07	Chinese National Federation of Industries	2024 Taishin Net Zero Summit Forum	3 hours
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	3 hours
Director	Utechzone Co., Ltd. Representative: LIN, FANG-LUNG	2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
Director	LIN, HUNG-JEN	2024.08.09	Chinese Corporate Governance Association	Establishing a Friendly Workplace under the Labor Standards Act - Introduction to the Latest Gender Equality Employment Law and Sharing of Unlawful Infringement Cases	3 hours
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
Independent Director	TSENG, HSIANG-CHI	2024.08.09	Chinese Corporate Governance Association	Establishing a Friendly Workplace under the Labor Standards Act - Introduction to the Latest Gender Equality Employment Law and Sharing of Unlawful Infringement Cases	3 hours
		2024.08.05	Taipei Financial Research and Development Foundation	Corporate Governance - Digital Fraud and Digital Financial Crime Detection and Prevention	3 hours
Independent	LEE, SHIH-CHENG	2024.10.07	Chinese National Federation of Industries	2024 Taishin Net Zero Summit Forum	3 hours

Title	Name	Date	Organizer	Course Name	Length of the curriculum
Director		2024.08.09	Chinese Corporate Governance Association	Establishing a Friendly Workplace under the Labor Standards Act - Introduction to the Latest Gender Equality Employment Law and Sharing of Unlawful Infringement Cases	3 hours
Independent Director	SHEN, HIS-WEN	2024.08.09	Chinese Corporate Governance Association	Establishing a Friendly Workplace under the Labor Standards Act - Introduction to the Latest Gender Equality Employment Law and Sharing of Unlawful Infringement Cases	3 hours
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
		2024.07.03	Taipei Financial Research and Development Foundation	Corporate Governance - The Great Transformation of the Wealth Management Industry in the AI Wave: Opportunities and Challenges	3 hours
Independent Director	LO, CHIH-PING	2024.08.09	Chinese Corporate Governance Association	Establishing a Friendly Workplace under the Labor Standards Act - Introduction to the Latest Gender Equality Employment Law and Sharing of Unlawful Infringement Cases	3 hours
		2024.06.17	Taipei Financial Research and Development Foundation	Corporate Governance - Tax Money Laundering Risk Prevention: The Eight Major National Money Laundering Risk Patterns	3 hours

2.3.4. Composition, Responsibilities and Operations of the Remuneration Committee

The Compensation Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

1. Information of Remuneration Committee Members

Title	Criteria Name	Professional Qualification and Experience	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	TSENG, HSIANG-CHI	Please take a reference to the professional qualification and experience & status of independence of Independent Directors on page 15-17 of this Annual Report.		-
Independent Director (Member)	LEE, SHIH-CHENG			-
Independent Director (Member)	SHEN, HIS-WEN			1
Independent Director (Member)	LO, CHIH-PING			-

2. Information on Compensation Committee Operations

- (1) The Company's Compensation Committee had 4 members.
- (2) The term of this committee member is from June 24, 2022 to June 23, 2025. A total of 2 Compensation Committee meetings were held in 2024. The attendance of independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	TSENG, HSIANG-CHI	4	-	100	
Member	LEE, SHIH-CHENG	4	-	100	
Member	SHEN, HIS-WEN	1	1	50	
Member	LO, CHIH-PING	1	1	50	

Other disclosures:

1. If the advice of the Remuneration Committee was not adopted or modified by the Board of Directors, the meeting date, period, content of proposals, meeting resolution, and the Company's action to the advice of the Remuneration Committee should be disclosed: None.
2. If resolutions of the Remuneration Committee were objected or reserved with records or written statements by any member, the meeting date, period, content of proposals, opinions of all members, and action to the member's opinions should be disclosed: None.
3. The discussion item and resolution results of the Remuneration Committee, and the Company's action to the advice of the Remuneration Committee:

Date	Content of proposals	Resolution results	The Company's action to the advice of the Remuneration Committee
2024.1.26	1. 2023 Year end bonus to managerial employees.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.
2024.8.9	1. 2024 employee salary adjustments.	Approved by all members of the committee.	Processed as the resolution results of the remuneration committee.

2.3.5 Promotion of Sustainable Development, Status, and Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
1. Whether the Company has established a management structure for promoting sustainable development and set up an exclusively (or concurrently) dedicated unit handled by senior management employee(s) authorized by the Board of Directors, and under the supervision of the Board of Directors?	✓		<p>To fulfill our corporate social responsibility and promote progress in the economy, environment, and society, aiming for sustainable development, our company established the "Corporate Sustainability Practices Guidelines" in 2020 for compliance.</p> <p>To effectively implement sustainable operations, our company, on May 6, 2022, approved the internal greenhouse gas inventory and verification schedule planning by the board of directors. In December 2023, we officially established the Jingcai Technology Sustainable Development Promotion Team. The team members are representatives appointed by various departments, with the "General Management Office" as the dedicated unit responsible for the company's sustainable development-related work.</p> <p>The dedicated unit coordinates and collects ESG-related issues such as corporate governance, environment, and society, regularly convenes relevant departments for discussions, and promotes the company's sustainable development plans. Additionally, the dedicated unit reports the implementation status to the board of directors quarterly. The board of directors supervises, reviews, and adjusts the goals and execution status of the sustainable development team as needed. The annual reports to the board were completed on February 23, 2024, May 3, 2024, August 9, 2024, and November 11, 2024.</p>	No significant deviation
2. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	✓		In 2022, the Company's Board of Directors approved the formulation of the "Risk Management Policy and Procedures", the highest level guidelines on risk management within the Company. Relevant policies and procedures, management scope, organizational structure, and operating status have been disclosed on the Company's	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>website.</p> <p>Since 2022, our company has been actively promoting the implementation of a risk management mechanism. This involves conducting operational management meetings chaired by the General Manager or relevant operational executives to assess the risks associated with various operational plans and projects. Personnel from dedicated departments identify potential risks within their scope of authority, conduct assessments, and formulate response and control measures. On November 11, 2024, a report on the operation of risk management was presented to the board of directors. The report outlined the various risks faced by the company during the year, including the risk environment, key risk management focuses, risk assessments, and corresponding measures, providing an overview of the operational status of risk management.</p>	
<p>3. Environmental Issues</p> <p>(1) Does the Company establish proper environmental management systems based on the characteristics of its industries?</p>	✓		<p>The company implements green supply chain management to increase reuse rates and reduce environmental harm during operations. With the goal of "reducing waste and recycling," we prioritize using recyclable packaging materials to minimize resource usage and prevent secondary pollution.</p>	<p>Our company primarily engages in the assembly and testing of mechanical equipment, generating no harmful substances or wastewater. Hence, we have not undergone verification from international standards or adhered to sustainable development best practices.</p>
<p>(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?</p>	✓		<p>The company regularly evaluates and revitalizes excess materials or stagnant inventory generated during production to enhance utilization rates and reduce environmental impact.</p>	<p>No significant deviation</p> <p>No significant deviation</p>

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons																								
	Yes	No	Summary																									
(3) Does the Company monitor the impact of climate change on present and future operations and evaluate related opportunities? Does it establish measures to respond to climate change related impacts?	✓		The company continuously monitors the impact of climate change on our operations and actively develops strategies to improve utilization rates, reduce waste, and mitigate environmental impact.	No significant deviation																								
(4) Does the Company take inventories of greenhouse gas emissions, water use, and waste volume during the past two years? Does it adopt guidelines to conserve energy and reduce carbon and greenhouse gas emissions, water use, and waste generation?	✓		<p>The company complies with waste management regulations by entrusting qualified licensed disposal agencies to handle waste removal. We require these agencies to provide proper disposal documentation and regularly inspect the management of entrusted waste operations, reporting removal and disposal quantities. We use GPS systems installed on waste removal vehicles to verify the consistency of transport routes and the location of disposal facilities. We conduct periodic inspections to ensure proper waste management and fulfill our duty of care. The total weight of waste over the past two years is as follows:</p> <table border="1" data-bbox="920 903 1630 1461"> <thead> <tr> <th colspan="2">Year</th> <th></th> <th>Headquarters</th> <th>Taihe Factory</th> <th>Total Waste volume</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2023</td> <td rowspan="2">Output (tons)</td> <td>Non-hazardous business waste</td> <td>27.85</td> <td>0</td> <td rowspan="2">27.85</td> </tr> <tr> <td>Hazardous business waste</td> <td>0</td> <td>0</td> </tr> <tr> <td rowspan="2">2024</td> <td rowspan="2">Output (tons)</td> <td>Non-hazardous business waste</td> <td>18.10</td> <td>0</td> <td rowspan="2">18.10</td> </tr> <tr> <td>Hazardous business waste</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Year			Headquarters	Taihe Factory	Total Waste volume	2023	Output (tons)	Non-hazardous business waste	27.85	0	27.85	Hazardous business waste	0	0	2024	Output (tons)	Non-hazardous business waste	18.10	0	18.10	Hazardous business waste	0	0	No significant deviation
Year			Headquarters	Taihe Factory	Total Waste volume																							
2023	Output (tons)	Non-hazardous business waste	27.85	0	27.85																							
		Hazardous business waste	0	0																								
2024	Output (tons)	Non-hazardous business waste	18.10	0	18.10																							
		Hazardous business waste	0	0																								

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons																			
	Yes	No	Summary																				
			<p>In 2024, the company adopted an energy monitoring system for public facilities, adjusted peak electricity usage periods, and reduced power consumption and carbon emissions. We plan to achieve a 3% reduction in annual electricity consumption by the end of 2025. The annual carbon dioxide emissions over the past two years are as follows::</p> <table border="1"> <thead> <tr> <th>Year</th> <th></th> <th>Headquarters</th> <th>Taihe Factory</th> <th>Total carbon dioxide emissions</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2024</td> <td>Direct (Scope 1) (tons)</td> <td>68.8606</td> <td>0</td> <td>68.8606</td> </tr> <tr> <td>Indirect (Scope 2) (tons)</td> <td>1,306.2167</td> <td>0</td> <td>1,306.2167</td> </tr> <tr> <td>2023</td> <td>Carbon dioxide emissions (tons)</td> <td>578.1560</td> <td>11.7680</td> <td>589.9240</td> </tr> </tbody> </table> <p>The company utilizes existing technologies and expertise, adhering to the principles of source management, process waste reduction, and end-point control. We aim to reduce water resource demand from the source, enhance water resource reuse, and install water-saving devices. In 2024, we will gradually adjust the water output of supply facilities and the usage time of public equipment. Instead of operating 24 hours a day, we will shut down facilities when there is no production demand to reduce water resource usage. Our goal is to achieve a reduction of more than 1% in total water consumption by 2024. The water consumption for the past</p>	Year		Headquarters	Taihe Factory	Total carbon dioxide emissions	2024	Direct (Scope 1) (tons)	68.8606	0	68.8606	Indirect (Scope 2) (tons)	1,306.2167	0	1,306.2167	2023	Carbon dioxide emissions (tons)	578.1560	11.7680	589.9240	
Year		Headquarters	Taihe Factory	Total carbon dioxide emissions																			
2024	Direct (Scope 1) (tons)	68.8606	0	68.8606																			
	Indirect (Scope 2) (tons)	1,306.2167	0	1,306.2167																			
2023	Carbon dioxide emissions (tons)	578.1560	11.7680	589.9240																			

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons															
	Yes	No	Summary																
			<p>two years is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th></th> <th>Headquarters</th> <th>Taihe Factory</th> <th>Total water consumption volume</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>water consumption volume (tons)</td> <td>4,857</td> <td>35</td> <td>4,892</td> </tr> <tr> <td>2024</td> <td>water consumption volume (tons)</td> <td>4,350</td> <td>0</td> <td>4,350</td> </tr> </tbody> </table>	Year		Headquarters	Taihe Factory	Total water consumption volume	2023	water consumption volume (tons)	4,857	35	4,892	2024	water consumption volume (tons)	4,350	0	4,350	
Year		Headquarters	Taihe Factory	Total water consumption volume															
2023	water consumption volume (tons)	4,857	35	4,892															
2024	water consumption volume (tons)	4,350	0	4,350															
<p>4. Social Issues</p> <p>(1) Does the Company comply with relevant laws and regulations and the International Bill of Human Rights? Does it adopt relevant management policies and processes?</p>	✓		<p>The company upholds the spirit of respecting human rights, recognizing and adhering to international human rights conventions, including the "Universal Declaration of Human Rights," the "ILO Declaration on Fundamental Principles and Rights at Work," and the "UN Guiding Principles on Business and Human Rights." We are committed to creating employee welfare:</p> <ul style="list-style-type: none"> • Fair Employment: During recruitment, employment, and promotion processes, we insist on non-discrimination in any form, including gender, age, race, religion, or other identity characteristics. All employees can realize their potential in a fair environment and receive equal career development opportunities. • Prohibition of Child Labor: The company strictly complies with labor standards laws and does not employ workers under the age of 15. • Prevention of Sexual Harassment: We have established clear measures for the prevention of sexual harassment, publicly disclosed complaint and 	No significant deviation															

Assessment Item	Implementation Status (Note 1)			Deviation from the ‘Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies’ and Reasons
	Yes	No	Summary	
(2) Does the Company establish and implement appropriate remuneration mechanisms (including wages, vacation, and other benefits) and reflect the corporate business performance or achievements in the employee remuneration policy?	✓		<p>disciplinary guidelines, and set up dedicated complaint hotlines and email addresses.</p> <ul style="list-style-type: none"> • Workplace Safety and Health: The company is committed to providing a safe and healthy working environment, with occupational safety and health regulations and procedures in place. Regular inspections and training on occupational safety and health are conducted to enhance employees' awareness and importance of safe work. In compliance with relevant regulations, the company not only continuously improves the working environment but also provides annual health checks for employees, exceeding legal requirements, to reduce the occurrence of occupational diseases and accidents. <p>The company determines employee salary levels based on their educational background, professional knowledge and skills, and years of experience. Additionally, we have established a Compensation Committee to provide salary recommendations to the Board of Directors.</p> <p>According to Article 19 of our company's Articles of Association, if there is a profit in the fiscal year, 10% should be allocated as employee compensation. This is distributed to all employees based on their years of service and annual performance evaluations, allowing everyone to share in the company's success. Furthermore, we have implemented various employee incentive measures, such as patent proposal bonuses and patent approval bonuses, to encourage innovative thinking and motivate employees to work towards achieving the company's goals.</p> <p>The company is committed to fostering an inclusive, diverse, and friendly workplace. Employee salaries are not influenced by gender, age, race, nationality, or other factors, ensuring that every employee can fully realize their personal value and contribute their strengths in an equitable work</p>	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the ‘Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies’ and Reasons
	Yes	No	Summary	
(3) Does the Company provide safe and healthful work environments for employees, and does it organize training on safety and health for employees on a regular basis?	✓		<p>environment.</p> <ol style="list-style-type: none"> The company provides a safe and healthy working environment, including implementing access control measures, a no-smoking policy, regular labor safety education and environmental inspections, and offering free annual health checks that exceed legal requirements. We track health check reports annually and arrange for on-site occupational nurses and doctors to regularly monitor employee health and provide health consultation services. We also organize irregular sports and health promotion activities, mental health courses, and strictly enforce labor law health regulations to ensure employee health and safety. Number of occupational accidents in 2024: 0 <ul style="list-style-type: none"> Number of affected employees: 0 Percentage of total employees: 0% Related improvement measures: Continuous promotion of employee occupational accident education and training to ensure workplace safety. Number of fire incidents in 2024: 0 <ul style="list-style-type: none"> Number of affected employees: 0 Percentage of total employees: 0% Related improvement measures: Conduct self-defense fire brigade education and training every six months, and perform a comprehensive inspection of fire facilities across the entire plant every November, with results submitted to the fire authority for review. 	No significant deviation
(4) Does the Company establish effective training programs to foster employees' career skills?	✓		To ensure the growth of both employees and the company, we regard employees as valuable assets and place great emphasis on employee training and career development. To promote talent cultivation and management, we have	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
			<p>established the "Employee Training Management Procedures" for employee training and allocate budgets annually to support training. Through internal and external training, employees not only enhance their professional skills and adapt to rapidly changing environments but also improve work performance, product, and service quality. This also creates individual and organizational competitiveness, aligning employee career development with corporate growth.</p> <p>On-the-Job Training and Work Guidance: Based on each employee's career development needs, we arrange necessary on-the-job training and work guidance, covering professional technical or management courses in various fields. This enhances employees' professional skills and management capabilities, helping them effectively tackle daily work challenges.</p>	
(5) Does the Company follow the laws and regulations of the government and international guidelines in relation to customer health, safety, and privacy, as well as sales and labeling of its products and services? Does the Company establish policies to protect consumer rights and interests and provide a clear and effective procedure for accepting consumer complaints?	✓		The company adheres to relevant regulations and international standards in the marketing and labeling of products and services.	No significant deviation
(6) Does the Company establish policies to assess whether suppliers adhere to environmental, occupational health and safety, and labor rights laws and regulations, then follow up on implementation status?	✓		The company has established relevant procedures for cooperation with suppliers. With the introduction of the ESG sustainability report, we require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights.	No significant deviation

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
5. Does the Company adopt internationally recognized standards or guidelines when producing corporate social responsibility reports and other related reports to disclose the status of implementing non-finance-related policies? Does the Company obtain a third party assurance or verification for the reports to enhance the reliability of the information in the reports?		✓	<p>The company has prepared the 2023 Sustainability Report based on the framework of the Global Sustainability Standards Board (GSSB) issued "GRI Standards 2021." This report systematically discloses non-financial information related to the company's economic, environmental, and social aspects, and is written in accordance with the Taiwan Stock Exchange's "Procedures for Preparation and Reporting of Sustainability Reports by Listed Companies." The report is publicly available on the company's website under the "Corporate Sustainability" section for stakeholders to review.</p> <p>To enhance the transparency and credibility of the report, our company's 2023 Sustainability Report has been self-checked according to GRI standards and confirmed to meet relevant disclosure requirements. However, this year we have not yet commissioned an external assurance agency for third-party verification, and thus have not obtained third-party verification statements or assurance opinions. In the future, the company will evaluate the introduction of third-party verification procedures based on the maturity of sustainability information disclosure and stakeholder expectations, to continuously strengthen the credibility and decision-making value of sustainability information.</p>	The company has not prepared corporate social responsibility reports and is currently evaluating them.
<p>6. If the company has established its corporate social responsibility code of practice according to 'Sustainable Development Practice Principles for TWSE-GTSM-Listed Companies,' please describe the operational status and differences:</p> <p>The company establishes its corporate social responsibility code of practice in accordance with the 'Sustainable Development Practice Principles for TWSE/GTSM-Listed Companies'. Its operations and corporate social responsibility spirit and principles adhere to this statute.</p> <p>7. Other important information to facilitate a better understanding of the company's implementation of corporate social responsibility:</p> <p>(1) Workplace Environment and Employee Safety Measures:</p> <p>1. Recognizing the importance of workplace environment and employee safety measures, our Safety Office has initiated major environmental considerations and occupational safety and health risk controls, prioritizing improvements through program management.</p> <p>(2) Subsequent Environmental and Occupational Safety and Health Promotion Activities:</p> <p>1. Establishment of ISO45001 System: By setting and strictly implementing occupational safety and health standards through the system, employees operate</p>				

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
<p>machines according to standard procedures and inspect machines according to regulations, thereby preventing accidents caused by operational negligence.</p> <p>2. On-Site Work Environment Measurement: Our company continuously commissions professional firms to conduct environmental measurement plans. If any non-compliant items are detected, they are reviewed and improved. Measurement items include carbon dioxide (CO2), illumination, noise, etc.</p> <p>3. Continuous Annual Health Checks for Employees: We hire on-site occupational nurses and doctors to regularly monitor employee health and provide health consultation services. In 2024, we organized a company-wide sports day and health promotion walking activities, strictly enforcing labor law health regulations to ensure employee health and safety.</p> <p>(3) Our Company Actively Promotes Sustainable Development, Including:</p> <ol style="list-style-type: none"> 1. March 2024: In response to the global call for energy conservation and carbon reduction, Jingcai Technology's offices across Taiwan participated in the World Lights Out Day, successfully saving 42 kWh of electricity. We also held a fun environmental quiz to enhance colleagues' awareness of World Lights Out Day and energy conservation. 2. May 2024: We deepened our cooperation with the Department of Physics at Chung Yuan Christian University. After donating optical inspection components worth NT\$16.7 million for academic research in 2022, we were invited to the campus this year to give a lecture on the basic principles of AOI and industry overview to 50 students. This helps students understand the application of AOI technology and inspires them to become future stars in the technology industry. 3. May 2024: Our colleagues and their families participated in a beach cleanup activity organized by a local environmental group in Qigu, Tainan, picking up litter on the sandbar and restoring its natural beauty. This activity not only cleaned the coastline but also raised environmental awareness among colleagues and their families. 4. June 2024: We donated 8 high-quality second-hand laptops worth NT\$180,750 to Taiping Elementary School in Guanxi Township, Hsinchu County, to support digital learning resources in remote areas, promote educational equity, and help disadvantaged students overcome learning challenges, demonstrating Jingcai's commitment to supporting children's education. 5. September 2024: Jingcai Technology donated NT\$10,000 in scholarships to the community office near our headquarters, hoping to help local disadvantaged children pursue their dreams without being limited by financial pressures. 6. October 2024: Jingcai Technology was awarded the "Crystal Award" by the Ministry of Education at Chung Yuan Christian University, recognizing our investment in talent cultivation and affirming the strong partnership in industry-academia collaboration. This award not only acknowledges our past efforts but also motivates us to continue promoting educational cooperation. We hope to cultivate more outstanding optical talents in Taiwan through industry-academia collaboration, contributing to Taiwan's AOI industry. 7. December 2024: We entered the third year of cooperation with Ningyuan Nursing Home in Hukou Township, Hsinchu County, and Delan Children's Center in Baoshan Township, Hsinchu County. Staff and children from these institutions made Christmas wishes, and Jingcai colleagues acted as Santa Claus to fulfill these wishes, bringing warmth to local social welfare institutions. This year, we donated goods and cash worth NT\$323,266. <ul style="list-style-type: none"> • Delan Children's Center: Mainly serving children with polio and those affected by major incidents, we helped purchase clothing, stationery, and daily necessities to alleviate their living needs, allowing them to focus more on their studies. • Ningyuan Nursing Home: As the first public-private dementia care institution in Taiwan, it provides proper and warm care for elderly residents. Currently, it houses 184 elderly people with dementia or mobility issues. We sponsored medical equipment, daily necessities, and food to provide more convenient facilities for the elderly and the Ningyuan team, showing our warm care for the elderly with dementia and mobility issues. <p>In addition to donating goods, we recruited colleagues to serve as Christmas volunteers, partnering with a local church to accompany the elderly at Ningyuan Nursing Home's day care center for a warm and lively caroling event before Christmas. After the event, volunteers helped clean the nursing home's courtyard</p>				

Assessment Item	Implementation Status (Note 1)			Deviation from the 'Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies' and Reasons
	Yes	No	Summary	
and tidy up plants, reducing the workload of the staff.				

2.3.6 Climate-related information for TWSE/TPEX Listed Companies and the reason for deviation.

Item	Implementation Status
<p>1. Describe the supervision and governance by the board of directors and management on climate-related risks and opportunities.</p>	<p>The Board of Directors serves as the highest supervisory body for climate-related risk management in our company. It is responsible for reviewing climate policies and key strategic actions, and receives reports from the Sustainability Task Force at least once a year to assess the results of climate risk and opportunity evaluations.</p> <p>The management team, led by the Chief Sustainability Officer, promotes initiatives such as greenhouse gas inventory, energy-saving programs, and low-carbon product development in accordance with the TCFD framework, thereby strengthening climate resilience and aligning with strategic goals.</p> <p>For more details, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2024 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>2. Describe how identified climate-related risks and opportunities affect the business, strategy, and finances of the company (short-term, medium-term, long-term).</p>	<p>The company has identified various climate-related risks and opportunities in accordance with the TCFD framework. These have been categorized by time horizon into short-term (1–3 years), medium-term (3–5 years), and long-term (over 5 years), and assessed for their potential impacts on our business, strategy, and financial performance.</p> <p>Short-term risks: Extreme weather events (e.g., heavy rainfall, power outages) may disrupt production and delay deliveries, affecting customer service and short-term revenue stability. Mitigation measures include implementing backup plans and off-site recovery mechanisms</p> <p>Medium-term risks and opportunities: Stricter carbon regulations may increase compliance costs, but also drive the company to proactively implement carbon inventory and energy-saving improvements. These efforts enhance operational efficiency, product competitiveness, and reduce carbon exposure.</p> <p>Long-term risks and opportunities: Growing pressure from climate transition and rising carbon disclosure requirements from international clients are accelerating the company’s development of low-carbon and green products. These initiatives are expected to open new markets and enhance brand value, contributing positively to long-term revenue and shareholder value.</p> <p>For more details, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2024 Sustainability Report, titled “Advancing with Green Light.”</p>

Item	Implementation Status
<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<p>The company has assessed the potential disruption risks that extreme climate events—such as heavy rainfall, earthquakes, and heatwaves—may pose to its key operational sites and supply chain, which could in turn affect delivery schedules and short-term revenue. In 2024, the company established preliminary operational risk response measures and off-site backup strategies to mitigate the financial impact of such extreme events.</p> <p>In response to transition requirements, the company began implementing ISO 14064-1 greenhouse gas inventory and carbon data management processes in 2024. It has also progressively invested in energy-efficient equipment upgrades and information system optimization. These expenditures primarily affect medium-term capital expenditures and operating costs. However, they are expected to strengthen long-term compliance capabilities and reduce potential financial losses from future carbon fees, supply chain disruptions, and brand-related risks.</p> <p>Overall, extreme climate events increase short-term costs and operational risks, while transition actions represent medium- to long-term investments that enhance organizational resilience, competitiveness with international clients, and the sustainability of the company’s profit structure.</p> <p>For more details, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2024 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p>	<p>The company has preliminarily integrated climate-related risk issues into its overall risk management framework and is conducting phased assessments and practical responses with reference to the TCFD framework. The Sustainability Task Force coordinates these efforts, gradually promoting the integration of climate risk identification, assessment, and response measures.</p> <p>Risk Identification: Through departmental interviews, issue-based questionnaires, and regulatory reviews, the company identifies physical risks (e.g., operational disruptions caused by extreme weather) and transition risks (e.g., carbon pricing mechanisms, regulatory requirements) related to climate change. These findings serve as the basis for internal risk discussions.</p> <p>Risk Assessment: A dual-axis matrix of impact and likelihood has been initially introduced. Departments assess risk levels based on practical experience, supplemented by brief financial or operational explanations. These assessments are incorporated into the company’s annual internal risk review process.</p> <p>Management Process: The company has initiated environmental data consolidation through the ISO 14064-1 carbon inventory system. Moving forward, it will strengthen the integration with the overall risk management system based on the maturity of implementation and establish cross-departmental mechanisms for risk tracking and reporting.</p>

Item	Implementation Status
	<p>Going forward, the company will continue to optimize its climate risk management procedures and organizational response capabilities in line with implementation progress and changes in internal and external environments, progressively enhancing institutional integration.</p> <p>For more details, please refer to Chapter 1, Section 1-4 “Risk Management” of the 2024 Sustainability Report, titled “Illuminating Sustainable Governance.”</p>
<p>5. If using scenario analysis to assess resilience to climate change risks, it should outline the scenario, parameters, assumptions, analysis factors, and major financial impacts used in the analysis.</p>	<p>The company has not yet adopted scenario analysis methods to assess the resilience of climate-related risks, primarily because the relevant systems are still in the early stages of development and sufficient internal climate parameters and financial impact simulation data have not yet been established.</p> <p>However, the company has referred to the TCFD recommended framework to gradually identify physical and transition risks. Through ISO 14064-1 carbon inventory processes and internal risk identification procedures, a preliminary list of climate-related risks and corresponding response mechanisms has been established.</p> <p>As scenario analysis has not been applied to this topic, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2024 Sustainability Report, titled “Advancing with Green Light,” for further explanation.</p>
<p>6. If there is a transformation plan to address climate-related risks, explain the plan's content and the indicators and objectives used to identify and manage physical and transitional risks.</p>	<p>The company has not yet established a comprehensive climate transition plan; however, it has gradually initiated preliminary actions related to climate risk management and is conducting phased management and tracking for specific issues.</p> <p>Current key initiatives include:</p> <p>Carbon Inventory Launch: Since 2024, the company has implemented an organizational greenhouse gas inventory system in accordance with ISO 14064-1:2018, gradually building an internal emissions data foundation to support the future development of carbon reduction actions and strategic direction.</p> <p>Preliminary Energy-Saving Measures: The company has begun collecting electricity usage data and evaluating replacement plans for high-energy-consuming equipment. Electricity consumption data from various facilities is being compiled to support energy efficiency tracking and improvement planning.</p> <p>Initial Identification of Physical and Transition Risks: Risks such as operational disruptions caused by extreme weather, the introduction of carbon pricing mechanisms, and customer carbon disclosure requirements have been incorporated into internal risk management considerations. However, no specific quantitative targets have been set yet; these will be developed progressively based on the maturity of implementation.</p>

Item	Implementation Status
	<p>Current management indicators (still in the foundational stage):</p> <p>Annual organizational carbon emissions (tCO₂e)</p> <p>Electricity consumption and electricity intensity per capita (kWh/person)</p> <p>Number of energy-saving improvement projects</p> <p>Carbon inventory coverage rate (%)</p> <p>At present, the company has not yet set specific greenhouse gas reduction targets or timelines. Future transition strategies and phased management goals will be developed based on the readiness of internal data and external regulatory requirements.</p> <p>For more information, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2024 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.</p>	<p>The company has not yet adopted internal carbon pricing as a planning tool, primarily because its carbon inventory system and carbon management strategy are still in the early stages of development. At this point, there is not yet a sufficient foundation to establish or apply an internal carbon price.</p>
<p>8. If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress towards achievement, etc., should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of carbon offset credits or RECs exchanged should be clarified.</p>	<p>The company has not yet set specific long-term carbon reduction targets (such as a net-zero emissions year). However, it has established preliminary management indicators and short-term execution goals for climate-related issues, serving as a foundation for phased improvements and data consolidation.</p> <p>Current focus areas and activities include:</p> <p>Emission Scopes: Primarily Scope 1 (S1) and Scope 2 (S2), covering direct and indirect emissions from electricity use, air conditioning, and fuel consumption at company offices, R&D centers, and major operational units.</p> <p>Activity Items: Energy use management, energy efficiency improvements for equipment, and promotion of organizational greenhouse gas inventory.</p> <p>Preliminary goals and timeline:</p> <p>2024 Goal: Complete S1 and S2 carbon inventory, establish data reporting templates, and conduct internal verification of inventory reports.</p> <p>2025 Goal: Increase carbon inventory coverage, conduct carbon hotspot analysis and identify energy-saving opportunities, and assess the feasibility of setting medium-term carbon reduction targets.</p>

Item	Implementation Status
	<p>2026 and Beyond: Gradually evaluate the inclusion of Scope 3 emissions and target setting based on implementation progress and regulatory trends.</p> <p>Progress Tracking (as of the end of 2024):</p> <p>Completed definition of organizational boundaries and emission scopes</p> <p>Completed electricity and energy use statistics for major operational sites</p> <p>Established carbon inventory reporting templates and internal review mechanisms</p> <p>Scope 3 emissions and quantitative reduction targets have not yet been included</p> <p>Carbon Offsets and Renewable Energy Certificates (RECs):</p> <p>The company has not yet used carbon offsets or RECs as a means to achieve its goals and has not purchased any type of carbon credits or renewable energy certificates. Future adoption will be carefully evaluated based on government policies and the company’s transition progress.</p> <p>For detailed information and indicator data, please refer to Chapter 2, Section 2-1 “Climate Action” of the 2024 Sustainability Report, titled “Advancing with Green Light.”</p>
<p>9.Greenhouse gas inventory and verification findings, along with reduction targets, strategies, and specific action plans, should be provided (also filled in Sections 1-1 and 1-2).</p>	<p>In response to climate change trends and both domestic and international carbon management regulations, the company has officially launched its organizational greenhouse gas (GHG) inventory operations starting in 2024, in accordance with the ISO 14064-1:2018 standard. This initiative covers the operational activities of the Zhubei headquarters and includes the completion and verification of the 2024 carbon emissions inventory.</p> <p>At the beginning of 2025, the company commissioned a third-party independent verification body—Fact Value International Certification Co., Ltd.—to conduct GHG verification. The scope of verification includes emissions from Scope 1 to Scope 4. The verification results were found to be in compliance with relevant international standards, and a verification report was obtained.</p> <p>The year 2024 has been designated as the company’s base year for carbon emissions, with a total emission volume of 1,375.08 metric tons of CO₂e, of which indirect emissions (Scopes 2 to 4) accounted for 94.99%. This baseline will serve as the foundation for managing annual emissions and evaluating emission reduction pathways in the future.</p> <p>To address climate change and strengthen climate governance, the company has initiated the following carbon management actions:</p> <p>Established a base year and a comprehensive GHG inventory;</p> <p>Identified emission hotspots (such as electricity consumption, raw material procurement, and</p>

Item	Implementation Status
	<p>company vehicles) and drafted preliminary reduction strategies;</p> <p>Developed an internal inventory system and departmental reporting forms;</p> <p>Assessed the energy-saving potential of major equipment (e.g., chillers and air conditioning systems);</p> <p>Planned medium- and long-term carbon reduction targets, with the intention to integrate product design and carbon footprint considerations.</p> <p>The company will continue to expand the scope of its inventory, advance its decarbonization roadmap, and enhance its climate risk management capabilities in accordance with domestic and international regulations and the TCFD framework.</p> <p>For more detailed information, please refer to Chapter 2-1 “Climate Change Response Actions” of the company’s 2024 Sustainability Report and the 2024 Greenhouse Gas Inventory Report.</p>

1-1 Greenhouse Gas Inventory and Assurance Status of the Company in the Past Two Years.

1-1-1 Greenhouse Gas Inventory Information

Summary of GHG emissions, intensity, and coverage for the past two years.																			
<p>The scope of the company’s current greenhouse gas (GHG) inventory focuses primarily on the headquarters, with the organizational boundary defined based on operational control. The primary intended users of this information are customers and company management. The inventory follows the ISO 14064-1:2018 standard, with 2024 designated as the base year. The verified emission data for 2024 are as follows:</p>																			
<table border="1"> <thead> <tr> <th data-bbox="163 911 770 975">Scope (Category)</th> <th data-bbox="770 911 1028 975">Year</th> <th data-bbox="1028 911 2128 975">2024</th> </tr> </thead> <tbody> <tr> <td data-bbox="163 975 770 1038">Scope1</td> <td data-bbox="770 975 1028 1038"></td> <td data-bbox="1028 975 2128 1038">68.8606</td> </tr> <tr> <td data-bbox="163 1038 770 1102">Scope2</td> <td data-bbox="770 1038 1028 1102"></td> <td data-bbox="1028 1038 2128 1102">1306.2167</td> </tr> <tr> <td data-bbox="163 1102 770 1166">Total Emissions (tCO₂e)</td> <td data-bbox="770 1102 1028 1166"></td> <td data-bbox="1028 1102 2128 1166">1375.0773</td> </tr> <tr> <td data-bbox="163 1166 770 1230">metric tons CO₂e per million NTD</td> <td data-bbox="770 1166 1028 1230"></td> <td data-bbox="1028 1166 2128 1230">2.1084</td> </tr> <tr> <td data-bbox="163 1230 770 1289">Scope4</td> <td data-bbox="770 1230 1028 1289"></td> <td data-bbox="1028 1230 2128 1289">671.6835</td> </tr> </tbody> </table>	Scope (Category)	Year	2024	Scope1		68.8606	Scope2		1306.2167	Total Emissions (tCO ₂ e)		1375.0773	metric tons CO ₂ e per million NTD		2.1084	Scope4		671.6835	
Scope (Category)	Year	2024																	
Scope1		68.8606																	
Scope2		1306.2167																	
Total Emissions (tCO ₂ e)		1375.0773																	
metric tons CO ₂ e per million NTD		2.1084																	
Scope4		671.6835																	
<p>※説明:</p> <p>1.Emission Intensity is calculated as the sum of Scope 1 and Scope 2 GHG emissions (metric tons CO₂e) divided by revenue (in million NTD).</p> <p>2.Scope 4 covers indirect greenhouse gas emissions associated with the use of products, including emissions from energy procurement (electricity, gasoline, diesel, and water) and emissions from purchased goods.</p>																			

1-1-2 Greenhouse Gas Assurance Information

Provide a description of the greenhouse gas assurance status for the most recent two years as of the annual report publication date, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.

To enhance the credibility of greenhouse gas (GHG) inventory information and reporting, and to improve data quality, the company conducted external verification for the 2024 reporting year. The verification was carried out by a third-party independent assurance provider, Fact Value International Certification Co., Ltd.

The level of assurance provided in the verification statement is as follows:

Reasonable assurance for direct emissions and energy-related indirect emissions (Scope 1 and Scope 2);

Limited assurance for other indirect emissions (Scope 3 to Scope 6).

The scope of the inventory covers Jingcai Technology Co., Ltd. (headquarters), primarily located at No. 197, Section 2, Huanbei Road, Zhubei City, Hsinchu County, Taiwan.

To maintain the operation of GHG management in line with the information management requirements of the international standard ISO 14064-1:2018, the company has established a practice of completing the internal GHG inventory for the previous year by the first quarter of each year starting from 2024. This ensures timely confirmation of annual emissions and provides a reference for management decision-making.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Action Plans

Describe the greenhouse gas (GHG) reduction base year and its data, reduction targets, strategies and specific action plans, as well as the progress toward achieving the reduction targets.

Energy Management:

The company has implemented a utility energy monitoring system across its facilities to optimize electricity usage during peak hours, thereby reducing power consumption and carbon emissions. A target has been set to reduce annual electricity usage by 3% by the end of 2025.

Waste Management:

The company is committed to pollution prevention and energy conservation to minimize environmental impact. All general industrial waste generated from operations is handled by licensed Class A or Class B waste disposal companies to ensure safe and environmentally sound treatment, preventing environmental contamination.

Water Resource Management:

To ensure the quality of drinking water, filter cartridges are replaced every three months. The company also promotes water conservation through internal awareness campaigns to encourage employees to use water responsibly.

Paper Reduction:

The company is gradually transitioning from paper-based forms to an online approval system, reducing paper usage by approximately 75,000 sheets annually—equivalent to a reduction rate of over 50%.

2.3.7 Status of Ethical Corporate Management Implementation and Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for deviation.

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management BestPractice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
1. Establishment of ethical corporate management				
(1) Does the company establish its ethical corporate management policies approved by the board of directors, and clearly specify in their rules and external documents the ethical corporate management policies and practices, and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies?	✓		Per approval by the Board of Directors, the Company has established integrity management policies, integrity management codes, integrity management operating procedures and behavior guidelines and other integrity management related regulations, and announced them in the corporate governance section of the Company website for directors, managers all employees to adhere to in conducting business with integrity.	No significant deviation
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within it's business scope that are at a higher risk of being involved in unethical conduct, and establish prevention programs that at least include preventive measures against the conducts listed in article 7, paragraph 2 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		The Company's formulating the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethics" ensures its ethical corporate management. The Company also regularly holds education and training on corporate governance for directors, irregularly disseminates corporate ethics, specifies awards and disciplinary actions in its "Work Rules" to prevent employees' from conducting unethical conduct, and implements ethical corporate management through an internal approval process and the internal control system.	No significant deviation
(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conduct? Are the above measures reviewed and revised on a regular basis?	✓		As stated above, the Company also disseminates "ethical corporate management" internally; In addition, the Company's internal and external websites both provide a channel for whistleblowing/complaint/opinion submissions, which will be transmitted by their nature to the dedicated department and the Company's highest-level manager.	No significant deviation
2. Implement ethical corporate management				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		All of the Company's transaction counterparties are subject to this supplier management mechanism. With suppliers and contractors already under a partnership with the Company, the Company also regularly audits and assesses them, and includes provisions of business ethics in the contracts with them.	No significant deviation

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management BestPractice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(2) Does the company establish an exclusively dedicated unit under the board of directors, which reports to the board of directors on a regular basis (at least once a year), on the establishment and supervision of the implementation of ethical corporate management policies and prevention programs?	✓		The Company's Present Office is responsible for promoting the integrity of the business, and the relevant units are responsible for the implementation, and the Internal Audit unit is independently responsible for auditing to ensure the implementation of the Company's integrity management philosophy, the results of which are reported to the Board of Directors at least once a year. (The execution result were reported to the Board of Directors on November 11, 2024)	No significant deviation
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement the policies?	✓		Those having a personal interest when involved in certain business activities, shall report to their supervisor and recuse themselves from such activities in order to prevent conflict of interest. When any motion where a director's interest is at odds with their obligations to the Company is considered, all directors concerned recuse themselves from consideration and voting in accordance with the principle for avoidance of conflict of interest.	No significant deviation
(4) Does the company establish effective systems for both accounting and internal control systems to facilitate ethical corporate management, and does the internal?	✓		The Company has established accounting systems, internal control systems, and internal auditing systems in accordance with various regulations. The auditors, based on the result of assessment of the risk of involvement in unethical conduct, devise relevant audit plans to examine compliance with the prevention programs against unethical conducts, and report to the board of directors on a regular basis.	No significant deviation
(5) Does the company regularly hold internal and external educational training on ethical corporate management?	✓		The Company has established a "code of integrity management", "integrity management operating procedures and behavior guidelines", "a code of ethics and conduct", and other relevant measures, which are published on the company's website to provide information for directors, employees, and stakeholders. In addition, the Company continues to carry out relevant education and training on integrity management and ethical behavior for employees and supervisors. The contents include regulations of ethical management, legal practice, advanced financial management, behaviors, etc., so as to promote the integrity management philosophy and ensure it is implemented in daily work. The total hours related to integrity management education were 72 hours in 2024, and a total of 55 people participated in the courses.	No significant deviation
3. Implementation status of the whistle-blowing system				

Evaluation Item	Implementation Status			Deviation from the Ethical Corporate Management BestPractice Principles for TWSE/TPEX Listed Companies and the reason for deviation.
	Yes	No	Summary Description	
(1) Does the company establish a concrete whistle-blowing system and incentive measures, create a convenient way for reporting, and appoint appropriate designated personnel for reported cases?	✓		The Company has established measures to report illegal or unethical behavior, created a way for reporting, and appointed an appropriate designated unit for reported cases.	No significant deviation
(2) Does the company establish standard operating procedures, follow-up measures to be taken after the investigation is completed, and related confidentiality measures for reported cases?	✓		The Company will take the necessary protective measures for the whistle-blowers, and promises that the Company's employees will not be subject to inappropriate disciplinary actions due to their whistleblowing.	No significant deviation
(3) Does the company adopt measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	✓		The Company is responsible for the confidentiality of the informer and has taken measures to informer from improper treatment or reprisal.	No significant deviation
4. Strengthening information disclosure Does the company disclose its ethical corporate management principles and the results of performance on the company's website and MOPS?	✓		The Company's integrity management code, integrity management operating procedures and behavior guidelines, and other relevant regulations, as well as the implementation and operation of integrity management are disclosed on the Company's website and MOPS, and are operated scrupulously.	No significant deviation
5. If the Company has established Principles of Ethical Corporate Management based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation between the implementation and the principles.: None.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management implementation: (e.g., review and amend the company's principles) The Company complies with related laws and regulations including Company Act, Securities and Exchange Act, Business Entity Accounting Act, etc. to implement ethical corporate management.				

2.3.8 Other important information to facilitate a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

The company's corporate governance operations can be found at the MOPS or the company's website.

2.3.9 Internal Control Status

1. Statement of internal control

Favite, Inc.

Statement of Internal Control System

Date: March 7, 2025

Based on the findings of a self-assessment, Favite, Inc. (Favite) states the following with regard to its internal control system during the year 2024:

1. Favite's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Favite takes immediate remedial actions in response to any identified deficiencies.
3. Favite evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the 'Regulations').
The Criteria adopted by the Regulations identify five key components of internal managerial control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Favite has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Favite believes that, as of December 31, 2024, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Favite's annual report for the year 2021 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on March 7, 2025, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Favite, Inc.

Chairman: CHEN, YUNG-HUA

President: CHEN, YUNG-HUA

2. The Company's Internal Control System Audit Report by External Auditors: None.

2.3.10 Major resolutions of the shareholders' meeting and the board meetings from last year to the date of the annual report printed:

1. Major resolutions of the 2024 shareholders' meeting:

Date	Proposals	Resolution Results And Implementation
2024.05.31	Ratification Items	Approve.
	1. 2023 Business Report and Financial Statements.	Approved.
	2. 2023 Deficit Compensation.	Approved.
	3. Amendment to the Articles of Rules of Procedure for Shareholder Meetings	Approved.
	4. Amendment to the Articles of Rules of Procedure for Shareholder Meetings	Approved.
	5. Amendment to the Articles of Company Sustainable Development Best Practice Principles.	Approved.

2. Major Resolutions of Board Meetings

Date	Summary of Major Resolutions	Resolution Results
2024.05.03	<ol style="list-style-type: none"> 2024 Q1 consolidated financial statements. Policy for Pre-Approval Review of Non-Assurance Services Provided by the Certifying Accountant. Proposal to Revise the Internal Control System for the Procurement and Payment Cycle and Amend Certain Provisions of the Internal Audit Implementation Guidelines. 	Approved by all attending directors
2024.05.31	<ol style="list-style-type: none"> Proposal for the Land Exchange of the Huanbei Plant. Proposal for the Renewal of Bank Loan Facility. Amendment to Certain Provisions of the 'Related Party Transaction Management Guidelines. 	Approved by all attending directors
2024.08.09.	<ol style="list-style-type: none"> 2024 Q2 consolidated financial statements. 2024 employee salary adjustments. Proposal for the Renewal of Directors and Officers Liability Insurance. Proposal for the Renewal of Bank Loan Facility. Amendment to the 2024 Internal Audit Plan. Amendment to Certain Provisions of the Accounting Professional Judgment Procedures for Changes in Accounting Policies and Estimates. Amendments to Selected Provisions of the Risk Management Policy and Procedures. 	Approved by all attending directors
2024.11.11.	<ol style="list-style-type: none"> 2024 Q3 consolidated financial statements. Change in the Company's Chief Financial Officer (CFO). Proposal for the Renewal of Bank Loan Facility. 2025 annual audit plans. Amendments to Certain Provisions of the Board Meeting Rules of Procedure. Amendments to Certain Provisions of the Audit Committee Charter. Amendments to Certain Provisions of the Corporate Governance Best Practice Principles. Addition of the Operational Procedures for the Management of Sustainability Information and Amendments to Certain Provisions of the Internal Audit Implementation Rules – Management Guidelines. 	Approved by all attending directors

Date	Summary of Major Resolutions	Resolution Results
2025.1.17.	<ol style="list-style-type: none"> 1. 2024 Year end bonus to managerial employees. 2. The budget plan for the year 2025. 3. Adoption of the Operational Procedures for the Preparation and Assurance of the Sustainability Report 	Approved by all attending directors
2025.3.7.	<ol style="list-style-type: none"> 1. Proposal for the Accrual Amounts and Distribution Methods of 2024 Employee Compensation and Director Remuneration. 2. The 2024 parent company only financial and consolidated financial statements. 3. Distribution of 2024 Retained Earnings. 4. The company's 2024 business report and 2025 business plan. 5. The 2024 statement on the internal control system. 6. Re-election of the Board of Directors. 7. Proposal for the Definition of Entry-Level Employees of the Company 8. Amendments to Certain Provisions of the Articles of Incorporation. 9. Proposal for the Renewal of Bank Loan Facility. 10. Proposal on the Evaluation of the Independence and Qualifications of the CPA for the Year 2025. 11. Proposal on the Engagement and Compensation of the CPA for Fiscal Year 2025. 12. Proposal for Setting the Date, Venue, and Agenda of the 2025 Annual General Shareholders' Meeting. 13. Proposal to Set the Location and Period for Accepting Nominations and Proposals from Shareholders Holding 1% or More of the Company's Shares for the 2025 Annual General Shareholders' Meeting. 	Approved by all attending directors
2025.4.18.	<ol style="list-style-type: none"> 1. Proposal for the Nomination of Candidates for Directors and Independent Directors. 2. Proposal to Release Newly Appointed Directors and Their Representatives from Non-Competition Restrictions. 	Approved by all attending directors

2.3.11. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

2.4 Information Regarding Audit Fees

Unit: NTD thousands

Accounting firm	Name of CPA	Audit fee	Non-audit fee	Audit period	Remark
Deloitte & Touche	Su-Li Fang Tung-Hui Yeh	2,090	472	2024/01/01~2024/12/31	Note

Note: Others include NT\$310 thousand for a tax payment for the corresponding contribution to an application for technical services, NT\$30 thousand for the fee for audit of the salary of full-time non-managerial employees, NT\$46 thousand for the audit of the scrapped inventory, and NT\$86 thousand printing costs for financial reports, totaling NT\$472 thousand.

2.4.1 Change of accounting firms with audit fee paid in the year of change being less than the previous year: None.

2.4.2 Over 10% decrease in audit fee on a year-to-year basis: None.

2.5. Replacement of CPA

2.5 Replacement of CPA: None.

2.6 If the Company's Chairman, President, Managers in charge of finance or accounting operations held positions within the auditor's firm or its affiliates during the last year, the name, title, and period of holding positions should be disclosed: None.

2.7 Share transfer or share pledge of Directors, Officers and major shareholders holding more than 10% of shares from last year to the date of the annual report printed.

2.7.1 Changes in shareholding of Directors, Supervisor, Officers and major shareholders

Unit: shares

Title	Name	2024		As of March 31, 2025	
		Shares increased (decreased)	Pledge shares increased (decreased)	Shares increased (decreased)	Pledge shares increased (decreased)
Chairman and President	CHEN, YUNG-HUA	(320,000)	—	—	—
Director/ major shareholders	Utechzone Co., Ltd.	(632,000)	(5,000,000)	—	—
	Representative: CHANG, WEN-CHIEH	—	—	—	—
	Representative: LIN, FANG-LUNG	—	—	—	—
Director	YEH, SHENG-FA	(135,000)	—	—	—
Director	LIN, HUNG-JEN	18,000	—	—	—
Independent Director	TSENG, HSIANG-CHI	—	—	—	—
Independent Director	LEE, SHIH-CHENG	—	—	—	—
Independent Director	SHEN, HIS-WEN	—	—	—	—
Independent Director	LO, CHIH-PING	—	—	—	—
Vice President	WANG, ZIH-YUE	(10,000)	—	—	—
Senior Director	YEH, DONG-YI	—	—	—	—
Corporate Governance Officer	KUO,LUNG-CHANG	—	—	—	—
Financial Officer	FAN, HSIAO-LAN (Note 1)	—	—	N/A	N/A
Financial & Accounting Officer	TSENG, TSAI-WEI (Note 1)	—	—	—	—

Note 1: Ms. Hsiao-Lan Fan stepped down from her position as Chief Financial Officer on August 16, 2024, due to a job reassignment. She was succeeded by Ms. Tsai-Wei Tseng, who assumed the role on November 11, 2024. The shareholding information reflects the status at the time of their respective appointments.

2.7.2 Information on stock transfer to related parties : None.

2.7.3 Information on pledge of shares to related parties :

As of March 31, 2025 Unit: thousands shares / % / NT\$ thousands

Name	Reason of Pledge	Date of Change	Name of Counter Party	Nature of Relationship	Amount of Shares	Percentage of Shareholding	Percentage of Shares Pledge	Transaction Price
Utechzone Co., Ltd.	Release of pledge	2024.09.03	Mega International Commercial Bank Co., Ltd., Zhonghe Branch	-	5,000,000	-	-	-

2.8 The relationship between any of the Company's top ten shareholders:

As of March 31, 2025 Unit: shares ; %

Name	shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Top Ten Shareholders who are Related Parties, Spouse, or Second-Degree Relatives	
	Shares	%	Shares	%	Shares	%	Name	relationship
Utechzone Co., Ltd.	10,747,272	13.60%	—	0.00%	—	0.00%	—	—
All Ring Tech Co., Ltd.	1,948,000	2.46%	—	0.00%	—	0.00%	—	—
CHEN, YUNG-HUA	1,900,813	2.40%	—	0.00%	—	0.00%	—	—
LIN, HUNG-JEN	1,394,000	1.76%	2,000	0.00%	—	0.00%	—	—
TSENG, LIEH-HIS	933,000	1.18%	—	0.00%	—	0.00%	—	—
Investment Account of UBS Europe SE Custodied by Citibank (Taiwan) Ltd.	591,089	0.75%	—	0.00%	—	0.00%	—	—
DokoNani Inc.	450,000	0.57%	—	0.00%	—	0.00%	—	—
KE, CHENG-YU	429,000	0.54%	—	0.00%	—	0.00%	—	—
HSBC Bank (Taiwan) Limited, acting as custodian for the Merrill Lynch International Investment Account.	324,000	0.41%	—	0.00%	—	0.00%	—	—
TSENG, CHIEN-CHENG	311,000	0.39%	—	0.00%	—	0.00%	—	—

2.9 The consolidated shareholdings and percentage of investments held by the Company, Directors, Officers, and the companies controlled directly or indirectly by the Company.

As of December 31, 2023 Unit: NT\$ thousands/ %

Investments	Investments of the Company		Investments directly or indirectly held by Directors, Officers, and the companies controlled directly or indirectly by the Company Director		Consolidated Investments	
	Share	%	Share	%	Share	%
Favite Limited	2,000	100%	—	—	2,000	100%
FAVITE(SHANGHAI) Co.,LTD	—	100%	—	—	—	100%

Note: The aforementioned are long-term investments under the equity method.

III. Capital Raising

3.1. Capital and Shares

3.1.1 Source of Capital

3.1.1.1 Process of Capital Formation

Unit: thousand shares / NT\$ thousands

Year & Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (Amount)	Capital Increased by Assets Other than Cash (Amount)	Other
2000.03	10	100	1,000	100	1,000	Set up Capital	None	Approved by the Ministry of Economic Affairs March 17, 2000 Jin (089) Sun Tzu No. 392266
2000.05	10	5,000	50,000	5,000	50,000	Cash Offering	None	Approved by the Ministry of Economic Affairs June 10, 2000 Jin (089) Sun Tzu No 436229
2002.04	28	5,800	58,000	5,800	58,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, April 19, 2002 MOE No. 09132041160
2003.01	10	10,000	100,000	10,000	100,000	Cash Offering	None	Jing Shou Shang No. 09201018260 on January 22, 2003.
2004.03	10	15,000	150,000	15,000	150,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, March 17, 2004 MOE No. 09331825840
2004.11	10	20,000	200,000	20,000	200,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, November 19, 2004 MOE No. 0933304899.
2005.08	10	25,000	250,000	25,000	250,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, August 25, 2005 MOE No. 09432728210.
2006.06	10	50,000	500,000	30,000	300,000	Cash Offering	None	Approved by the Ministry of Economic Affairs, August 19, 2006 MOE No. 09532612320.
2006.11	40	50,000	500,000	38,000	380,000	Cash Offering	None	Approved by the Securities and Futures Bureau, Financial Supervisory Commission, SFB FSC (95) No. 0950140080.

Year & Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital (Amount)	Capital Increased by Assets Other than Cash (Amount)	Other
2007.08	10	50,000	500,000	41,830	418,300	Capitalization of Profits and Employee Bonus	None	Approved by the Securities and Futures Bureau, Financial Supervisory Commission, SFB FSC (96) No. 0960034050.
2008.02	27	50,000	500,000	46,674	466,740	Cash Offering	None	Approved by the Ministry of Economic Affairs, February 15, 2008 MOE No. 009731727570
2008.06	0	100,000	1,000,000	46,674	466,740	Increase the Authorized Capital	None	Approved by the Ministry of Economic Affairs, June 25, 2008 MOE No. 09732506560
2008.09	10	100,000	1,000,000	57,028	570,288	Capitalization of Profits and Employee Bonus	None	Jing Shou Shang No. 09707887870 on September 05, 2008.
2008.11	10	100,000	1,000,000	58,773	587,738	Exercise of Employee	None	Jing Shou Shang No. 10604047000 on April 18, 2008.
2009.03	10	100,000	1,000,000	58,934	589,348	Exercise of Employee	None	Jing Shou Shang No. 09801041060 on March 06, 2009.
2009.05	10	100,000	1,000,000	59,008	590,088	Exercise of Employee	None	Jing Shou Shang No. 09801101010 on May 21, 2009.
2009.08	10	100,000	1,000,000	77,819	778,196	Capitalization of Profits and Employee Bonus	None	Jing Shou Shang No. 09801174880 on August 04, 2009.
2009.10	0	150,000	1,500,000	77,819	778,196	Increase the Authorized Capital	None	Jing Shou Shang No. 09801245410 on October 27, 2009.
2011.08	10	150,000	1,500,000	78,597	785,978	Capitalization of Profits	None	Jing Shou Shang No. 10001186910 on August 12, 2011.
2017.04	10	150,000	1,500,000	79,052	790,524	Conversion of corporate bonds	None	Jing Shou Shang No. 10604047000 on April 18, 2017.

3.1.1.2 Type of share

As of March 31, 2025 Unit: thousand shares

Type of share	Authorized Capital			Remark
	Outstanding Shares	Un-issued Shares	Total	
Common stock	79,052	70,948	150,000	-

3.1.1.3 Shelf Registration: Not Applicable.

3.1.2 List of Major Shareholders

As of March 31, 2025 Unit: shares

Shareholder	Shareholding	Shareholdings	Percentage of Shareholding
Utechzone Co., Ltd.		10,747,272	13.60%
All Ring Tech Co., Ltd.		1,948,000	2.46%
CHEN, YUNG-HUA		1,900,813	2.40%
LIN, HUNG-JEN		1,394,000	1.76%
TSENG, LIEH-HIS		933,000	1.18%
Investment Account of UBS Europe SE Custodied by Citibank (Taiwan) Ltd.		591,089	0.75%
DokoNani Inc.		450,000	0.57%
KE, CHENG-YU		429,000	0.54%
HSBC Bank (Taiwan) Limited, acting as custodian for the Merrill Lynch International Investment Account.		324,000	0.41%
TSENG, CHIEN-CHENG		311,000	0.39%

3.1.3 Dividend Policy and Implementation Status

3.1.3.1 Dividend Policy

In the event of surplus earnings after closing annual accounts, due taxes shall be paid per the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remaining surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with accumulated undistributed earnings for profits to shareholders' meeting for resolution on the distribution of shareholders' dividend and bonus.

The company's dividend policy is based on the capital, financial structure, overall environment and industrial growth characteristics of the current year to achieve the company's goal of sustainable operation and stable business performance. Therefore, the board of directors reserves the company's dividend distribution according to operational needs. Distributed at a rate not exceeding 90% of the company's distributable earnings. According to the future capital expenditure budget and capital needs, the company's dividends are distributed in stock dividends (including surplus capital increase, and capital reserve capital increase) and cash dividends. The cash dividends shall not be less than 5% of the total dividends.

3.1.3.2 Proposed Distribution of Dividend

The profit distribution plan for the fiscal year 2023 has been decided by the board of directors on February 23, 2024, to not distribute dividends. The final decision awaits approval at the shareholder's annual meeting on May 31, 2024.

3.1.3.3 Anticipation of Future Change in Dividend Policy: None.

3.1.4 Effect upon Business Performance and Earnings per Share of Any Stock Dividend

Distribution

Proposed or Adopted at the Most Recent Shareholders' Meeting: Not applicable.

3.1.5 Compensation of Employees and Directors

3.1.5.1 Information Relating to Compensation of Employees and Directors in the Articles of Incorporation:

If the company makes a profit for the year, it shall allocate 10% as employee compensation. The board of directors decides to pay in stocks or cash. The recipients may include subordinate employees who meet certain conditions. The amount of profit that the company is able to open up is determined by the board of directors to approve the remuneration of directors and supervisors not higher than 2%.

Employee compensation and remuneration of directors shall be reported to the shareholders' meeting.

However, when the company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate employee compensation and remuneration of directors in proportion to the preceding paragraph.

3.1.5.2 The basis for the accrual of employee and director compensation for the current period, the calculation basis for the number of shares distributed as employee compensation, and the accounting treatment in the event of any discrepancy between the estimated and actual distributed amounts:

such discrepancy is regarded as a change in accounting estimate and is recognized in the profit or loss of the year in which the resolution is approved by the shareholders' meeting.

3.1.5.3 Distribution of Compensation Approved in the Board of Directors Meeting

a. Recommended Distribution of Compensation of Employees and Directors:

Unit: NT\$

Employee Compensation – in Cash	6,192,273
Employee Compensation – in Stock	0
Remuneration of directors	1,238,455
Whether it differs from the amount estimated in the financial statements of the expense recognition year	No difference

b. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

3.1.5.4 The actual distribution of employees' compensation and directors' remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee's

compensation and directors' remuneration, additionally the discrepancy, cause, and how it is treated.

Unit: NT\$

Item	Amount for Distribution Resolved by the Board of Directors	Estimation in the Year of Recognition Difference	Difference	
			Variance amount	Treatment
Employees' Compensation	0	0	None	Not applicable
Remuneration to Directors	0	0	None	Not applicable

3.1.6 Status of Treasury Stocks: None.

3.2 Status of Corporate Bonds: None.

3.3 Status of Preferred Stocks: None.

3.4 Status of Global Depository Receipts (GDRs): None.

3.5 Status of Employee Stock Warrants: None.

3.6 Status of Employee Restricted Stocks: None.

3.7 Status of Mergers or Acquisitions, or as assignee of new shares issued by other companies: None.

3.8 Status of Implementation of Fund Utilization Plan: Not Applicable.

IV. Operations Overview

4.1. Business Overview

4.1.1. Business Scope

4.1.1.1 The businesses of the Company are as follows:

- I301010 Service of information software.
- F213040 Retail Sale of Precision Instruments.
- CB01010 Machinery and Equipment Manufacturing.
- CE01010 General Instrument Manufacturing.
- CC01080 Electronic Parts and Components Manufacturing.
- CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- CE01030 Optical Instruments Manufacturing.
- E603050 Automatic Control Equipment Engineering.
- E604010 Machinery Installation.
- F113010 Wholesale of Machinery.
- F113030 Wholesale of Precision Instruments.
- F113050 Wholesale of Computers and Clerical Machinery Equipment.
- F118010 Wholesale of Computer Software.
- F401010 International Trade.
- I501010 Designing.
- JE01010 Rental and Leasing Business.
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

4.1.1.2 Revenue composition

Unit: NT\$ thousands

Product	2024	
	Revenue	Percentage of Operating Revenue
AOI and Maintenance	636,665	95.36%
Other	30,992	4.64%
Total	667,587	100.00%

4.1.1.3 Current Products

Application	Product
TFT Array, TP, LTPS, 3D lens Inspection & Metrology Equipment	Low Resolution AOI
	High Resolution AOI
	Bare Glass AOI
	Tokki AOI
	Mask AOI
	Automated Dimension Metrology Machine
	Film Thickness Measurement Machine
	LTPS High Resolution AOI
Color Filter Inspection & Metrology Equipment	Color Filter AOI
	Automated Image Capture Machine
	Tokki AOI

Application	Product
	Digital Marco Inspection
	CD/OL Metrology Machine
	Chroma/Film Thickness/OD Measurement Machine
Touch Panel Inspection & Metrology Equipment	Touch Panel Low Resolution AOI
	Touch Panel High Resolution AOI
TFT Cell Inspection & Metrology Equipment	PI AOI
	Seal AOI
	Cut Panel/Panel AVIX
	Burr Check AOI
	Glass Thinner AOI
OLED/AMOLED Inspection & Metrology Equipment	OLED Mask AOI
	OLED Frit AOI(with frit metrology)
	OLED Cell AOI(with cell gap metrology)
	Micro OLED TFE Inspection Machine
	Micro OLED IJP Inspection Machine
	Micro OLED Photomask Inspection Machine
Semiconductor /Package & Testing Equipment	FOWLP Die Location Measurement Machine
	FOPLP Die Location Measurement Machine
	Wafer Automatic AI OM/AVI
	Wafer Automatic AI Optical Inspection Machine
	Wafer Automatic Optical Inspection Machine
	Wafer High-Speed Automatic Optical Depth-of-Field Camera
	CoWoS Measurement Machine
	Various professional customized equipment
PCB & IC Carrier Board Inspection and Measurement Equipment	IC Carrier Board Copper-to-Copper Circuit Defect Inspection Machine
	FOPLP Multilayer RDL Micro Circuit Defect Inspection Machine
	Inline Tray-Mounted Chip Misalignment Inspection Machine
	PCB/IC Substrate High-Speed AI Visual Inspection Machine
	Various professional customized equipment
Mini/Micro LED Inspection & Metrology Equipment	Chip on Wafer/Carrier Grain Inspection and Measurement Machine
	Micro LED Backplane Grain/Circuit Inspection and Measurement Machine
	Micro LED Panel Side Wiring AOI
Others	AI Defect Classification System
	Multifunction Auto OM
	Yield Management System
	Spare Parts and Maintenance Services

4.1.2 Industry Overview

1. Industry Current Status and Development

Development Trends in the LCD Display Panel Industry

Since 2024, the global display panel market has been undergoing supply and demand adjustments, with high inflation suppressing demand for consumer electronics. However, in 2025, shipment volumes are expected to gradually recover, driven by emerging applications such as AI PCs, automotive displays, gaming, and IT displays.

According to market research firm Omdia, global LCD TV shipments are projected to reach 195 million units in 2025. The growth momentum is expected to come from a wave of replacements triggered by major international events such as the 2024 Paris Olympics and the UEFA European Championship. In addition, major Chinese panel manufacturers such as BOE, CSOT, and HKC continue to expand production capacity and enhance the application of 8K, Mini LED backlighting, and AMOLED technologies.

On the other hand, in the AMOLED sector, Samsung, LG Display, and BOE are also expanding their production capacity and extending into IT applications such as laptops, tablets, and foldable devices. Furthermore, Apple is expected to introduce Micro OLED display technology into its Vision Pro product line in 2025, which will further drive the development of the Micro OLED market.

Trends in Mini LED / Micro LED Development

According to TrendForce, shipments of Mini LED backlit displays are expected to grow to 15 million units in 2025, primarily driven by applications in high-end gaming monitors, automotive displays, and the premium television market.

Meanwhile, Micro LED, as a next-generation display technology, still faces challenges such as mass transfer and repair technologies. However, with active investments and strategic deployments by companies like Samsung, AUO, and PlayNitride, the Micro LED industry chain is expected to become more mature by 2025.

Trends in the Semiconductor Packaging and Testing Market

With the expansion of AI computing, high-performance computing (HPC), 5G, and electric vehicle applications, the advanced packaging market is projected to reach USD 30 billion by 2025, with an estimated annual growth rate of 15%. TSMC continues to expand its CoWoS (Chip-on-Wafer-on-Substrate) capacity, and the growing demand for HBM (High Bandwidth Memory) is expected to further drive the development of advanced packaging technologies in 2025.

2. Competitive Landscape

(1) As a local Taiwanese supplier of AOI (Automated Optical Inspection) equipment, Favite, Inc. focuses on the TFT-LCD, AMOLED, Micro LED color printing and display industries, advanced semiconductor packaging (Advanced Packaging), and IC substrate sectors. The following is a SWOT analysis of its industry positioning and competitive environment.

Strengths

A. Comprehensive AOI Inspection Product Line Covering Multiple Industries

The company possesses AOI equipment development capabilities across various fields, including TFT-LCD, AMOLED, Micro LED, semiconductor packaging and testing, and IC substrates, with a wide range of product applications. It has mature AOI inspection technologies for TFT-LCD and AMOLED, and has established partnerships with major panel manufacturers in Taiwan and China.

B. High-Resolution AOI and AI-Powered Intelligent Inspection Technology

The company continuously enhances its high-resolution AOI systems to improve defect detection capabilities, addressing the needs of applications such as Micro LED color printing and FOPLP (Fan-Out Panel Level Packaging). It has also introduced AI-powered AOI technologies to increase inspection accuracy, and is developing AI-based classification and defect prediction features to enhance the added value of its products.

C. First-Mover Advantage in the Micro LED Industry

In recent years, the company has actively invested in inspection equipment for Micro LED color printing technology, collaborating with Taiwanese panel manufacturers and the Chinese LED display supply chain. It has developed defect inspection and measurement systems for Micro LED mass transfer processes, effectively filling a gap in the market.

D. Gradual Expansion into the Advanced Semiconductor Packaging and IC Substrate Markets

The company has developed FOPLP / FOWLP die alignment measurement machines and ultra-fine RDL (Redistribution Layer) line AOI inspection systems, gradually entering the advanced packaging supply chain. It is also developing high-precision AOI solutions for IC substrates, offering technologies for micro-line width and defect inspection.

E. Strong Local Taiwanese Brand with Close Ties to the Panel and Semiconductor Supply Chains

The company has deeply cultivated the AOI market in the Greater China region, establishing long-term partnerships with major panel manufacturers across Taiwan and China. It is also gradually expanding into the semiconductor and PCB industries, becoming a qualified supplier within the supply chain.

Weaknesses

A. Lack of Global Brand Influence

Compared to international AOI competitors such as KLA, Onto Innovation, Camtek, and Hitachi, the company has lower brand recognition and slower overseas market expansion. Its primary markets remain Taiwan and China, with relatively low penetration in North America, Europe, and Japan.

B. R&D Competitiveness Needs Improvement

Compared to AOI suppliers from the U.S. and Japan, the company has more limited R&D capital and must identify and focus on its niche markets.

C. Lack of In-House Core Optical Component Supply

The company mainly relies on international suppliers for optical components and camera modules. It still depends on external vendors for core optical technologies, making cost control more challenging.

D. Limited Product Price Competitiveness

Compared to Chinese AOI manufacturers, the company's equipment is priced higher, facing pressure from low-cost competition in the Chinese market. It needs to enhance AI AOI intelligence and high-resolution technology to maintain its competitive edge.

Opportunities

A. Emerging Market Opportunities from Micro LED Industry Development

The global Micro LED market is expected to enter mass production between 2025 and 2027, requiring high-resolution AOI inspection and repair technologies. Starting in 2025, applications such as Micro LED TVs, automotive displays, and AR/VR are expected to scale up, driving rapid growth in AOI equipment demand.

B. Trend Toward AI-Based Automated Inspection

The integration of AI deep learning into AOI enhances inspection accuracy and reduces human error, helping to improve competitiveness. Customer demand is shifting toward AI AOI with automated classification, intelligent defect recognition, and real-time repair. The company can increase added value through software development.

C. Continued Growth in Advanced Semiconductor Packaging

From 2025 to 2030, rapid development in HBM (High Bandwidth Memory) and chiplet design will require higher-precision AOI equipment. The expansion of advanced packaging capacity by TSMC, Samsung, and Intel will drive demand for FOPLP/FOWLP AOI systems.

D. Recovery in the IC Substrate (ABF/BT) Market

The growing demand for AI servers and HPC from 2024 to 2025 is boosting ABF substrate demand, expanding the AOI market for IC substrates. As substrate line widths shrink below 2 μ m, inspection equipment must be upgraded, benefiting the company's positioning in high-precision AOI product lines.

E. China's Localization Policies for Panels and Semiconductors

While China's policies support domestic AOI equipment suppliers in the panel and semiconductor industries, there remains strong demand for Taiwanese AOI products. The company can increase its market share in China through various forms of collaboration.

Threats

A. Competitive Pressure from International Giants

Global AOI leaders such as KLA, Onto Innovation, and Camtek hold significant market share in the semiconductor inspection sector, with advanced technologies and strong financial resources, creating intense competitive pressure. These international players are actively expanding into the Micro LED and FOPLP AOI markets, which may limit the growth potential for the company.

B. Price Competition from Chinese Domestic AOI Manufacturers

Chinese AOI vendors offer lower-cost options for entry-level equipment, intensifying market competition. Given the cost-sensitive nature of the Chinese market, Taiwanese AOI companies must rely on technological differentiation to maintain competitiveness.

C. Market Volatility in Panel and Semiconductor Industries

The TFT-LCD market experiences rapid shifts in supply and demand, which may impact equipment investment plans by panel manufacturers. Additionally, the cyclical nature of the semiconductor industry affects demand for FOPLP and IC substrate inspection equipment.

D. Dependence on External Suppliers for Key Components

The company still relies on foreign suppliers for critical components such as optical lenses, cameras, and AI chips, which poses limitations on the supply chain.

Favite, Inc. possesses a comprehensive AOI product line and maintains competitiveness in markets such as TFT-LCD, AMOLED, Micro LED, advanced semiconductor packaging, and IC substrates. However, facing competition from international giants and low-price threats from Chinese manufacturers, the company must strengthen its AI AOI technologies, Micro LED repair solutions, and semiconductor inspection product lines. Additionally, it should actively expand into overseas markets to sustain its competitive advantage.

4.1.3 Technology and R&D Outlook

4.1.3.1. R&D expenses in the previous year to the date this report was printed

Item	Unit: NT\$ thousands	
	2024	As of March 31, 2025
R&D expense	172,743	43,233

4.1.3.2. Technologies or products successfully developed

Year	Item
2009	Bright Point Laser Repair: Using Femtosecond Laser to carbonize the defects on the photoresist of Color Filter so that bright points could be repaired. 48W LED: As light source supplies high brightness for appearance inspection used on high-end applications of AOI. Array Open/Short Testing: Applied on open and short testing during the process of TFT Array. RFID Inlay & Tag: Through optical positioning technique and real-time inspection applied for RFID packaging and testing.
2010	AOI for High/Low Resolution of Touch Panel: Using long period and multi-period matching modes to spot the defects of Touch Panel Pattern. 81W LED: As light source supplies high brightness for appearance inspection used on high-end applications of AOI. AOI for 3D LCP Lens: Applied for 3D LCP Lens to spot the defects during the process. AOI for OLED Mask: Applied for OLED Mask to spot the defects.
2011~2013	AOI for high resolution of AMOLED: Using 1 μ m period matching mode to spot the defects of AMOLED Panel Pattern, TFT-LCD and AMOLED outer circuitry. 180W LED: As light source supplies high brightness for appearance inspection used on high-end applications of AOI. AOI for Glass Slimming: Applied for Glass Slimming to spot the defects. AOI for OGS: Applied for OGS to spot the defects.

Year	Item
2014	AOI for high resolution of LTPS 1. Uses multi-period matching modes to spot the defects of LTPS Panel Pattern. 2. Spots the defects of outer circuitry on TFT-LCD LTPS.
2016	AOI for auto wafer inspection in the semiconductor industry Using the high resolution of Golden to Die matching mode to spot the defects of Pattern Wafer.
2018	AOI for G10.5 in the industry of FPD Uses an efficient algorithm with a high resolution corresponding to the needs of mass production producing large-generation panels.
2016~2019	A+ Industrial Innovation R&D Program Successfully developed AOI for Fan-out Panel Level (ultra fine: L/S = 2 μ m/2 μ m) and completed the program.
2020~2022	HORUS AI inspection and measurement Compared to traditional AOI, it has the capability of AI inspection, re-judging defects, sorting and auto 2D/3D measurement, which is all in one for the yield control of Wafer, PCB, IC substrate and packaging during the process.
2023~2024	Die Location Measurement System for Advanced Packaging.

4.1.4 Long/Short-Term Business Development Plan

To ensure the company's competitive advantage in the Automated Optical Inspection (AOI) equipment industry, we have developed short-, medium-, and long-term development plans across four key areas: marketing strategy, product strategy, production strategy, and business management strategy. These plans are designed to support continuous growth and expand our market influence.

4.1.4.1 Marketing Strategy

1. Short-Term: Increase Market Penetration and Deepen Customer Relationships
 - A. Strengthen Brand Influence: Participate in major global exhibitions to enhance company visibility.
 - B. Enhance Target Market Development: Deepen market presence in regions such as Taiwan, China, and Japan.
 - C. Digital Marketing and Precision Customer Development: Establish professional technical content marketing (e.g., white papers, technical seminars, webinars).
 - D. Leverage AI Data Analytics: Improve the accuracy of identifying potential customer needs.
2. Medium-Term: Global Market Expansion and Strategic Alliances
 - A. Establish Overseas Technical Support Centers: Provide real-time service and technical support based on market development.
 - B. Strengthen Alliances with Upstream and Downstream Equipment Suppliers: Offer comprehensive packaging and testing solutions.
 - C. Deepen Collaboration with Major Semiconductor Packaging and Testing Companies: Accelerate equipment adoption.
3. Long-Term: Global Brand Development and Diversified Industry Applications
 - A. Build Regional Marketing and Customer Service Centers: Enhance global

customer satisfaction.

- B. Brand Upgrade: Position the company as a globally recognized provider of "Intelligent AOI Inspection Solutions."

4.1.4.2 Product Strategy

1. Short-Term: High-Resolution and Intelligent Inspection Technology Upgrades
 - A. Develop High-Resolution AOI Equipment: Enhance inspection accuracy for Micro-bump, RDL, and Chiplet packaging.
 - B. Enhance AI-Based Intelligent Inspection: Improve adaptive AI inspection technology to enable intelligent defect analysis and boost inspection efficiency. Increase the speed and capability of AI-based automatic inspection and classification to improve accuracy.
 - C. Expand Product Line: Introduce 3D AOI equipment to meet the demands of advanced packaging technologies such as CoWoS, Fan-Out, and TSV.
2. Medium-Term: Modular and Automated Products
 - A. Develop Modular AOI Equipment: Reduce customization costs and improve market adaptability.
 - B. Integrate Multiple Optical Inspection and Measurement Technologies: Provide comprehensive inspection solutions for heterogeneous integration packaging.
3. Long-Term: Intelligent Automated Inspection and Lights-Out Manufacturing
 - A. Develop Fully Automated AOI Solutions for Lights-Out Factories: Combine AI and machine learning to enable automatic optimization of inspection parameters.
 - B. Advance Quantum Computing and Optical Component Inspection Technologies: Expand into emerging technology fields.

4.1.4.3 Production Strategy

1. Short-Term: Enhance Production Capacity and Supply Chain Efficiency
 - A. Optimize Supply Chain Management: Strengthen partnerships with key component suppliers in Taiwan, Japan, and the United States to ensure stable supply of critical optical and motion control components. Promote supply chain diversification to reduce the impact of geopolitical risks on component procurement.
2. Medium-Term: Smart and Lean Manufacturing
 - A. Implement Smart Manufacturing: Use AI analytics and automation to improve yield and efficiency. Establish regional production centers with assembly and testing facilities to enhance local market delivery capabilities.
 - B. Continuously Optimize Production Processes: Adopt lean manufacturing practices to reduce production costs.
3. Long-Term: Green Manufacturing
 - A. Advance Automation and Intelligence in Production: Strengthen ESG strategies and promote green manufacturing by adopting low-carbon production technologies, reducing energy consumption and waste. Establish a carbon footprint management system to comply with international environmental standards.
4. Business Management Strategy

1. Short-Term: Improve Internal Management Efficiency and Strengthen Digital

Management

- A. Enhance R&D and Technical Team Capabilities: Recruit specialists in AI algorithms, optical design, and mechanical control to strengthen technological development.
 - B. Optimize Organizational Structure: Ensure efficient operations across marketing, R&D, and production departments.
2. Medium-Term: Internationalization and Talent Development
 - A. Strengthen International Management: Establish regional operation centers to improve responsiveness in international markets.
 - B. Promote Internal Innovation: Set up a technology innovation lab to encourage breakthroughs and cross-department collaboration.
 - C. Enhance Talent Development Programs: Implement internal technical certification and professional training to build strong R&D and sales teams.
 3. Long-Term: Global Operations and ESG Management
 - A. Global Operations and Corporate Social Responsibility (ESG): Establish a global operations management system to enhance operational flexibility and risk resilience.
 - B. Improve ESG Policies: Strengthen performance in environmental protection, social responsibility, and corporate governance to boost international competitiveness.
 - C. Expand into Emerging Technology Fields: Ensure the company maintains a leadership position in future technology trends.

Through the implementation of short-, medium-, and long-term strategies, we will ensure the company's steady growth and establish a competitive edge in the global AOI equipment market. We will continue to invest in technological innovation, market expansion, production upgrades, and management optimization to achieve sustainable development and create greater value for our shareholders and customers.

4.2. Marketplace and Production Overview

4.2.1 Market Analysis

1. Major Product Sales Regions

Unit: NT\$ thousands

Sales Region \ Year	2024		2023	
	Sales Amount	Percentage	Sales Amount	Percentage
Domestic	201,669	30.21	289,333	64.92
Export	465,918	69.79	156,342	35.08
Total	667,587	100.00	445,675	100.00

2. Market share percentage

2.1 TFT-LCD / AMOLED

Currently, several leading manufacturers in mainland China continue to expand their production capacity for LCD panels. In addition, there is significant demand for upgrades and retrofitting of existing non-crystalline AOI equipment within these facilities. As one of the major AOI equipment suppliers to leading panel manufacturers in China, our company is expected to maintain a stable level of demand and market share.

In the OLED panel market, according to a report by research firm Omdia, flexible AMOLED display panels are projected to account for 42% of the market share by the end of 2024, surpassing the 37% share of amorphous silicon LCD panels. As a result, the overall demand for AMOLED smartphone panels remains strong in 2024, driving high utilization rates among major panel manufacturers. This trend is expected to continue into 2025, leading to upward revisions in demand for OLED panel production and inspection equipment, as well as related capital expenditures. Our company will actively pursue opportunities to secure equipment orders during this wave of OLED panel factory expansions.

2.2 New Display Technologies (Micro LED / Micro OLED)

Micro LED technology is expected to see widespread adoption across various sectors, including consumer electronics, automotive, entertainment/sports, advertising, aerospace, and defense. In particular, demand for Micro LED will significantly increase in smartphones, wearable devices, and automotive displays. Leveraging its long-standing expertise in inspection and measurement technologies, Jingcai Technology has launched a comprehensive range of inspection and measurement solutions for the Micro LED production process. These solutions have been well received by several key industry-leading customers and have contributed to revenue growth since 2021.

Favite, Inc. full-spectrum inspection and measurement solutions cover the entire production chain—from upstream Epiwafer/LED quality inspection to midstream mass transfer and post-bumping LED defect inspection and positional accuracy measurement—with a solid track record of shipments. With the continued expansion of new pilot lines and production capacities by customers across the Taiwan Strait, Jingcai is well-positioned to further grow its revenue in the Micro LED segment.

The Micro OLED market is also expected to grow rapidly, especially in applications such as AR/VR devices, head-mounted displays (HMDs), electronic viewfinders (EVFs), and projectors. By 2030, the global Micro OLED market is projected to reach USD 1.99 billion, indicating broad application potential and significant market opportunities in the coming years.

Favite, Inc. began shipping Micro OLED equipment in 2024, and production has since stabilized. The company will continue to monitor industry developments closely, with the expectation that this segment will contribute steadily to future revenue.

2.3 Semiconductor Applications (Advanced Packaging / High-End Substrates)

Leveraging the technical expertise and experience accumulated from its Micro LED inspection and measurement equipment, Jingcai Technology has further optimized and launched a FOWLP (Fan-Out Wafer-Level Packaging) measurement system. This system offers a new, rapid detection and measurement capability for chip positioning on carriers. It has already been successfully

adopted by a leading semiconductor packaging and testing company, and is expected to contribute positively to future revenue.

In addition, the company is actively developing high-precision die location measurement equipment for multi-chip 2.5D/3D packaging applications, aiming to capture emerging opportunities in the high-end packaging market.

For RDL-first processes on glass substrates, Jingcai has developed a FOPLP (Fan-Out Panel-Level Packaging) RDL Fine Line AOI system capable of inspecting multi-layer RDL circuits with line widths as fine as 2 microns. This system is currently undergoing validation testing with a major substrate manufacturer and has successfully passed verification. Jingcai is well-positioned to secure a strong foothold in the advanced packaging inspection equipment market for FOPLP.

3. Market future supply and demand status and growth

3.1 Future Supply and Demand Outlook and Growth Potential of the Flat Panel Display Industry

From 2024 to 2025, the flat panel display industry will face several significant changes and challenges, including:

3.1.1 Technological Advancements and Diversified Applications

Emerging technologies such as Mini LED, Micro LED, and OLED will continue to drive industry upgrades and transformation. These technologies are gaining popularity in consumer electronics, automotive, and industrial applications.

3.1.2 Market Demand

Although the consumer electronics market has shown weak demand in 2024, the display industry is gradually recovering. Surging demand for smartphones, tablets, laptops, and TVs is contributing to market expansion.

3.1.3 Economic and Geopolitical Impacts

Rising economic uncertainty and geopolitical risks are intensifying price and demand competition. Manufacturers must plan capacity and supply chains flexibly. Production base diversification is becoming more common to mitigate risks and improve cost efficiency.

3.1.4 Market Growth Potential

The global flat panel display market was valued at USD 173.5 billion in 2024, with a projected compound annual growth rate (CAGR) of 6.2% from 2025 to 2034. This growth is primarily driven by advancements in display technologies and increasing demand for consumer electronics.

3.1.5 Competition and Innovation

Ongoing R&D investments by manufacturers are paving the way for innovative solutions such as flexible and foldable displays, which are expected to create new growth opportunities in the market.

In summary, the flat panel display industry will be shaped by a combination of technological innovation, shifting demand, and economic challenges in the coming years. Manufacturers must remain agile and adaptive to maintain competitiveness and market share.

Development of the Panel Industry in Mainland China and South Korea

According to research institutions, it is estimated that by 2025, BOE and TCL CSOT will account for 52.6% of the global LCD panel production capacity (Gen 5 and above, by area). Overall, Chinese manufacturers are expected to hold a 72.7% share of the global LCD panel market, clearly indicating that the demand for panel production and inspection equipment is predominantly concentrated in Mainland China.

In the OLED panel market, according to a report published by research firm Omdia, flexible AMOLED display panels are projected to account for 42% of the market share by the end of 2024, surpassing amorphous silicon LCD panels at 37%. As a result, overall demand for AMOLED smartphone panels remains strong in 2024, keeping major panel manufacturers operating at high utilization rates. This trend is expected to continue into 2025.

Based on smartphone shipment data for 2024 and projections for 2025, BOE is expected to remain the global leader in smartphone panel shipments. In 2024, its shipment volume reached 613 million units, and it is projected to grow to 630 million units in 2025, representing a 2.7% year-over-year increase.

Samsung Display (SDC) ranks second, primarily benefiting from Apple's demand for high-end AMOLED panels and Samsung's own brand usage. In 2024, SDC shipped 378 million units, but Apple is expected to increase its sourcing from other suppliers in 2025, which may lead to a slight decline in SDC's shipments to 365 million units, a 3.5% decrease.

HKC, leveraging cost advantages from its Gen 8.6 production lines, has rapidly grown and maintained a stable third-place position. Its smartphone panel shipments are expected to increase slightly from 228 million units in 2024 to 230 million units in 2025.

CSOT (TCL), ranking fourth, has closely collaborated with smartphone brand Xiaomi, boosting its 2024 shipments to 215 million units, with a projected increase to 223 million units in 2025.

Tianma, in fifth place, shipped 158 million units in 2024. Although it will continue to face pressure from declining LTPS LCD demand in 2025, the growing demand for AMOLED panels is expected to drive a 10% increase in Tianma's shipments.

According to TrendForce, demand for AMOLED panels from smartphone brands remains strong in 2024, driving continuous shipment growth among major panel manufacturers. This trend is expected to continue into 2025. However, demand for LTPS LCD, commonly used in mid- to low-end smartphones, is gradually weakening, posing increasing challenges for suppliers focused on this technology.

In the TV panel market, Chinese TV brands are actively promoting Mini LED technology, while Korean brands are focusing on OLED technology. Currently, LCD TVs remain the mainstream in the global market. According to data from Sigmaintell, in 2023, driven by the strong promotion of high refresh rate TVs by major brands, global shipments of high refresh rate TVs reached 23.6 million units, with a market penetration rate of 11%. It is estimated that in 2024, shipments will increase to 28.8 million units, and the penetration rate will rise to 13.4%, thereby boosting the average shipment value of TV panels.

In the high-end TV market, Korean brands are focusing on the development of OLED TVs, while Chinese brands are placing emphasis on Mini LED backlit TVs. According to data from Sigmaintell, by 2024, the global penetration rate of OLED TVs and Mini LED TVs is expected to reach 2.9% and 2.1%, respectively.

In 2024, the penetration rate of Mini LED TVs in the Chinese market is expected to reach 12%. With the effective implementation of cost-reduction strategies for key backlight components in the upstream supply chain, Mini LED backlight technology is gradually expanding into mid-range products. Brands are actively launching high cost-performance Mini LED TVs. Additionally, starting in August 2024, various provinces and cities have rolled out subsidy programs such as home appliance trade-in incentives, further accelerating the rapid growth of Mini LED TV adoption in China. According to data from CINNO Research, the sales penetration rate of Mini LED TVs in China exceeded 10% in the first to third quarters of 2024, with sales volume increasing 4.4 times year-over-year. It is projected that the full-year 2024 penetration rate will reach 12%.

Development of Taiwan's Panel Industry

In recent years, Chinese panel manufacturers have continued to expand, and they now account for over 70% of global LCD panel production capacity. This has led to a global oversupply of panels, with Chinese companies even using low pricing strategies to seize market share, resulting in Taiwanese manufacturers losing both price competitiveness and market share.

The panel industry is highly sensitive to economic cycles. During the pandemic-driven "stay-at-home economy," revenue and profits surged. However, subsequent high inflation and geopolitical tensions caused a sharp decline in revenue. During this industry downturn, Taiwanese manufacturers suffered significant losses. In 2022 and 2023, AUO reported net losses after tax of NT\$19.9 billion and NT\$18.8 billion, respectively, while Innolux posted losses of NT\$21.1 billion and NT\$17.0 billion.

In the large-size panel segment, Taiwan manufacturers have lost their competitive edge in pricing due to the ramp-up of Gen 8.5, 8.6, 10.5, and 11 fabs in Mainland China. In the LTPS panel segment, AUO and Innolux have continued to invest in mass production, targeting high-end smartphones and laptops. However, with Mainland Chinese LTPS panel makers rapidly expanding capacity and reaching global leadership scale, Taiwan's competitive advantage has been significantly eroded.

In the OLED panel sector, due to the high cost of establishing OLED production lines, AUO and Innolux have no plans to build new OLED factories. Currently, they only operate pilot lines producing OLED panels for smartwatches, and are not considering mass production of OLED panels for smartphones.

At this stage, Taiwanese manufacturers should focus on increasing the proportion of niche products to avoid low-price competition. With the rapid development of 5G, the Internet of Things (IoT), vehicle networking, and emerging opportunities in the metaverse, along with advancements in Mini LED/Micro LED technologies and IT-related applications, there is a valuable opportunity for Taiwanese companies to actively pursue transformation.

As a result, in recent years, Taiwanese panel manufacturers have actively pursued transformation to mitigate the impact of economic cycles. During this transition, they have adjusted production line capacities, phased out outdated and inefficient facilities, and redirected resources toward high-value products and non-panel business segments.

Overall, the development of Taiwan's panel industry can be summarized in the following four points:

1. Plant Closures and Transformation: In 2024, Taiwan's panel industry faced challenges related to plant closures and transformation. Major manufacturers such as AUO and Innolux are shutting down outdated facilities and shifting toward high-value products and non-panel sectors.

2. Market Demand: Although major sporting events in 2024 have stimulated replacement demand, unfavorable factors such as geopolitical risks and inflation persist, resulting in only a modest economic recovery.

3. Technological Innovation: Taiwanese panel makers are actively promoting technological innovation. Institutions like ITRI, along with companies such as AUO and Darwin, are jointly developing smart display systems to cope with the cyclical nature of the panel industry.

4. Industry Dynamics: AUO and Innolux are implementing transformation strategies—AUO with its "dual-axis transformation" and Innolux with its "More than Panel" initiative—to increase revenue from non-traditional display panel businesses.

3.2 Development Trends and Future Market Potential of Micro LED Technology

Micro LED has emerged in recent years as a highly discussed and rapidly developing next-generation display technology. Its main advantages include the high brightness, high efficiency, high reliability, and fast response time of LEDs, combined with features such as compact size, lightweight design, and self-emissive properties that eliminate the need for a backlight. These characteristics make Micro LED suitable for a wide range of applications, including smartphones, wearable devices, automotive displays, AR/VR products, and large-screen TVs. Major companies from the U.S., Japan, and other regions are showing strong interest in adopting Micro LED in future products. However, technical challenges—particularly in mass transfer processes—still need to be overcome before the technology can be scaled up for mass production.

Overall, companies across different regions are adopting varied strategies for Micro LED development. In Taiwan, manufacturers are first focusing on Mini LED deployment as a stepping stone toward gradually advancing into Micro LED technology.

In the Micro LED sector, Japanese companies are primarily large corporate groups, equipment manufacturers, or materials suppliers. Currently, Sony is the most advanced and comprehensively positioned among them. Given that Japanese and Korean companies dominate the large-size television market, their development efforts are mainly focused on large-format Micro LED display technologies.

European and American companies are primarily involved in Micro LED technology through academic institutions and startups. Some major system manufacturers are building their patent portfolios in the area of mass transfer technology by means of acquisitions and strategic investments. As for the panel manufacturing sector, due to the high capital investment required, these companies generally choose to collaborate with Asian panel manufacturers for joint development. In terms of products, the focus is mainly on small- to medium-sized Micro LED display applications, such as smartphones, projectors, and wearable devices.

Korean companies have established a comprehensive technological presence in the display industry. Currently, most of their resources are focused on OLED products, so their involvement in Micro LED development is primarily through strategic partnerships. However, Samsung has been actively investing in Micro LED technology and showcased the world's first 146-inch consumer modular Micro LED TV at CES 2018 in the United States.

China's Micro LED industry chain covers upstream components such as LED chips, LED packages, PCBs, substrate materials, glass substrates, and driver ICs. The midstream sector mainly involves the manufacturing, packaging, and testing of Micro LED products. Downstream applications are diverse, including VR/AR, smart wearables, consumer electronics, large-format displays, and automotive displays.

China has shown strong performance in Micro LED patent filings, with companies like BOE and CSOT (China Star Optoelectronics Technology) ranking among the top globally in terms of patent applications. Furthermore, China is the world's largest base for panel production, manufacturing, and R&D. In recent years, panel production capacity has grown rapidly, and its importance to the national economy has significantly increased.

Both the government and enterprises place great emphasis on the evolution of display technologies and the competitiveness of display products. In particular, industry-academia-research collaborations in Micro LED have led to some research results being successfully commercialized. Although Chinese Micro LED manufacturers are still technically behind their Taiwanese counterparts, their overall capabilities should not be underestimated.

Taiwanese companies, having previously fallen behind Korean and Chinese firms in the OLED panel race, are now actively investing in Mini LED and Micro LED technologies. At this stage, most efforts are focused on professional OEM (original equipment manufacturing). Major players such as AUO, Innolux, and related LED companies have already begun deep collaborations with international tech giants.

In addition to existing panel makers investing in R&D and manufacturing processes, ITRI (Industrial Technology Research Institute) is playing a key role by integrating large corporations and startups to build a complete Micro LED ecosystem. This includes the development of light-emitting materials, mass transfer processes, defect detection and repair technologies.

On the application side, to accelerate development, ITRI and PlayNitride recently announced a four-year strategic partnership. Both parties are optimistic about the global automotive market recovery and the rise of immersive experiences such as VR, AR, and MR. Their collaboration will focus on Micro LED applications in wearable devices and automotive displays.

In terms of process innovation, ITRI is also working with PlayNitride, Unimicron, and Macroblock to further advance the technology. Notably, they achieved a world-first by successfully transferring Micro LED chips directly onto PCB substrates. Most manufacturing bottlenecks have now been overcome, and the technology has reached a stage suitable for mass production.

According to research by Digi-Capital, the AR market is projected to reach nearly USD 60 billion by 2024, with applications across healthcare, entertainment, and automotive sectors. Thanks to its high brightness, high resolution, low power consumption, and miniaturization, Micro LED is widely recognized by global tech leaders as the most suitable display technology for AR and MR applications.

3.3 Micro OLED Technology Development Trends and Future Market Potential

In addition to Micro LED, Micro OLED is another emerging display technology. It applies the light-emitting principles of OLED to micron-scale chips, achieving higher resolution, brightness, and contrast, while also offering lower

power consumption and a thinner, lighter form factor. Micro OLED is particularly well-suited for near-eye displays such as those used in AR/VR devices, as it delivers clearer images and a more immersive experience.

Although the current Micro OLED market faces challenges—such as high costs, low yield rates, and an underdeveloped supply chain—advancements in technology and growing demand are expected to help overcome these obstacles in the coming years. The market size for Micro OLED is still relatively small, but it is projected to grow rapidly. According to industry research, global Micro OLED production began ramping up in 2021, driven largely by Chinese manufacturers. By 2027, it is expected to experience significant growth, comparable to that of Micro LED. This trend is also reflected in the increasing shipment volumes of AR/VR headsets.

The launch of Apple's Vision Pro, which features Micro OLED display technology, has drawn global attention. Currently, Chinese companies are the most active and aggressive in this field. Key players include Xitai Intelligent Technology Co., Ltd. and SeeYA Technology. Xitai, headquartered in Wuhu, Anhui Province, focuses on the R&D and manufacturing of Micro OLED microdisplays. The company has launched a 12-inch Micro OLED production line based on its lab and 8-inch line technologies, achieving product illumination in June 2024.

SeeYA Technology, partially owned by Giantplus Technology, is the largest Micro OLED manufacturer in China. Micro OLED has broad application prospects in wearable devices such as VR and AR. Xitai's Micro OLED products have performed well in these areas, further driving the development of the next-generation display industry.

Moreover, Micro OLED technology shows great potential in the XR (Extended Reality) market. Although still in its early stages, the market size and application scope are expected to expand rapidly as the technology and manufacturing processes continue to evolve.

China's Micro OLED industry chain is continuously improving, attracting significant attention from both upstream and downstream sectors. Xitai Intelligent Technology's 12-inch Micro OLED project has officially signed and settled in Mianyang, further enhancing the region's technological capabilities in the next-generation display industry and drawing more investment from related industries.

On the market demand side, with the rapid development of the XR market, demand for Micro OLED displays is steadily increasing, which in turn is driving growth in the inspection and testing equipment sector.

3.4 Advanced Packaging Market and Development Trends

The global advanced packaging market is projected to grow from USD 37.8 billion in 2022 to USD 48.2 billion by 2026, with a compound annual growth rate (CAGR) of approximately 6.26%. Among the various technologies, 3D stacking stands out with a CAGR of 18%, and its market size is expected to reach USD

7.367 billion by 2026.

The top six companies in the advanced packaging market account for over 70% of the total market share. Technological development in this field is primarily led by global semiconductor foundries and IDM giants such as TSMC, Intel, and Samsung.

TSMC is driving chip innovation through its advanced packaging technology CoWoS (Chip-on-Wafer-on-Substrate), sparking a global race among semiconductor companies to seize emerging opportunities. Advanced packaging is now seen as a critical enabler for next-generation applications in AI, communications, high-performance computing (HPC), and the intelligent Internet of Things (IoT).

According to market research, advanced packaging capacity has doubled year over year in the past two years. By 2025, the market share of advanced packaging is expected to surpass that of traditional packaging, highlighting its explosive growth potential. Leading Taiwanese OSAT (Outsourced Semiconductor Assembly and Test) providers such as ASE Group, KYEC (King Yuan Electronics), and PTI (Powertech Technology Inc.), along with equipment suppliers, are all projected to see strong business momentum through 2025.

Last year, TSMC acquired Innolux's fab in Southern Taiwan Science Park to expand its CoWoS capacity, with production expected to begin in the second half of 2025. Simultaneously, TSMC is also expanding advanced packaging capacity in Zhunan, Taichung, and Chiayi. Globally, other major players are also investing in advanced packaging: Micron plans to build an advanced packaging facility. SK Hynix signed a preliminary memorandum of understanding with the U.S. Department of Commerce to invest in an advanced packaging plant in Indiana. Intel is expanding advanced packaging capacity in New Mexico (USA), Kulim and Penang (Malaysia). Samsung is also planning advanced packaging facilities in South Korea. Among Taiwanese companies, ASE, PTI, and KYEC are the most proactive. ASE, in particular, is working closely with TSMC on the back-end WoS (Wafer-on-Substrate) process of CoWoS-S advanced packaging.

According to the latest report from TrendForce, the rapid growth of the global AI server market and the continuous expansion of advanced packaging capacity by major semiconductor manufacturers are expected to drive the annual growth rate of advanced packaging equipment sales to exceed 10% in 2024, and potentially surpass 20% in 2025.

According to TrendForce, the growing demand for AI servers is driving the development of advanced packaging technologies such as InFO, CoWoS, and SoIC, marking the beginning of a new era in the chip industry. New advanced packaging facilities are being established around the world. For example, TSMC is expanding its capacity in Zhunan, Taichung, Chiayi, and Tainan in Taiwan, while Intel is building out its operations in New Mexico (USA), Kulim, and Penang (Malaysia). Major memory suppliers such as Samsung, SK hynix, and Micron are also launching new HBM packaging plant projects across the United States, South Korea, Taiwan, and Singapore.

4. Competitive Advantages

Since its establishment, our company has continuously advanced its R&D capabilities in line with the evolution of panel technologies. Initially centered on 24-bit full-color imaging technology, we have expanded into areas such as color image recognition algorithms, optical imaging technologies, lighting systems, precision mechanical design, opto-mechatronic integration, digital image processing circuits, and intelligent defect classification.

We provide our clients with fully customized inspection systems that are full-color, high-resolution, accurate, fast, and tailored to specific needs. All of our developed products have been certified and recognized by major domestic and international panel manufacturers, enabling us to generate revenue through both upgrades to existing equipment and new equipment purchases based on emerging technologies, helping to mitigate the impact of the pandemic on the industry.

4.1 Talent

Since its founding, the company has built a strong R&D team by integrating talent from diverse fields such as physics, mathematics, mechanical engineering, automation, optoelectronics, and information technology. This multidisciplinary expertise enables continuous innovation and improvement across various technical domains, allowing the company to meet customer development needs and maintain a technological edge over domestic competitors.

In terms of management talent, the company actively provides external professional training and industry education for employees, enhancing their knowledge in emerging fields relevant to their roles. This approach ensures that theoretical knowledge is effectively applied in practice and keeps the company aligned with industry evolution. These skilled professionals are the driving force behind the company's ongoing innovation and growth.

4.2 Technology

In the field of inspection equipment development, the company not only leads in core image recognition technologies but also excels in optical system design. It has pioneered multi-channel optical designs required for high-resolution inspection of thin-film transistors (TFTs), making it the only domestic company certified by clients for high-resolution inspection equipment.

In measurement equipment development, the company has, through years of effort, mastered core technologies. These include high-precision CD/OL measurement for panels and next-generation displays, as well as technologies for chromaticity, film thickness, light intensity density, and white light interferometry. This positions the company as one of the few in Taiwan with a complete set of core technologies in this field.

4.3 Products

Leveraging years of technical experience, the company has developed a comprehensive product line for inspection and measurement. These products primarily serve TFT manufacturers, color filter manufacturers, and AMOLED panel assembly plants. Many of these products have been certified and recognized

by major domestic and international panel makers. With growing sales performance, the company has become the market leader in Taiwan for high-resolution inspection equipment and TP (touch panel) inspection systems.

Milestones in Technological Development and Industry Expansion

2017: Entered the semiconductor industry and launched an automated glass wafer inspection system, which was successfully adopted by a leading domestic semiconductor company.

2019–2020: Continued innovation led to customer recognition and breakthroughs in high-end panel technologies, including Mini LED and automotive displays, resulting in new orders. Additionally, the company was awarded a flagship technology project by the Ministry of Economic Affairs, focusing on the development of a 2 μ m ultra-fine RDL AOI system for FOPLP multi-layer RDL applications.

2021: Introduced an AI-based real-time automated optical inspection (AOI) system, which was adopted in collaboration with leading PCB and Micro LED pioneers.

2022: Released a FOWLP Die Location measurement system, which was adopted by a major OSAT (Outsourced Semiconductor Assembly and Test) company.

2023: Launched a full series of AOI systems for Micro LED/OLED inspection and measurement, which were adopted by a leading next-generation display panel manufacturer.

2024: Developed Die Location measurement systems and TGV AOI solutions for advanced packaging and glass substrates.

4.4 Pricing

Our company independently develops all the core technologies required for equipment development, giving us a competitive edge over other manufacturers. For key components—such as specialized inspection light sources—we not only develop them in-house but also collaborate with professional suppliers to enhance technology and reduce costs. As our products have now reached economies of scale, we are able to significantly lower both procurement and production costs. As a result, we can offer inspection and measurement equipment at more competitive prices than foreign suppliers, benefiting both domestic and international panel manufacturers.

4.5 Service

We have established service centers in Taiwan and Mainland China, enabling us to provide convenient and comprehensive maintenance services and technical support. This ensures that customer issues can be resolved promptly. We also offer timely software and hardware adjustments to meet customer needs, enhancing product functionality and competitiveness, and earning the trust of our clients.

5. Favorable and Unfavorable Factors for Future Development and Response Strategies

5.1 Favorable Factors

A. Rapid Development of TFT-LCD, AMOLED, Mini LED, and Micro LED

Industries in Mainland China

Between 2015 and 2019, there was a surge in the construction and expansion of TFT-LCD and AMOLED production facilities in Mainland China. Despite concerns over overcapacity and uncertainties from the pandemic, China remains the primary market for investments in both traditional TFT-LCD and emerging technologies such as AMOLED, Mini LED, and Micro LED. A vast flat panel display industry chain has already been established in China, creating significant opportunities for the development of new technologies (e.g., AMOLED, Mini LED, Micro LED) and new applications (e.g., 8K TVs, automotive displays, wearable devices).

Building on years of experience and achievements in TFT-LCD and LTPS, our company is actively aligning with this trend to seize growth opportunities and capture market potential in a timely manner.

B. Products Certified by Major Clients

Since its inception, our company has been dedicated to the development of FPD panel equipment, including inspection and measurement systems. These products have been certified by major panel manufacturers in Taiwan and Mainland China. Many of these clients are also key players in the development of LTPS TFT-LCD, AMOLED, Mini LED, and Micro LED technologies. This positions our company favorably to compete in the emerging technology markets of both domestic and international panel manufacturers.

C. Strong R&D Team with Advanced Technical Capabilities

Our company boasts a highly skilled R&D team composed of experts from diverse fields such as physics, mathematics, mechanical engineering, automation, optoelectronics, and information technology. Our core technology development spans a wide range of areas, including AOI algorithm-based inspection, AI real-time inspection, intelligent defect recognition, irregular shape inspection, long-period and non-periodic pixel design inspection, 2D measurement, and 3D height measurement. These capabilities place us ahead of domestic competitors in the inspection and measurement field and enable us to deliver fully customized professional equipment tailored to each client's needs.

5.2 Unfavorable Factors and Response Strategies

A. Emergence of Local AOI Competitors in Mainland China Using Low-Price Strategies, Hindering Product Promotion

Since 2015, the rapid growth of the TFT-LCD industry in Mainland China has led to the rise of local AOI (Automated Optical Inspection) manufacturers. Supported by government subsidies, these companies are able to offer highly competitive pricing. As a result, they have gained a foothold in the AOI market, particularly in non-high-end processes and lower-resolution defect inspection.

Response Strategy:

Leverage our existing customer base to continue developing high-end process and high-resolution defect inspection systems. Proactively enter the Mini LED and Micro LED sectors to gain early insight into key process requirements and customer needs. Focus on advancing optical systems and inspection algorithms, and maintain a strong service-oriented approach and positive client relationships to build trust in

our technology and services. This will help shorten the time required to promote new products.

B. Long Payment Cycles from Customers, Hindering Efficient Use of Company Funds

In the TFT-LCD equipment industry, payments are typically made upon delivery and final acceptance, which can take over a year. Given the company's relatively small capital base, the rapid growth in revenue requires careful planning to manage the substantial demand for working capital.

Response Strategy:

Continuously improve product quality, service quality, and installation efficiency to shorten the payment cycle. At the same time, strengthen relationships with financial institutions, stay attuned to financial market trends, and enhance the effectiveness of financial resource management.

Our company is one of the very few in Taiwan with comprehensive core technologies capable of independently developing inspection and measurement equipment across the TFT-LCD, AMOLED, TP (Touch Panel), and LTPS panel industries. Our products have been certified and successfully deployed by major panel manufacturers such as AUO, Innolux, and several TFT-LCD panel makers in Mainland China.

Since 2006, we have received a large volume of orders, and in 2008, we achieved the No. 1 market share in Taiwan for G8.5 Array process equipment. From 2009 onward, we successfully entered the Chinese panel market, and by 2019, we had become one of the main suppliers of automated optical inspection (AOI) and imaging equipment for the Array process at major panel manufacturers in China.

In addition, our AOI solutions for TP sensors, AMOLED, and LTPS have also been well recognized by customers, gradually replacing foreign suppliers in these areas.

Currently, we are also expanding into multiple specialized fields, including IC substrates, PCBs, semiconductors, and Mini/Micro LED, offering customers high-precision, high-quality AOI equipment along with comprehensive solutions for process defect detection and yield monitoring.

4.2.2 Key purpose and manufacturing process of main products

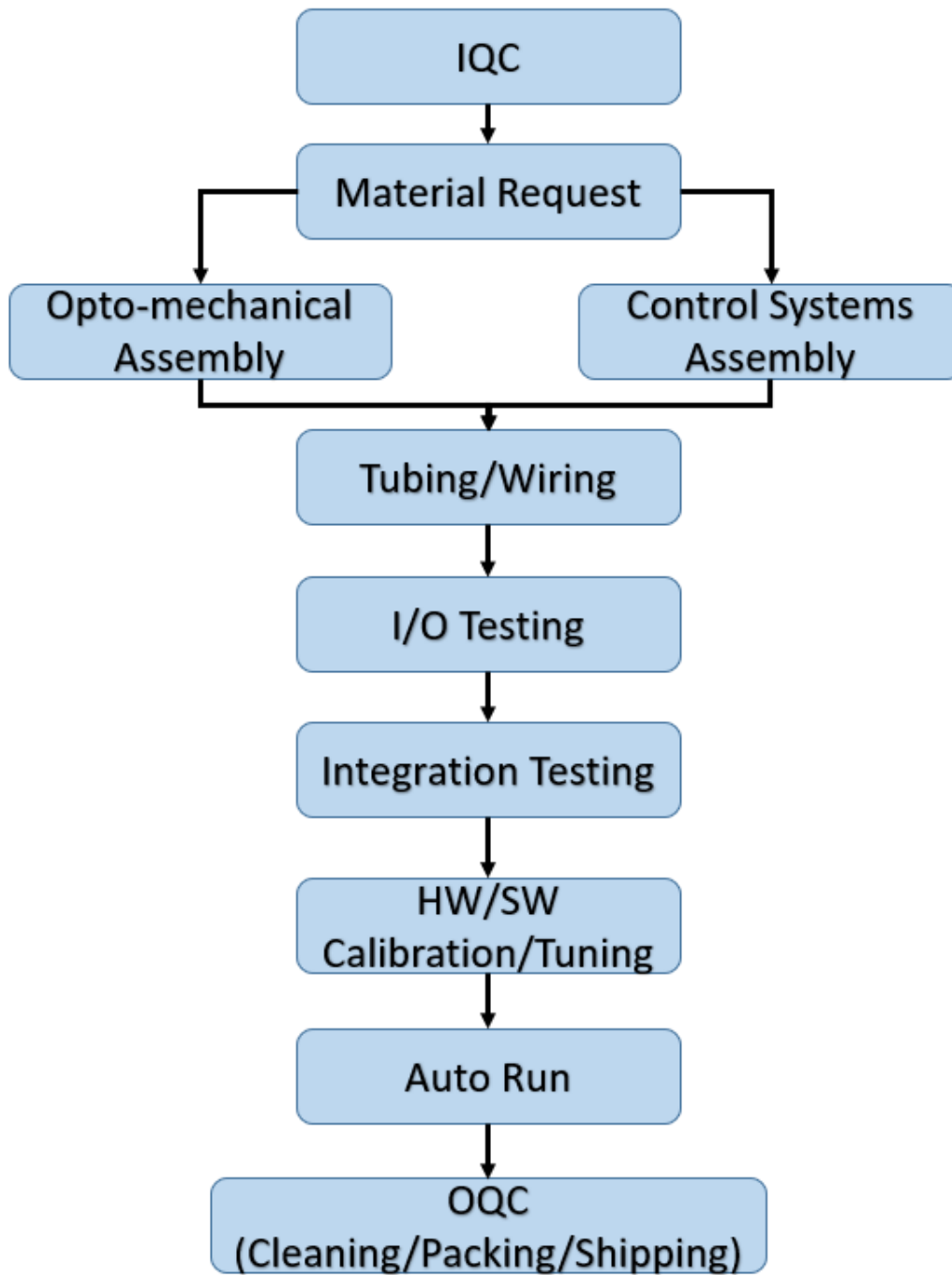
1. Key purpose of main products

Category	Product	Main Application
TFT Array, TP, LTPS, 3D lens Inspection &	Thin-film transistor low-resolution AOI machine	Comprehensive defect inspection for each process stage of the thin-film transistors. Although the resolution is relatively lower, full testing can be performed.

Category	Product	Main Application
Metrology Equipment	Thin-film transistor high-resolution AOI machine	Defect random inspection during each process stage of thin-film transistors. Resolution is relatively higher, but the testing time is long; therefore, the random inspection method is normally adopted.
	Bare Glass AOI	Bare glass defect inspection.
	Mini LED AOI machine	Random inspection of defects in each process stage of Mini LED, capable of overcoming product diversity and performing long cycle comparison of inspection core.
	Mask AOI	Quartz mask and OLED metal mask defect inspection.
	ADSI automatic line width measurement machine	Measurement of line width and gauge for each process stage of thin-film transistors.
	Film Thickness Measurement Machine	Film thickness measurement for each process stage of thin-film transistors.
Color Filter Inspection & Metrology Equipment	Color Filter AOI	Color filter defect inspection.
	High-speed defect VRS (virtual rescan)	Use a high-resolution camera to photograph defects detected by the AOI machine in order to allow personnel or computer to perform defect rescan and re-inspection.
	Tokki AOI	Inspection for color filter glass protrusions in order to prevent scratch damage of expensive masks due to protrusions on the glass.
	DigitalMarco AOI machine	Panel uneven color (Mura) defect inspection.
	CD/OL Metrology Machine	Measurement of line width and gauge for each process stage of color filter.
	Chroma/Film Thickness/OD Measurement Machine	Chroma measurement for RGB process of color filter, film thickness measurement for PS/MVA/OC/ITO processes, and optical density measurement for BM process.
Touch Panel Inspection & Metrology Equipment	Touch Panel low-resolution AOI machine	Touch Panel low-resolution defect automatic optical inspection.
	Touch Panel high-resolution AOI machine	Touch Panel high-resolution defect automatic optical inspection.
	CD/OL Metrology Machine	Touch Panel CD/OL measurement.

Category	Product	Main Application
TFT Cell Inspection & Metrology Equipment	PI AOI	PI defect inspection.
	Seal AOI	Sealant defect inspection.
	BurrCheck dicing AOI machine	Dicing defect inspection.
	Particle Counter	Particle inspection.
PCB & Testing Equipment	Fan-Out Panel level RDL ultra-fine line inspection machine	Fan-Out Panel level RDL Fine Line AOI.
	Wafer level Chip Dicing AVI	Inspect edge chipping defects and surface defects after chip dicing.
	Various professional customized equipment	Provide professional customized inspection solutions to different PCB and packaging/testing manufacturers.
Mini/Micro LED Inspection & Metrology Equipment	Horus AI Auto OM	Mini/Micro LED process quality inspection, including 2D measurement (dimension/deviation/rotation), 3D measurement (inclination), appearance dimension measurements of various objects, and abnormal defect inspection.
	AI Defect Classification System	Implement defect detection training and recognition in conjunction with Horus.
Others	Multifunction Auto OM and Various professional customized equipment	Provide comprehensive solutions to satisfy customers' demands for magnified observation.
	AI Defect Classification System	It can be installed on FAVITE's different inspection equipment to perform real-time defect classification, screening, and filtering.

2. Main Applications for Major Products and Production Process



4.2.3 Supply of Key Materials

Item	Supply condition
Optics and photoelectric component	Good
Electrical machine component	Good
Transmission component	Good

4.2.4 Suppliers' Name of purchase equal to or over 10% of the total purchase in any of the last two years

1. Major suppliers in the last two years

Unit: NT\$ thousands

Item	2023				2024				As of March 31, 2025			
	Name	Amount	% of Total Purchase	Relation to the Compan	Name	Amount	% of Total Purchase	Relation to the Compan	Name	Amount	% of Total Purchase	Relation to the Compan
1	A	32,130	14.13	None	D	26,539	13.82	None	C	6,830	20.31	None
2	B	26,781	11.77	None	B	16,521	8.61	None	B	181	0.54	None
3	C	10,363	4.68	None	C	10,906	5.68	None	A	-	-	None
4	D	6,995	3.08	None	A	-	-	None	D	-	-	None
5	Other	150,902	66.35	None	Other	138,024	71.89	None	Other	26,621	79.15	None
	Total	227,445	100.00		Total	191,991	100.00		Total	33,632	100.00	

Note: Suppliers A and B are the OEM of the company's automation equipment. This year, the company's production capacity is sufficient to support orders, so the amount of commissioned OEMs has decreased.

2. Major customers in the last two years:

Unit: NT\$ thousands

Item	2023				2024				As of March 31, 2025			
	Name	Amount	% of Total Operating revenue	Relation to the Compan	Name	Amount	% of Total Operating revenue	Relation to the Compan	Name	Amount	% of Total Operating revenue	Relation to the Compan
1	A	171,912	38.57	None	C	345,242	51.71	None	H	27,498	54.01	None
2	B	79,089	17.75	None	E	99,555	14.91	None	G	8,938	17.56	None
3	C	46,288	10.39	None	A	92,674	13.88	None	F	8,800	17.29	None
4	D	45,000	10.10	None	G	33,101	4.96	None	A	4,372	8.59	None
5	E	24,850	5.58	None	B	-	-	None	E	886	1.74	None
6	F	7,500	1.68	None	D	-	-	None	C	73	0.14	None
7	G	1,995	0.45	None	F	-	-	None	B	-	-	None
8	H	-	-	None	H	-	--	None	D	-	-	None
9	Other	69,041	15.49	None	Other	97,015	14.53	None	Other	342	0.67	None
	Total	445,675	100.00		Total	667,587	100.00		Total	50,909	100.00	

Note: The company sells AOI machines based on the needs of customers. Depends on whether the customer has expansion or equipment replacement plans in the current year, which will affect the sales amount of the company.

4.3 Human Resources Human Resources

Year		2023	2024	As of March 31, 2025
Number	Direct staff	91	75	72
	Indirect staff	137	137	132
	Total	228	212	204
Average Age		37.97	40.60	41.21
Average Years of Service		6.01	7.95	7.95
Education(%)	Ph.D.	1	1	1
	Master'ss	26	31	31
	Bachelor's Degree	66	62	62
	Senior High School	7	6	6
	Below Senior High School	-	-	-

4.4. Environmental Protection Expenditure

Any losses suffered by the company in the previous year to the date this report was printed due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

4.5. Labor-Management Relations

4.5.1 Summary of the Company's employee benefits, continuing education, training, pension plan and implementation results, as well as labor agreements and measures to uphold employee rights.

4.5.1.1 Employee Welfare Measures

The company upholds the philosophy of sharing its business results with employees and has established the "Employee Welfare Committee" according to law. It also plans employee welfare measures according to the "Regulations for Various Welfare Allowances and Subsidies," to protect the labor rights of employees. The main welfare measures adopted by the company are as follows:

- (1) Year-end performance bonus
- (2) Employee profit-sharing bonus
- (3) Annual salary adjustment
- (4) Overtime pay or compensatory time off
- (5) Dragon Boat Festival/Mid-Autumn Festival vouchers and birthday vouchers
- (6) Marriage, funeral, and maternity subsidies
- (7) Research and development patent bonus
- (8) Enjoy full company-paid group insurance (life insurance, accident insurance, medical insurance, and cancer insurance)
- (9) Group overseas business travel accident insurance
- (10) Enjoy labor insurance, health insurance, and 6% contribution to labor pension
- (11) Better than statutory – Company provides 1 day of vitality leave every quarter (New employees are granted leave upon joining)

- (12) Better than statutory – Annual diverse employee health checkups
- (13) Special leave
- (14) Professional nurse consultation services
- (15) Welfare committee club activities and club subsidies
- (16) Annual employee travel or travel subsidy
- (17) Departmental dinners
- (18) Annual year-end banquet or Spring Festival gathering
- (19) Periodically organize various competitions or activities
- (20) Convenient and free car/motorcycle parking
- (21) Exclusive parking spaces for pregnant employees and injured colleagues
- (22) Employee lactation room
- (23) Provision of employee uniforms
- (24) Employee meal ordering service
- (25) Provision of accommodation for business trips

4.5.1.2 Employees' continuing learning and training status

(1) In order to make employees grow together with the company, the company regards employees as important assets and attaches great importance to employee training and career development. In order to promote talent cultivation and management, there is an "Education and Training Management Operating Procedure" for staff training. Budgets are prepared year by year to promote training. Through internal and external training, employees can not only improve their professional skills, adapt to the rapidly changing environment, improve work performance, and improve product and service quality, but also create the overall competitiveness of employees and the organization. Employee career development and business development complement each other.

(2) Implementation of 2024 training:

					Unit: NTD
Item	Number of Courses	Total participants	Total Hours	Expenses	Total Expenses
General Training	13	406	994	42,000	1,676,026
Management	35	523	2,477	1,397,700	
Vocational Training	38	382	923.5	102,160	
Environmental Safety Training	50	176	757.5	134,166	

4.5.1.3 Retirement system and the status of its implementation

To stabilize the retirement life of employees, the pension system is implemented in accordance with relevant laws and regulations, including:

- (1) Established supervisory committee of labor retirement reserve according to the Labor Standards Act, and appropriate amounts of the retirement pension reserve are appropriated and deposited into the designated account at the Bank of Taiwan monthly.
- (2) According to the Labor Pension Act, 6% of the employee's monthly salary is paid to the individual labor pension account at Bureau of Labor Insurance.

4.5.1.4 Labor Agreements and Upholding Worker Rights

- (1) The company values harmonic labor-management relationships and implements relevant

works that meet or exceed the Labor Standards Act and relevant regulatory requirements. The labor-management meetings and Occupational Safety and Health Committee meetings are convened quarterly. All labor-management related measures of the company are determined after sufficient communication and negotiation between both parties. Accordingly, there have been no labor-management disputes and conflicts.

- (2) Establish Employee Welfare Committee, and provide various welfare measures.
- (3) Encourage employees to participate in training and skill-related education in order to improve the professional skills of employees comprehensively.
- (4) Provide labor insurance, national health insurance, group insurance, and additional group business travel comprehensive insurance to employees traveling overseas, to provide comprehensive insurance protection.
- (5) Arrange health examinations for employees annually.
- (6) Due to lifestyle factors such as high work stress, lack of exercise, and frequent dining out, the age at which cardiovascular diseases occur has been decreasing. In 2024 (Year 113 of the ROC calendar), the company's employee health checkup focused on abdominal examinations. Through the health report results, employees can identify any abnormalities early and take preventive measures. For high-risk employees, the company also arranged health education and consultation services with occupational health nurses and physicians. Additionally, in 2024, the company organized a company-wide sports day and health-promotion walking activities to encourage employees to maintain regular exercise and healthy eating habits, fostering a healthier lifestyle.

4.5.2 Loss deriving from labor-management dispute (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) in the last two years to the date this report was printed, disclose the amount possibly incurred for the time being and in the future, and the responding measures. If this amount cannot be reasonably estimated, specify the reasons:

The Company did not incur any losses due to labor disputes during the past calendar year and up until the date of publication of this Report.

4.6. Cyber security management

4.6.1. Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

1. Cyber security risk management architecture:

The responsible unit for the information security of the company is the Information Department, which is responsible for the establishment of internal information security rules and systems, planning and execution of information security operations, promotion and implementation of information security policy, and making timely adjustments according to the laws and needs.

The audit unit performs an information security audit annually, and evaluates the effectiveness of the company's information operations and internal controls.

2. Information security policy: The information security management policy of the company includes the following three aspects:

- (1) Purpose: To enhance information security management, to ensure the confidentiality, integrity, and availability of the company's information assets, in order to provide an information environment for the continuous operation of the company, and to comply with relevant government laws and demands of internal and external stakeholders, thereby preventing any internal and external intentional or accidental threats and achieving information security.

(2) Objective: Ensure that the information operation of the company can be operated continuously with accuracy, integrity, and availability. Ensure the confidentiality of important information of the company and implement data access control, such that information shall only be accessed by authorized personnel with approval without any breach or improper disclosure.

(3) Comply with laws and regulatory requirements.

3. Specific management program:

(1) New employees are required to participate in information security education and training to improve their understanding and concept of information security protection. The company also implements information security educational promotion periodically.

(2) Secure and reliable information system environment is established in order to achieve sustainable operation of the company.

(3) For important information systems or equipment, appropriate backup or monitoring mechanisms shall be established and drills shall be performed periodically, in order to maintain their availability.

(4) Personal computers of employees shall be installed with anti-virus software and verified to have the latest updates. In addition, any unauthorized software shall be prohibited from use.

(5) Employees shall bear the responsibility for their personal accounts and passwords, and periodic changes thereof shall also be made.

(6) The company has established appropriate response and reporting procedures for information security events, to respond immediately to information security events properly, thereby preventing any further damage.

(7) The company implements an information security risk assessment and an information security audit operation annually to ensure management effectiveness and compliance with laws and regulations. Accordingly, information security risk is not a major operational risk of the company, and presently, there is no demand for the application of information security insurance.

4. Resources invested for cyber security management:

(1) The company has obtained ISO 27001 information security certification and successfully completed the ISO 27001 surveillance audit and an information security review by Deloitte in 2024. This includes monitoring employee information security practices and regularly reviewing relevant policies to ensure they align with changes in the operational environment, making timely adjustments as needed.

(2) To safeguard against various external cybersecurity threats, the company has implemented a range of security protection systems to enhance the overall security of its information environment. In 2024, the company completed the deployment of a SIEM (Security Information and Event Management) monitoring platform and Multi-Factor Authentication (MFA) mechanisms for critical systems, ensuring that internal personnel operations comply with company policies and effectively enforcing information security management measures for personnel.

(3) The company conducts regular annual information security training courses for internal personnel. In 2024, a total of 14 hours of information security training was completed for dedicated cybersecurity staff, aiming to enhance their knowledge and professional skills in information security.

4.6.2. Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

4.7. Significant Agreements

Agreement Type	Signatory	Contract Validity	Summary	Limitations
Mortgage	Mega International Commercial Bank	2018.09.17~2025.09.017	Financing with land and buildings as collateral	None
Mortgage	Cathay United Bank	2023.12.19~2028.12.19	Financing with land and buildings as collateral	None

V. Financial Status, Financial Performance, and Risk Management

5.1 Financial Status

Unit: NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Current Assets	1,168,067	1,193,228	(25,161)	(2.11)
Property, Plant and Equipment	412,369	408,371	3,998	0.98
Other Assets	58,990	62,086	(3,096)	(4.99)
Total Assets	1,639,426	1,663,685	(24,259)	(1.46)
Current Liabilities	282,801	320,931	(38,130)	(11.88)
Long term loan	185,543	216,853	(31,310)	(14.44)
Other non-current Liabilities	11,272	23,164	(11,892)	(51.34)
Total Liabilities	479,616	560,948	(81,332)	(14.50)
Capital Stock	790,523	790,523	0	0.0
Capital Surplus	98,490	98,490	0	0.0
Retained Earnings	274,020	219,018	55,002	25.11
Other Equity	(3,223)	(5,294)	2,071	39.12
Total Equity	1,159,810	1,102,737	57,073	5.18
Explanation of changes: (only for variations exceeding 20% and amounting to more than NT\$10 million)				
1. 1.Decrease in Other Liabilities: Mainly due to a reduction in security deposits.				
2. 2.Increase in Retained Earnings: Primarily attributable to pre-tax net income in fiscal year 2024.				

5.2 Financial Performance

5.2.1. Comparative analysis of operating performance

Unit: NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Net Sales	667,587	445,675	221,912	49.79
Cost of Sales	350,186	242,723	107,463	44.27
Gross Profit	317,401	202,952	114,449	56.39
Operating Expenses	291,926	222,364	69,562	31.28
Operating Income	25,475	(19,412)	44,887	231.23
Non-operating Income and Expenses	28,971	8,832	20,139	228.02
Net Income Before Income Tax	54,446	(10,580)	65,026	614.61
Income Tax Expense	(46)	22,421	(22,467)	(100.21)
Net Income	54,492	(33,001)	87,493	265.12
Other Comprehensive Income	2,581	(837)	3,418	408.36
Total Comprehensive Income	57,073	(33,838)	90,911	268.67
Explanation of changes: (only for variations exceeding 20% and amounting to more than NT\$10 million)				
1. Decrease in Operating Revenue, Operating Costs, and Gross Profit: Mainly due to an increase in orders in fiscal year 2024.				
2. Increase in Operating Expenses: Primarily due to the reversal of expected credit loss in fiscal year 2023, resulting in a difference between the two periods.				
3. Increase in Operating Profit: Mainly attributable to the increase in operating revenue in fiscal year 2024.				
4. Increase in Non-operating Income and Expenses: Mainly due to higher foreign exchange gains in fiscal year 2024.				
5. Increase in Pre-tax Profit, Net Profit for the Year, and Total Comprehensive				

Income for the Period: Primarily due to the increase in operating revenue in fiscal year 2024.

6. Decrease in Income Tax Expense: Mainly due to the utilization of loss carryforwards in fiscal year 2024.
7. Potential Impact on Future Financial Operations: No significant impact.
8. Future Response Plan: Not applicable.

5.2.2. Sales forecast and basis:

Sales volume is estimated based on the Company's sales targets, market demands, growth trends, customers' performance, and existing sales orders after taking production capacity into consideration. The Company expects sales to grow at a consistent rate, which will affect financial and business performance in a positive way.

5.3 Analysis of Cash Flow

5.3.1 Analysis of cash flow changes for the year:

Unit: NT\$ thousands

Item	Year	2024	2023	Difference	
				Amount	%
Net cash operating activities (used in) generated from		126,559	100,358	26,201	26.1
Net cash investing activities (used in) generated from		(461,684)	6,811	(468,495)	(6,878.5)
Net cash financing activities (used in) generated from		(74,084)	(257,189)	183,105	71.2

Analysis of Changes equal to or over 20%:

1. Increase in Net Cash Inflows from Operating Activities: Mainly due to a decrease in accounts receivable in fiscal year 2024 compared to the same period last year.
2. Increase in Net Cash Outflows from Investing Activities: Primarily due to the placement of time deposits with maturities over three months in fiscal year 2024.
3. Decrease in Net Cash Outflows from Financing Activities: Mainly due to a reduction in short-term loan repayments in fiscal year 2024.

5.3.2 Remedial Actions for Liquidity Shortfall: Not applicable.

5.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities(2)	Estimated Net Cash Used in Investing Activities and Financing Activities (3)	Cash Surplus (Deficit) (1) + (2) - (3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
186,545	(722)	467,611	653,434	-	-

Analysis of cash flow variation for the next year:

1. Operating Activities: Mainly due to an increase in purchases, which led to a corresponding increase in accounts payable.
 2. Investing and Financing Activities: Primarily due to the maturity of time deposits with terms over three months.
2. Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

5.4 Major Capital Expenditure Items:

5.4.1 Major Capital Expenditure Items and Source of Capital: None.

5.4.2 Expected Benefits: Not applicable.

5.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT\$ thousands

Item	Explanation	Original Investment Amount	Investment Policy	Share of Profit (Loss)	Main reasons for profit or loss	Improvement Plan	Other future investment plans
Camels Vision Technologies Inc.		13,000	close to the market	(614)	Affected by business cycle fluctuations	Strengthen operation management	None
Wakom Semiconductor Corporation		101,471	close to the market	book value is zero	Affected by business cycle fluctuations	N/A	None
Favepc Inc.		41,975	close to the market	book value is zero	Affected by business cycle fluctuations	N/A	None
Taishin 1699 Money Market Fund		10,000	Increase in financial income	148	Income affected by market transactions	N/A	None
Favite Limited		61,470	Invested in FAVITE(SHANGHAI) Co.,LTD	3,694	Mainly recognized the investment income of FAVITE(SHANGHAI) Co., LTD	N/A	In consideration of the operation scale to evaluate the need for increased investment.
FAVITE (SHANGHAI) Co., LTD		61,470	Provide customer services nearby	3,694	Recognized as investment loss because the invested company has largely invested in R&D, and the product gross was still low.	N/A	

5.6. Analysis of Risk Management

5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

Unit: NT\$ thousands;%

Item/Year	2024	2023
The net amount of interest income (expense) (A)	4,957	7,248
Net Sales (B)	667,587	445,675
Operating Income (C)	25,475	(19,412)
% of Net Sales (A/B) %	0.74	1.63
% of Operating Income(A/C) %	19.46	(37.34)

Based on sound and conservative financial management principles, the company will keep in close touch with the banks to keep up to date with the relevant information on interest rate changes to lessen the impact of interest rate fluctuations.

2. Foreign exchange rates

The exported sales quotation and overseas raw materials purchases of the Company are both traded in U.S. dollars. Because the recurring offset of sales and purchases has the effect of a hedge against exchange rate changes, the revenue and profit should not be greatly affected. In order to strengthen the risk management of exchange rate fluctuations, the following countermeasures have been taken:

- A. By nature hedging, the foreign currency receivables from the sales are used to pay for the foreign currency payables for the purchases. Accordingly, the assessment shall focus only on foreign currency. The forecast of the exchange rate trend shall allow settling or paying off foreign currency purchases and operating financial instruments promptly, reducing exchange rate risks.
- B. The financial staff shall keep track of exchange rate fluctuations by monitoring international financial situations, maintaining close contact with bank exchange personnels, and collecting financial information provided by banks and investment institutions.
- C. When the business staff offers price and bargains, he/she shall also weigh the exchange rate fluctuations and adjust the product price accordingly.

3. Inflation

A. The impact on the company's profit and loss

If inflation is still uncontrollable, the Fed may adopt a tightening monetary policy, resulting in an increase in interest rates, which will increase the interest expense of the company's financial debts. On the contrary, the interest income of the company's cash and equivalent cash will increase.

B. Measures to be taken in the future

The company pays close attention to changes in the relevant economic situation and market conditions to avoid adverse effects of inflation on the company's profit and loss.

5.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to Highrisk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company has established “Lending Funds to Other Parties Procedures”, “Endorsement and Guarantee Procedures”, “Procedures for the Acquisition or Disposal of Assets”, and “Procedures for Derivative Transactions”, to serve as guidance within the Company. The Company had not engaged in any high-risk or highly leveraged investment or transactions such as lending funds to other parties, endorsement, or guarantee as of the publication date of the annual report.

5.6.3 Future Research & Development Projects and Corresponding Budget

The company expects to invest another NT\$30 million in 2025, but it will plan and adjust in due course depending on the global market conditions and the company's actual operating conditions. A summary of the company's future R&D plans is as follows:

Project Name	Project Description
AI-Powered Multifunctional Optical Microscope System	Providing comprehensive solutions for all customer magnification and observation needs.
High-Precision Measurement Equipment	Capable of supporting die location measurement for advanced packaging.
AI-Powered Classification and Inspection Solutions	AI-powered classification can be integrated into various inspection equipment from JingCai to perform real-time defect classification and filtering. AI-powered inspection can be customized and integrated into machines according to customer requirements.

5.6.4 The impacts of changes on important domestic and foreign policies and laws on the Company's finance and business, and the countermeasures:

The Company complies with local and foreign regulations for all daily operations. It pays constant attention to political and regulatory developments locally and abroad, and gathers relevant information that the management may use to make informed decisions. The Company also consults experts from various fields to keep up-to-date on market changes, and adjusts operational strategies at times deemed appropriate. The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year up until the printed date of this annual report.

5.6.5 Effects of and Response to Changes in Technology (Including information security risks) and the Industry (Relating to Corporate Finance and Sales):

The company is one of the few vertically integrated inspection, measurement and repair equipment suppliers in the domestic flat panel display industry. In addition to obtaining a number of patent protections, the products produced have also been highly appraised and recognized by domestic and foreign panel manufacturers. This shows the company's research and development and ability to respond to technological and industrial changes. In the future, the company will continue to increase investment in research and development, and closely grasp the trend and pulse of the market to adapt to the evolution and changes of related industries. In addition, for information on the company's cyber security risk management structure, cyber security policies, specific management plans, and resources invested in cyber security management, etc., please refer to pages 99 to 100 of this Annual Report. In conclusion, technological changes and industrial changes will not have a significant impact on the company's financial business.

5.6.6 Crisis management, impacts, and response measures in the event of a change in corporate image

The Company has been dedicated to maintaining its corporate image and complying with regulations since it was founded. As of the printed date of the annual report, there had been no change in corporate image that would put the Company in crisis.

5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

5.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

1. Concentrated purchases

The company's main suppliers are long-term partners with whom we maintain stable and positive relationships. To mitigate the risk of supply concentration, the company ensures multiple sources of supply by maintaining more than two production bases, thereby securing supply stability.

2. Concentrated sales

2.1 Risks

a. High Customer Dependence: If a single customer accounts for a large proportion of sales, changes in that customer's demand or financial condition could significantly impact the company's revenue.

b. Market Volatility: Concentrated sales in a specific market may expose the company to greater risk from economic fluctuations in that market.

c. Competitive Pressure: If the company's main sales are focused on a particular product or service, the entry of competitors or changes in market demand could create pressure on the company.

2.2 Mitigation Measures

a. Expanding the Customer Base: Increase the number and diversity of customers in traditional

panel, next-generation display, and semiconductor sectors to reduce reliance on any single customer.

b. Market Diversification: In addition to Taiwan and Mainland China, begin expanding into different regions and markets to spread risk.

c. Product Diversification: The company's main revenue comes from the sale of automated optical inspection (AOI) equipment. In recent years, the company has shifted toward production equipment for industries such as AMOLED, 3D packaging, and semiconductors. This strategic move aims to establish a comprehensive presence of AOI and measurement equipment across the optoelectronics, electronics, and semiconductor sectors, diversifying the product portfolio to attract a broader customer base and reduce the risk of product concentration.

5.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

5.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

5.6.12 For any litigation or non-litigation cases, the company must disclose any major lawsuits, non-litigation, or administrative disputes that have been finalized or are still pending, involving the company, its directors, supervisors, general manager, de facto responsible persons, major shareholders holding more than 10% of shares, or subsidiaries, if the outcome may have a significant impact on shareholders' equity or the price of the company's securities. The disclosure should include the facts of the dispute, the amount involved, the date the litigation commenced, the main parties involved, and the status of the case as of the date of the annual report: In 2024, the company was not involved in any major litigation, non-litigation, or administrative disputes that were either concluded with a final judgment or still pending.

5.6.13 Other Major Risks: None.

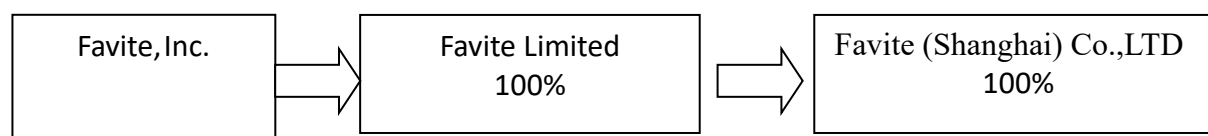
5.7 Other Materiality: None.

VI. Special Disclosure

6.1 Summary of Affiliated Companies

6.1.1 Affiliated business merger report

6.1.1.1 Organizational chart of affiliated companies:



6.1.1.2 Basic information of each affiliate:

December 31, 2024 ; Unit: NT\$ thousands

Name of entity	Date of incorporation	Address	Capital	Main Businesses and Products
Favite Limited	2011.05	Samoa	61,470	Holding company
Favite (Shanghai) Co., LTD	2012.03	Shanghai	61,470	Software design

6.1.1.3 In accordance with Article 369-3 of the Company Act, Disclose if There is a Presumption of Controlling and Subordinate Relationship: None.

6.1.1.4 Industries covered by the overall business of the related company: Please refer to 6.1.1.2 Basic information of each affiliate.

6.1.1.5 List of Directors, Supervisors and Presidents of the Company's Affiliated Companies:

December 31, 2024 Unit: shares thousands; NT\$; %

Name of entity	Job title	Name or Representative	Shareholding	
			Number of shares	Proportion
Favite Limited	Director	Favite, Inc, Representative: CHEN, YUNG-HUA	2,000,000	100%
Favite (Shanghai) Co., LTD	Director	Favite Limited, Representative: HU, YU-LIN	—	100%

6.1.1.6 Performance of affiliated companies:

December 31, 2024; Unit: NT\$ thousands (Except EPS: NT)

Name of entity	Capital Stock	Assets	Liabilities	Net Worth	Net Sales	Operating Income	Net Income (After Tax)	EPS
Favite Limited	61,470	39,122	—	39,122	—	—	(3,694)	(1.85)
Favite (Shanghai) Co., LTD	61,470	48,548	9,489	39,059	54,963	(3,882)	(3,694)	Not applicable.

6.1.2 Consolidated Financial Statements: Please refer to pages 110 of this Annual Report.

In 2024 (from January 1 to December 31, 2024), the affiliated companies required to be included in the consolidated financial statement of affiliated companies under the 'Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises' are the same as those included in the consolidated financial statement of the parent company and subsidiaries prescribed by the International Financial Reporting Standards No. 10 (IFRS 10), which is recognized by Financial Supervisory Commission ROC. All the relevant information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the consolidated financial statement of the parent company and the subsidiaries. Thus, the consolidated financial statements of affiliated companies are not reported separately.

6.1.3 Relationship report: Not applicable.

6.2 Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None.

6.3 Other supplementary information: None.

6.4 Situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report, such situations shall be listed: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Favite, Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Favite, Inc.

By

CHEN, YUNG-HUA

Chairman

March 7, 2025

Favite, Inc.

Chairman: CHEN, YUNG-HUA