

SIMULA TECHNOLOGY INC.

2024 ANNUAL REPORT

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Investor Relations Contacts

Spokesperson

Name: Huang, Tuo-Wen

Title: Chief Finance Officer

Phone: 886-3-301-0008 ex.1201

E-mail: kevinhuang@simulatechnology.com

Deputy Spokesperson

Name: Jian, Wan-Yi

Title: Assistant Manager of Financial Accounting

Phone: 886-3-301-0008 ex.1202

E-mail: wanyijian@simulatechnology.com

Headquarters

Address: 14F., No. 1351, Zhong Zheng Rd., Taoyuan Dist., Taoyuan City 330051, Taiwan (R.O.C.)

Phone: 886-3-301-0008

Factory: Simula Technology (Shen Zhen) Co., Ltd.

Address: No.1, Laotaiheng Industrial Park, Baolong 6th Rd., Longgang District, Shenzhen, Guangdong, China

Phone: +86-0755-33901555

Stock Transfer Agent

Firm : Grand Fortune Securities Co., Ltd.

Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100405, Taiwan (R.O.C.)

Phone: 886-2-2383-6888

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

INDEPENDENT ACCOUNTANTS

Auditors: Chen, Kuo-Shuai & LIN, CHENG-WEI

CPA Firm: Ernst & Young

Address: No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110208, Taiwan (R.O.C.)

Phone: 886-2-2757-8888

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

Overseas Securities Exchange: None.

Corporate Website: <http://www.simulatechnology.com>

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I. Letter to Shareholders

SIMULA TECHNOLOGY INC.

2024 Operation Report

In the current year, the global economy has gradually stabilized, while domestic demand remained steady. Exports also maintained stable growth momentum, driven by information technology products. Benefiting from the economic recovery, SIMULA TECHNOLOGY INC.'s automotive and wearable products—its two main product lines—experienced significant shipment growth in 2024 compared to 2023. However, shipments of Docking Station products declined sharply due to excessive inventory accumulation caused by aggressive client orders during the pandemic. The slow inventory turnover has severely impacted follow-up order demand, resulting in underperformance in Docking Station shipments and ultimately leading to a lower total annual consolidated shipment volume in 2024.

A brief report on SIMULA TECHNOLOGY INC.'s operational results for 2024 and business plan for 2025 is presented as follows:

I. Report on operating results for the year 2024

1) Results of Business Plan Implementation

In 2024, although the recovering economy led to substantial growth in exports of automotive and wearable products, the decline in shipments of Docking Station products due to slow inventory clearance resulted in a drop in overall revenue. As a result, SIMULA TECHNOLOGY INC.'s total consolidated revenue for the year amounted to NT\$1,768,710 thousand, representing a decrease of NT\$270,345 thousand or 13% compared to the NT\$2,039,055 thousand recorded in 2023. The net loss after tax for 2024 was NT\$149,941 thousand, which widened by NT\$48,891 thousand from the NT\$101,050 thousand net loss in 2023. Earnings per share (EPS) for 2024 stood at a loss of NT\$1.26.

2) Analysis of Financial Income and Expenditure and Profitability

Please refer to the attached financial statements for the Company's financial results for 2024.

3) R&D Development

In 2024, SIMULA TECHNOLOGY INC. invested NT\$77,633 thousand in research and development, which is comparable to the NT\$78,987 thousand invested in 2023. The company remains committed to strengthening its R&D capabilities to drive future revenue growth. In addition to continuous advancement in existing product lines—including high-frequency connectors and cables, as well as connectors and cables for automotive, medical, and industrial applications, Docking Stations for 3C products, and lighting for police and military vehicles—SIMULA TECHNOLOGY INC. is actively allocating resources to the development of connectors, cables, and end products required for AI servers and AIoT applications. The company is also enhancing the expertise of its R&D personnel and expanding the team as needed to meet future product development demands.

II. Summary of Business Plan for 2025

1) Business Policy

Under the basic policy of customer-oriented and design-oriented, the company is committed to developing niche products, mastering key technologies, developing new technologies and applications, enhancing the added value of products and the integrity and competitive advantages of product lines, satisfying customer needs, and continuously generating maximum profits.

2) Sales Quantity and Its Basis Expectation

Based on product market development trends, client business expansion, and the actual revenue performance in 2024, SIMULA TECHNOLOGY INC. has formulated its 2025 operational plans. Taking into account its business objectives and referencing the Taiwan Institute of Economic Research's "2025 Economic Outlook and Industry Trend Seminar," which forecasts a higher global trade growth rate in 2025 compared to 2024, Taiwan's export performance is expected to benefit. This positive outlook is anticipated to have a favorable impact on SIMULA TECHNOLOGY INC., potentially driving an increase in overall order volumes and sales. Accordingly, both the consolidated shipment volume and revenue for 2025 are expected to grow compared to 2024.

3) Significant Production and Marketing Policies

In addition to strengthening its presence in existing industries, SIMULA TECHNOLOGY INC. will continue to actively pursue opportunities in high value-added sectors such as automotive, medical, and industrial applications. Leveraging its strengths in front-end design-in capabilities and integration synergies within the parent group, the company aims to collaborate closely to capture new customer opportunities. Furthermore, through upstream and downstream integration and close cooperation with the group and affiliated subsidiaries, SIMULA TECHNOLOGY INC. is actively developing businesses related to 3C Docking Stations and police/military vehicle lighting. At the same time, the company is allocating significant resources to expand into emerging sectors such as AI servers and AIoT, with the goal of further enhancing overall revenue and profitability. While ensuring a reasonable profit margin, the company will also continue to develop automated production methods for key components in order to reduce overall production costs and improve operating margins.

III. The External Competitive Environment, the Regulatory Environment, and the Overall Business Environment will Affect the Company's Future Development Strategy.

To respond to the fast-changing products market and the trend of short product life cycles, the Company maintains a close and proactive partnership with our customers. The Company continue to provide stable production and supply of existing products while actively participating in the joint development of new products, such as connectors and cables for AI server and AIoT applications to capture new business opportunities in the industry. This approach aims to ensure sustained and stable growth in our operations. Additionally, in facing regulatory changes, the Company will comply with relevant regulations and appropriately adjust the internal operational mechanisms to adapt to these changes as needed.

Looking ahead, the Company will continue to work with its existing customers to develop new products further. It will continue to innovate its product development and design strengths and effectively utilize its current production capacity to reduce production costs and increase profitability to achieve its proposed operating plans and goals.

The Company would like to thank the shareholders for their support and guidance in the past, and ask for the continued support and guidance.

Thank you!

Chairman: Huang, Han-Chou



President: Hu, Jo-Yao



Chief Accountant: Huang, Tuo-wen



II. Corporate Governance

I. Documents of Directors, Supervisor, President, Vice Presidents, Associate Vice Presidents, and Managers of Each Department And Divisions

(I) Directors

March 29, 2025; Unit: shares:

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position	Executives, Directors or Supervisor Who are Spouses or Within Two Degrees of Kinship			Remark
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
Chairman	R.O.C.	Qisda Corp.	-	2021. 04.28	3 Year	2021. 04.28	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-	N/A	N/A	N/A	
		Representative: Huang, Han-Chou	Male 51-60				0	0	0	0	0	0	0	0	- EMBA, Tsing Hua University in Beijing - MBA, Greenwich University - General Manager, Global Supply Chain, Qisda - Chief Operating Officer, BenQ China - Vice President of Manufacturing, Global Manufacturing, BenQ	- President /Qisda Corp. - Director /Qisda Corp. - Chairman /Qisda Optronics Corp. - Director /AUO Corp. - Director /Alpha Networks Inc. - Chairman /SIMULA TECHNOLOGY INC. - Chairman /Data Image Corporation - Chairman /Diva Laboratories, Ltd. - Director /BenQ Foundation - Director /BenQ Biotech (Shanghai) Co., Ltd. - Director /TECH FILTER(Shanghai) CO., LTD. - Chairman /Diva Laboratories, Ltd. - Chairman /Action Star Technology Co., Ltd. - Director /Metaage Corp.				

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position	Executives, Directors or Supervisor Who are Spouses or Within Two Degrees of Kinship			Remark
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
Director and President	R.O.C.	Qisda Corp.	-	2022.02.25	3 Year	2022.02.25	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-	N/A	N/A	N/A	
		Hu, Jo-Yao	Male 51-60				0	0	0	0	0	0	0	0	- Business Administration, National Taiwan University - BLM VP, BenQ America Corp. - BU Head, Ultrasound BU, MDG - Executive Assistant to GM, President Office of Qisda Corp.	- President/ Simula Technology Inc. - Director /Simula (HKG) Co., Ltd. - Director / ASPIRE ASIA INC.				
Director	R.O.C.	Qisda Corp.	-	2022.07.28	3 Year	2022.07.28	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-	N/A	N/A	N/A	
		Lin, Yu-Chin	Male 51-60				0	0	0	0	0	0	0	0	- EMBA, College of Technology Management of National Tsing Hua University - Bachelor, Electronic and Communication Engineering of Meiji University, Japan - General Manager, Alpha Networks Inc. - General Manager, LAN/MAN BU, Alpha Networks Inc. - Senior Director, Japan Sales Division, Alpha Networks Inc. - Director, Japan Sales Division, D-Link Corp. - Director, Alpha Networks Inc. - Vice Chairman, Hitron Technologies Inc. - Director, Interactive Digital Technologies Inc. - Director, Alpha Networks Foundation.	- GM of Commercial & Industrial Products Group: /Qisda Corp.				

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position	Executives, Directors or Supervisor Who are Spouses or Within Two Degrees of Kinship			Remark
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
Director	R.O.C.	Qisda Corp.	-	2020. 10.08	3 Year	2020. 10.08	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-	N/A	N/A	N/A	
		Representative: Cheng, Yin-Shiang	Male 51~60				0	0	0	0	0	0	0	0	- Mechanical Engineering, National Taiwan University - Executive Assistant to GM, Qisda Corp. - Minister of Automotive BU, Qisda Corp. - Minister of Communication BU, Qisda Corp.	- President/ Action Star Technology Co., Ltd.	N/A	N/A	N/A	
Independent Director	R.O.C.	Yeh, Hui-Hsin	Female 51~60	2020. 06.09	3 Year	2020. 06.09	0	0	0	0	0	0	0	0	- Accounting, Tunghai University - Partner CPA. / Ernst & Young Global Limited	- CPA/ Wei Chin CPAs & Co. - Independent Director/ Data Image Corp. - Director /Wei Xin Financial Consultancy Co., Ltd.	N/A	N/A	N/A	
Independent Director	R.O.C.	Tan, Tang-O	Male 51~60	2020. 06.09	3 Year	2020. 06.09	0	0	0	0	0	0	0	0	- EMBA Master, International Business, National Taiwan University - Master, Institute of Physics, Tamkang University - Bachelor, Department of Physics, Tamkang University	- President / IQE Taiwan Corp.	N/A	N/A	N/A	

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position	Executives, Directors or Supervisor Who are Spouses or Within Two Degrees of Kinship			Remark
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
Independent Director	R.O.C.	Chen, Jin-ji	Male 41~50	2020. 06.09	3 Year	2020. 06.09	0	0	0	0	0	0	0	0	- PhD, Industrial Economics, Tamkang University - MSc, Economics (Research), London School of Economics and Political Science - MSc, Industrial Economics (Research), National Tsing Hua University - Bachelor, Department of Economics, National Taiwan University - Independent Director, Fubon Financial Holding. - Director of Finance Bureau, YunLin County Government. - Independent Director, Fubon Financial Holding, Fubon Life Insurance, Fubon Insurance. - Independent Director/ Taiwan Financial Holdings, Bank Taiwan Life Insurance.	- Professor/CTBC Business School. - Adjunct Professor/ National Chung Hsing University: Chinese Culture University, Tamkang University. - Independent Director /TransGlobe Life Insurance Inc. - Independent Director /Century Iron and Steel Industrial Co., Ltd. - Director/ TCM Biotech International Corp.	N/A	N/A	N/A	

Table 1: Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders (Note 2)	
	Name	Shareholding Percentage (%)
Qisda Corp.	AU Optronics Corp. (Note 2)	11.96%
	Acer Incorporated (Note 2)	4.53%
	Konly Venture Corp. (Note 2)	2.55%
	Employee Stock Ownership Trust Account of Qisda Corporation under the custody of Taishin International Bank.	3.97%
	Darfon Electronics Corp. (Note 2)	2.03%
	Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of the Fuhwa Taiwan Technology Dividend ETF Securities Investment Trust Fund	3.73%
	Hua Nan Commercial Bank is entrusted with the custody of the Yuanta Taiwan High Dividend Value ETF Securities Investment Trust Fund account	1.49%
	The Taipei branch of J.P. Morgan Chase Bank is entrusted with the custody of the investment account of J.P. Morgan Securities Ltd	1.25%
	Chunghwa Post Co., Ltd.	0.98%
	The Taipei branch of J.P. Morgan Chase Bank is entrusted with the custody of the Advanced Starlight Fund Company's Series Fund, the Advanced Composite International Stock Index Fund investment account	0.95%

Note 1: The source of the information of Qisda Corp. is the Company's transfer cessation information on March 31, 2024.

Note 2: Major shareholders of the corporate person.

Table 2: Major Shareholders in Previous Table who are Institutional Investors and their Major Shareholders

Name of institutional shareholders	Substantial shareholders of the corporate shareholders (Note 3)	
	Name	Shareholding Percentage (%)
AU Optronics Corp.	Qisda Corp.	6.90%
	Trust Holding for Employees for AU Optronics Corp. under the custody of Bank SinoPac	5.08%
	Quanta Computer Inc.	4.61%
	Yuanta Taiwan Dividend Plus ETF under the custody of ChinaTrust Commercial Bank	2.99%
	ADR of AU Optronics Corp. under the custody of City Bank (Taiwan)	2.44%
	New Labor Pension Fund	1.97%
	Nan Shan Life Insurance Co., Ltd.	1.62%
	Custodian Account of Morgan Stanley & Co. International plc, held by HSBC	1.35%
	The Taipei branch of J.P. Morgan Chase Bank is entrusted with the custody of the Advanced Starlight Fund Company's Series Fund, the Advanced Composite International Stock Index Fund investment account	0.93%
	Investment Account of J.P. Morgan Securities LLC, held by J.P. Morgan Chase Bank, N.A., Taipei Branch	0.85%

Name of institutional shareholders	Substantial shareholders of the corporate shareholders (Note 3)	
	Name	Shareholding Percentage (%)
Konly Venture Corporation	AU Optronics Corp.	100%
Acer Incorporated	Yuanta Taiwan High Dividend Fund Segregated Account	4.72%
	Hung Rouan Investment Corp.	2.42%
	Taipei Fubon Commercial Bank Co., Ltd. – Custodian Account for Fuh Hwa Taiwan Technology Dividend ETF Securities Investment Trust Fund	2.40%
	Mr. Stan Shih	1.15%
	New Labor Pension Fund	1.09%
	The Taipei branch of J.P. Morgan Chase Bank is entrusted with the custody of the Advanced Starlight Fund Company's Series Fund, the Advanced Composite International Stock Index Fund investment account.	1.01%
	The Taipei branch of J.P. Morgan Chase Bank is entrusted with the custody of the investment account of Morgan Securities Ltd.	0.96%
	Citibank (Taiwan) is entrusted with the custody of ACER's Overseas Depositary Receipts	0.91%
	Custodian Account for Government of Singapore Investment Corporation, held by Citibank Taiwan Ltd.	0.65%
	The Taipei branch of J.P. Morgan Chase Bank is entrusted with the custody of the Vanguard Group Company Manager's special investment account in the Vanguard Emerging Markets Stock Index Fund.	0.63%
Darfon Electronics Corp.	Qisda Corp.	20.72%
	BenQ Corp.	5.01%
	Taishin International Bank is entrusted with the custody of the employee shareholding trust property account for Darfon Electronics.	3.85%
	Mega International Commercial Bank Co., Ltd.	1.62%
	New Labor Pension Fund	1.60%
	Mr. Andy Su	1.45%
	Investment Account of Japan Securities Finance Co., Ltd., held by J.P. Morgan Chase Bank, N.A., Taipei Branch	1.27%
	Chang Hwa Commercial Bank, Ltd.	1.21%
	Cooperative Bank of Taiwan Co., Ltd.	1.16%
	Proprietary Trading Investment Account for Securities Trading Unit of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., held by HSBC Bank (Taiwan) Limited	1.09%

Note 3: The source of the information of AU Optronics Corp. is the Company's transfer cessation information on Aug. 18, 2023; The source of information for Konly Venture Corp. is the Department of Commerce, Ministry of Economic Affairs' commercial and company registration. The source of the information of Acer Incorporated is the Company's transfer cessation information on April 02, 2024; The source of the information of Darfon Electronics Corp. is the Company's transfer cessation information on April 15, 2024.

(II) Director and Supervisor Information

1. Professional Qualifications and Independence Analysis of Directors and Supervisor:

Condition Name	Key board qualifications, expertise and attributes	Meet conditions of independence	Number of other public companies where the Director concurrently serves as an Independent Director
Chairman Representative of Qisda Corp.: Huang, Han-Chou	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. And currently serve as the Chairman of the company, and the President of Qisda Corp. None of the circumstances specified in Article 30 of the Company Act.	No spouse or relative within the second degree of relationship with other directors.	N/A
Director Representative of Qisda Corp.: Hu, Jo-Yao	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. And currently serve as the President of the company. None of the circumstances specified in Article 30 of the Company Act.	1. Not a Director or Supervisor of the Company or any of the Company's affiliates. 2. No spouse or relative within the second degree of relationship with other directors.	N/A
Director Representative of Qisda Corp.: Lin, Yu-Chin	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. And currently serve as the GM of Commercial & Industrial Products Group of the company. None of the circumstances specified in Article 30 of the Company Act.	1. Not a Director or Supervisor of the Company or any of the Company's affiliates. 2. No spouse or relative within the second degree of relationship with other directors.	N/A
Director Representative of Qisda Corp.: Cheng, Yin-Shiang	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. And currently serve as the Chief Operating Officer of Action Star Technology Co., Ltd., None of the circumstances specified in Article 30 of the Company Act.	No spouse or relative within the second degree of relationship with other directors.	1

Condition Name	Key board qualifications, expertise and attributes	Meet conditions of independence	Number of other public companies where the Director concurrently serves as an Independent Director
Independent Director Yeh, Hui-Hsin	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. She had served as a partner accountant of Ernst & Young. And currently a CPA of Wei Chin CPAs & Co., Independent Director of Acter Group Corp. Limited, Director of Wei Xin Financial Consultancy Co., Ltd. and Independent Director of Data Image Corp., None of the circumstances specified in Article 30 of the Company Act.	1. Not a Director or employee of the Company or any of the Company's affiliates; including independent director himself/herself, spouses or second degree of kinship. 2. Not holding over 1% of company shares or being a top 10 natural person shareholder; including independent director himself/herself, spouses or second degree of kinship. 3. Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Act.	1
Independent Director Tan, Tang-O	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. and currently serve as the President of IQE Taiwan Corp., None of the circumstances specified in Article 30 of the Company Act.	4. Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. 5. Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization.	0
Independent Director Chen, Jin-ji	Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. And currently serve as the Professor of CTBC Business School, Adjunct Professor National Chung Hsing University of National Chung Hsing University, Chinese Culture University and Tamkang University, Independent Director of TransGlobe Life Insurance Inc., Taiwan Land Development Corp. and Century Iron and Steel Industrial Co., Ltd. and Director of TCM Biotech International Corp. None of the circumstances specified in Article 30 of the Company Act.	6. Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. 7. In the recent two years, not providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company.	2

2.The Board of Director Diversity and Independence.

(1) Diversity of the Board

The "Corporate Governance Principles" formulated by the Company clearly stipulates the diversity policy of the board of directors and the overall configuration of the Board of Directors. The nomination and selection of Board Members comply with articles of incorporation that the Company adopts the candidate nomination system. Aside from evaluating each candidate's qualifications including education and experience, the Company also refers to stakeholders' opinions as well as comply with "Rules for Director and Supervisor Elections" and "Corporate Governance Principles" in order to ensure the diversity and independency of Board Members.

According to the company's "Corporate Governance Principles", the composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

A. Basic requirements and values: Age, identity, etc.

B. Professional knowledge and skills: Professional background, professional skills, industry experience.

The company's current board of directors is composed of 7 directors, including 3 independent directors. The members have rich experience and expertise in the fields of finance, business and management. Seven directors are aged 53-62, and one female director, with a ratio of 14.29 %. The status of implementing diversification of the company's Board Members in 2024 is as follows:

Job Title	Name	Gender	Diverse Industry and Professional Skills							Term of Office of Independent Directors
			Business Management	Technology Industry	Venture Capital Investment	Sustainable Development	Finance and Accounting	Information Technology	Academic Research	
Chairman	Huang, Han-Chou	Male	V	V		V	V	V		
Director	Hu, Jo-Yao	Male	V	V	V	V				
Director	Cheng, Yin-Shiang	Male	V	V		V				
Director	Lin, Yu-Chin	Male	V	V		V	V			
Independent Director	Yeh, Hui-Hsin	Female			V					3 terms or less
Independent Director	Tan, Tang-O	Male	V	V						3 terms or less
Independent Director	Chen, Jin-ji	Male							V	3 terms or less

Specific Management Objectives and Achievement Status for the Board Diversity Policy:

Management Objective	Achievement Status
Independent directors shall not serve more than 3 terms	Achieved
Sufficient diversity in professional knowledge and skills	Achieved
The board shall include at least one female director	Achieved

C. If the proportion of directors of either gender on the Board of Directors is less than one-third, please explain the reasons and the measures adopted to enhance gender diversity:

a. Current Status

- SIMULA TECHNOLOGY INC. operates in the electronic connectors and modules manufacturing industry, which is a technology- and engineering-oriented sector traditionally dominated by male professionals. This gender imbalance is reflected in the current composition of the Board of Directors.
- Although the Government has actively promoted gender equality and board diversity in recent years, the pace of gender diversity improvement remains challenging due to the inherent characteristics of the industry and the current talent supply structure. Continued efforts are required through organizational optimization and resource allocation to gradually address these structural disparities.

b. Planned Measures

- SIMULA TECHNOLOGY INC. will continue to evaluate and recruit female professionals with industry experience, technical expertise, or international perspective to join the Board of Directors, thereby enhancing female representation and participation in decision-making.
- In addition, the Company will further embed values of diversity, equality, and inclusion within its corporate culture, and foster a governance environment that supports gender inclusivity. These efforts aim to increase incentives and opportunities for female professionals to engage in corporate governance.

Through the implementation of the above strategies and measures, SIMULA TECHNOLOGY INC. is committed to improving gender diversity on the Board and advancing toward a more balanced and sustainable corporate governance structure.

(2) Independence of the Board

The company currently has a total of 7 directors, including 3 independent directors (accounting for 42.86% of the directors), and the number of independent directors exceeds one-third. By the end of 2024, all independent directors meet the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no relationship between the directors of a spouse or within the second degree of kinship. Therefore, there is no requirement of Article 26-3 of the Securities and Exchange Act. and the matter of item 4. In conclusion, the Board of Directors of the Company is independent.

(III) Documents of president, vice president, associate vice president and managers of each department and division

March 29, 2025; Unit: shares:

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
President	R.O.C.	Hu, Jo-Yao	Male	2022.2.25	0	0	0	0	0	0	- Business Administration, National Taiwan University - BLM VP, BenQ America Corp. - BU Head, Ultrasound BU, MDG - Executive Assistant to GM, President Office of Qisda Corp.	-Director, SIMULA Enterprise (HKG) Limited -Director, ASPIRE ASIA INC.	N/A	N/A	N/A	
CFO	R.O.C.	Huang, Tuo-Wen	Male	2012.02.23	0	0	0	0	0	0	- Accounting, Fu Jen Catholic University - Executive Assistant to Chairman, Simula Technology Inc.	-	N/A	N/A	N/A	

Note 1: Information shall include these of the president, vice president, associate vice president, and head of branches, as well as these who with position equivalent; such information shall be disclosed regardless the title.

Note 2: experience related to the current position. If during the aforesaid period, he/she worked in the certifying accounting firm or affiliate, his/her position and functions shall be specified.

Note 3: Where the President or person of an equivalent post (the highest-level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

II. Remunerations to Directors, President and Vice Presidents in the Most Recent Year

(I) Compensation to Directors and Independent Director

December 31, 2024 Unit: NT\$ thousand

Job Title	Name	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings		Whether remuneration from any investee corporations other than subsidiaries is received?
		Remuneration (A)		Pension (B)		Retained Earnings Distribution (C)		Professional practice (D)				Salaries, bonus and special subsidies (E)		Pension (F)		Employee bonus from earnings (G)						
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Cash dividend	Stock dividend	Companies included in the financial statement	Stock dividend		
Chairman	Representative of Qisda Corp.: Huang, Han-Chou	1,200	1,200	0	0	0	0	20	20	-1.21%	-1.21%	0	0	0	0	0	0	0	0	-1.21%	-1.21%	38,031
President	Representative of Qisda Corp.: Hu, Jo-Yao	400	400	0	0	0	0	20	20	-0.40%	-0.40%	3,480	3,480	108	108	0	0	0	0	-3.97%	-3.97%	
Director	Representative of Qisda Corp.: Lin, Yu-Chin	400	400	0	0	0	0	20	20	-0.40%	-0.40%	0	0	0	0	0	0	0	0	-0.40%	-0.40%	
Director	Representative of Qisda Corp.: Cheng, Yin-Shiang	400	400	0	0	0	0	20	20	-0.40%	-0.40%	0	0	0	0	0	0	0	0	-0.40%	-0.40%	
Independent Director	Yeh, Hui-Hsin	640	640	0	0	0	0	20	20	-0.63%	-0.63%	0	0	0	0	0	0	0	0	-0.63%	-0.63%	N/A
Independent Director	Tan, Tang-O	520	520	0	0	0	0	20	20	-0.52%	-0.52%	0	0	0	0	0	0	0	0	-0.52%	-0.52%	N/A
Independent Director	Chen, Jin-ji	520	520	0	0	0	0	20	20	-0.52%	-0.52%	0	0	0	0	0	0	0	0	-0.52%	-0.52%	N/A
* In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.																						

Table of Compensation Ranges

Compensation range for each Director	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT 1,000,000	Hu, Jo-Yao Lin, Yu-Chin Cheng, Yin-Shiang Yeh, Hui-Hsin Tan, Tang-O Chen, Jin-ji	Hu, Jo-Yao Lin, Yu-Chin Cheng, Yin-Shiang Yeh, Hui-Hsin Tan, Tang-O Chen, Jin-ji	Lin, Yu-Chin Cheng, Yin-Shiang Yeh, Hui-Hsin Tan, Tang-O Chen, Jin-ji	Lin, Yu-Chin Cheng, Yin-Shiang Yeh, Hui-Hsin Tan, Tang-O Chen, Jin-ji
NT\$1,000,000 (included)~2,000,000 (excluded)	Huang, Han-Chou		Huang, Han-Chou	
NT\$2,000,000 (included)~3,500,000 (excluded)	N/A		N/A	
NT\$3,500,000 (included)~5,000,000 (excluded)	N/A		Hu, Jo-Yao	
NT\$5,000,000 (included)~10,000,000 (excluded)	N/A		N/A	
NT\$10,000,000 (included)~15,000,000 (excluded)	N/A		N/A	
NT\$15,000,000 (included)~30,000,000 (excluded)	N/A		N/A	
NT\$30,000,000(included)~50,000,000 (excluded)	N/A		N/A	
NT\$50,000,000 (included)~100,000,000 (excluded)	N/A		N/A	
More than NT\$100,000,000	N/A		N/A	
Total	7 Persons		7 Persons	

(II) Compensation of Supervisors: The Company has established an audit committee, so it is not applicable.

(III) Compensation for President and Vice Presidents

December 31, 2024 Unit: NT\$ THOUSAND

Job Title	Name	Salary (A)		Pension (B)		Salaries, bonus and special subsidies (C)		Employee bonus allocated from earnings (D)				The sum of A,B, C and D in proportion to Earnings (%)		Whether remuneration from any investee corporations other than subsidiaries is received?
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company		Companies included in the financial statement		the Company	Companies included in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Hu, Jo-Yao	2,983	2,983	108	108	497	497	0	0	0	0	-3.56%	-3.56%	N/A
CFO	Huang, Tuo-Wen	2,525	2,525	108	108	420	420	0	0	0	0	-2.92%	-2.92%	N/A

Table of Compensation Ranges

Compensation range for each President and Vice President	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Less than NT 2,000,000	N/A	N/A
NT\$2,000,000 (included)~5,000,000 (excluded)	N/A	N/A
NT\$5,000,000 (included)~10,000,000 (excluded)	Huang, Tuo-Wen	Huang, Tuo-Wen
NT\$10,000,000 (included)~15,000,000 (excluded)	Hu, Jo-Yao	Hu, Jo-Yao
NT\$15,000,000 (included)~30,000,000 (excluded)	N/A	N/A
NT\$30,000,000(included)~50,000,000 (excluded)	N/A	N/A
NT\$50,000,000 (included)~100,000,000 (excluded)	N/A	N/A
More than NT\$100,000,000	N/A	N/A
Total	2 Persons	2 Persons

Compensation for the top five highest-paid executives

December 31, 2024 Unit: NT\$ THOUSAND

Job title	Name	Salary (A)		Pension (B)		Salaries, bonuses, and special subsidies (C)		Employee bonus allocated from earnings (D)				The sum of A, B, C, and D in proportion to Earnings		Whether remuneration from any reinvested other than subsidiaries is received?
		The Company	Companies included in the financial statement	The Company	Companies included in the financial statement	The Company	Companies included in the financial statement	The company		Companies included in the financial statement		The company	Companies included in the financial statement	
								Cash	Stock	Cash	Stock			
President	Hu, Jo-Yao	2,983	2,983	108	108	497	497	0	0	0	0	-3.56%	-3.56%	None
CFO	Huang, Tuo-Wen	2,525	2,525	108	108	420	420	0	0	0	0	-2.92%	-2.92%	None
Wei Tong General Manager (Note 1)	Lin Jian-Zhou	3,250	3,250	108	108	591	591	0	0	0	0	-3.91%	-3.91%	None
Sales Assistant Manager	You Yi-Ting	1,966	5,465	108	108	328	328	0	0	0	0	-2.38%	-2.38%	None
Sales Manager	Lee, Bing-Xuan	1,900	1,900	108	108	317	317	0	0	0	0	-2.30%	-2.30%	None

Note 1: retired on Nov. 30, 2024

(IV) Names of managers provided with employee's remunerations and state of payments:

December 31, 2024 Unit: NT\$ THOUSAND

	Job Title	Name	Stock	Cash	Total	Ratio of Total Amount to the Net Income After Taxes (%)
Senior managerial officers.	President	Hu, Jo-Yao	0	1,872	1,872	0.75%
	CFO	Huang, Tuo-Wen				

IV. Compare and analyze the total compensation as a percentage of net income after taxes stated in the parent company only or individual financial statements, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, President and Vice President. Describe the policies, standards, and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure.

- (I) The total compensation as a percentage of net income after taxes stated in the parent company only financial statement, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, President and Vice President are as the following:

Unit: NT\$ thousands; %

Job Title	The proportion of total compensation in net profit after tax			
	2024		2023	
	The Company	Companies included in the financial statement	The Company	Companies included in the financial statement
Director				
President and Vice President	-10.57%	-10.57%	-13.05%	-13.05%

- (II) Policies, standards, and packages for payment of compensation, as well as the procedures followed for determining the compensation, and their linkages to business performance and future risk exposure.

1. The company has established the "Remuneration Committee Organization Regulations", and established a salary compensation committee to evaluate the remuneration of directors and managers in accordance with the organization regulations.
2. The company's articles of association stipulate that if there is a profit in the year, 0.75% should be allocated as the director's remuneration; in addition, for the general manager and deputy general manager, the company regularly reviews the comparison of the salary levels of peers or competitors to ensure the competitiveness of the salary, in order to achieve the purpose of seeking, motivating and retaining talents. The company's remuneration is divided into two parts, fixed and variable. At the same time, it seeks to fully reflect the performance of individuals and teams on the company's operating goals, and give reasonable remuneration.
3. The remuneration of the company's directors and managers is handled in accordance with the company's articles of association and relevant regulations on salary management, and is reviewed by the salary and compensation committee and approved by the resolution of the board of directors. Its relevant evaluation items include its overall consideration of the degree of participation in the company's operations, and the considerations include the company's operational management capabilities, financial and business performance indicators.

III. Implementation of Corporate Governance

(I) Operations of the Board of Directors

1. In the most recent year (2024~April 2025), the Board of Directors held a total of 6 meetings (A).

The attendance of directors is as follows:

Job Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Chairman	Representative of Qisda Corp. / Huang, Han-Chou	6	0	100%	
Director	Representative of Qisda Corp. / Hu, Jo-Yao	6	0	100%	Feb. 25, 2022 Take office
Director	Representative of Qisda Corp. / Cheng, Yin-Shiang	6	0	100%	
Director	Representative of Qisda Corp. / Lin, Yu-Chin	6	0	100%	
Independent Director	Yeh, Hui-Hsin	6	0	100%	
Independent Director	Tan, Tang-O	6	0	100%	
Independent Director	Chen, Jin-ji	6	0	100%	

Other items that shall be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act: None.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest, specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Date of Board Meeting	Name of Directors	Content of the Proposal	Reasons for Abstentions	Participation in Voting
2024.02.23	Representative of Qisda Corp. / Hu, Jo-Yao	Proposed Managerial Remuneration Performance Indicators for the Year 2024	Due to a conflict of interest.	Did not participate in discussion or voting.
	Representative of Qisda Corp. / Hu, Jo-Yao	Bonus and Salary Adjustment Policy for Managerial Personnel for the Year 2024	Due to a conflict of interest.	Did not participate in discussion or voting.
2025.02.21	Representative of Qisda Corp. / Huang, Han-Chou	Proposal to Lift the Non-Compete Restrictions on Current Directors and Their Representatives	Due to a conflict of interest.	Did not participate in discussion or voting.
	Representative of Qisda Corp. / Hu, Jo-Yao	Proposed Managerial Remuneration Performance Indicators for the Year 2025	Due to a conflict of interest.	Did not participate in discussion or voting.
	Representative of Qisda Corp. / Hu, Jo-Yao	Bonus and Salary Adjustment Policy for Managerial Personnel for the Year 2025	Due to a conflict of interest.	Did not participate in discussion or voting.

3. Implementation Status of Board Evaluations

The Board of Directors approved the "The Rules for Performance Assessment of the Board of Directors" on December 28, 2011, and approved the amendment on October 29, 2020, which stipulated the requirements of

commencing performance appraisal to the Board and the Board members at least once per annual period. Board performance evaluations are conducted at least once every three years by an external independent professional organization or a team of external experts and scholars.

- (1) The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2024 and reported at the Board meeting in February 2025, the score of 97 to 99 or above is considered "excellent", indicating the efficient and good operation by the Board.
- (2) In July 2023, the Company appointed an external independent evaluation organization, Taiwan Corporate Governance Association, to evaluate the effectiveness of the Company's Board of Directors. The evaluation was conducted on the eight major components of the Board of Directors' composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management, and others (e.g., Board of Directors' meetings, support systems, etc.), and the evaluation was conducted by means of an on-line self-assessment, a written review of relevant documents, etc., and an on-site visit in September 2023, which included the Chairman, the President, the three independent directors, the Head of Corporate Governance, and the Head of Audit, with the results of the evaluation to be reported to the Board of Directors at its meeting to be held in October 2023.

Evaluation Cycle	Evaluation Period	Scope Of Evaluation	Evaluation Method	Evaluation Items	Evaluation Index	Score	Result
Annually Once a year	January, 2024 to December, 2024	Board and Board members	Internal Self-Evaluation made by the Board and Board members	1.Alignment of the goals and missions of the company. 2.Participation in the operation of the company. 3.Management of internal relationship and communication. 4.Improvement of the quality of the board of directors' decision making. 5.Composition and structure of the board of directors. 6.Awareness of the duties of a director. 7.Election, professionalism and continuing education of the directors. 8.Internal control.	50 items	99	Excellence
Annually Once a year	January, 2024 to December, 2024	Audit Committee	Internal Self-Evaluation made by Audit Committee	1.Participation in the operation of the company. 2.Awareness of the duties of Audit Committee. 3.Improvement of quality of decisions made by Audit Committee. 4.Makeup of Audit Committee and election of its members. 5.Internal control.	20 items	99	Excellence
Annually Once a year	January, 2024 to December, 2024	Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1.Participation in the operation of the company. 2.Awareness of the duties of Remuneration Committee. 3.Improvement of quality of decisions made by Remuneration Committee. 4.Makeup of Remuneration Committee and election of its members.	16 items	98	Excellence

Every three years	August, 2022 to July, 2023	Effectiveness of the Board	Written review and on-site visit by an independent external organization	The Board of Directors covers eight areas: composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management.	-	-	-
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4. Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

- (1) The Company had established positions of Independent Directors and the Audit Committees in 2013 to exercise the functions required by the Securities and Exchange Act, the Company Act and other legal regulations. In 2013, the Remuneration Committee was established to enhance corporate governance and improve the remuneration and compensation system for Directors and Managers of the company.
- (2) Based on Paragraph 8 of Article 26-3 of the Securities and Exchange Act, the Company has promulgated the "Rules Governing the Procedures of Meetings of the Board of Directors" which stipulated requirements to contents of meetings of the Board, the operating procedures, the matters to be recorded in the proceedings, the announcements and any other matters. Meetings of the Company Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

5. Training of directors (including independent directors)

In order to enhance the professional knowledge and decision-making ability of directors, so as to effectively implement the corporate governance system, the company not only actively promotes the independent director system, but also considers the provisions of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" to establish directors' advanced training The mechanism and channels of the company, and take the initiative to regularly or irregularly according to the professional background of each director, evaluate the company's business axis and main business development direction, and consider the scope outside the professional field of each director, and collect relevant coverage organized by institutions recognized by the competent authority. Financial, business, business, legal, accounting and other course information on corporate governance topics, to properly arrange the training time and content of each member, and obtain the training certificate of each director in a timely manner, and disclose the training status in the website MOPs.

The directors' training status in 2024 is as follows

Job Title	Name	Date	Organizer	Course Name	Training Hours
Legal person director representative	Huang, Han-Chou	2024.11.13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3
		2024.06.13	Chinese Independent Directors Association	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
Legal person director representative	Hu, Jo-Yao	2024.11.13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3
		2024.06.13	Chinese Independent Directors Association	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
Legal person director representative	Lin, Yu-Chin	2024.11.13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3
		2024.06.13	Chinese Independent Directors Association	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
Legal person director representative	Cheng, Yin-Shiang	2024.11.27	Chinese Corporate Management and Sustainable Development Association, R.O.C.	Legal and Practical Analysis of Boardroom Disputes	3
		2024.11.13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3

Job Title	Name	Date	Organizer	Course Name	Training Hours
Independent Director	Yeh, Hui-Hsin	2024.11.20	National Federation of Certified Public Accountants Associations of the Republic of China	Practical Issues in Greenhouse Gas Inventory and Assurance under Standard No. 3410	3
		2024.11.13	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3
		2024.10.29	National Federation of Certified Public Accountants Associations of the Republic of China	Development and Outlook of Domestic and International Carbon Trading Markets	3
		2024.06.13	Chinese Independent Directors Association	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
Independent Director	Tan, Tang-O	2024.09.06	Taiwan Corporate Governance Association	Strategic Considerations for Group Corporate Restructuring	3
		2024.08.23	Taiwan Corporate Governance Association	Prevention of Labor Disputes and Corporate Governance	3
Independent Director	Chen, Jin-ji	2024.09.26	Taiwan Corporate Governance Association	Cybersecurity Threats and Regulatory Trends	3
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	3
		2024.06.13	Chinese Independent Directors Association	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
		2024.04.29	Taiwan Institute of Directors	International Carbon Management Practices and Future Trends in Sustainability Reporting	3

(II) Operations of the Audit Committee

In the most recent year (2024~ April 2025), the Audit Committee held 6 meetings (A), and the attendance status is as follows:

Job Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Yeh, Hui-Hsin	6	0	100%	
Member	Tan, Tang-O	6	0	100%	
Member	Chen, Jin-ji	6	0	100%	

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
 - (1) Any matter under Article 14-5 of the Securities and Exchange Act: Please refer to the important resolutions of the Shareholders' Meeting, Board of Directors, Audit Committee and remuneration committee in this annual report (P49-P52), all resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors.
 - (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.
2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.
3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)
 - (1) The audit supervisor submits the audit report to the audit committee in the month following the completion of the audit project, and the audit committee has no objection.
 - (2) The audit supervisor attends the company's regular board of directors and makes audit business reports, and the audit committee has no objection.
 - (3) When the Audit Committee deems it necessary, it may directly contact and talk with the CPAs.
4. Annual work focus and operation status:
 - (1) Annual work focus
 1. Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
 2. Communicate with CPA regularly over financial statement review or audit results in each quarter.
 3. Review financial reports.
 4. Assessment of the effectiveness of internal control system.
 5. Review the hiring, dismissal, compensation and service matters concerning CPAs in advance.
 6. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
 7. Legal compliance.
 - (2) 2024 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The principles were approved by the Board of Directors on April 24, 2023 and have been disclosed on the Company's website.	None.
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) In order to ensure the rights and interests of shareholders, the company has established a spokesperson system and has a special person in the general management office to handle shareholders' suggestions, doubts or disputes. However, the relationship between the company and shareholders is harmonious and no disputes have occurred.	(1) None.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) In accordance with Article 25 of the Securities and Exchange Law, the company reports changes in equity held by insiders, including directors, managers, and shareholders with more than 10% of the shares, at the public information observation station designated by the Securities and Futures Bureau on a monthly basis; and According to the list of shareholders provided by the stock agency company, master the list of major shareholders.	(2) None.
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The company has formulated the "Regulations for Transactions of Related Parties, Specified Companies, and Group Enterprises" and "Subsidiary Supervision Measures", and special personnel are responsible for the precautions of related companies.	(3) None.
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(4) The company has established the "Operating Procedures for Handling Material Information and Preventing Insider Trading", which covers the relevant regulations on prevention of insider trading. Please refer to the Company's official website.	(4) None.
3. Composition and responsibilities of the board of directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) For the formulation and implementation of the Company's policy on diversity of board members, please refer to the chapter on diversity and independence of the board of directors (P9-P11). The Board of Directors' policy on diversification of members is disclosed on the company's website.	(1) None.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(2) On February 21, 2023, the board of directors of the company has approved the "Risk Management Policy and Procedure" as the highest guiding principle of the company's risk management. And reported to the board of directors on February 21, 2025, the annual company-level major risks formulated by the Risk Management Committee, risk identification and implementation results	(2) None.
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(3) On October 29, 2020, the Board of Directors of the Company has passed the "Rules for Board Performance Evaluation". Please refer the chapter of Implementation of Corporate Governance. (P19-P21) According to the provisions in Article 24 specified in the Articles of Incorporation, the Company's director compensation shall not exceed the 1% of annual profit.	(3) None.
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Company's Audit Committee and Board of Directors evaluate the independence and suitability of its certified public accountants on an annual basis. In addition to requesting the certified public accountants to provide a "Statement of Transcendent Independence" and "Audit Quality Indicators ("AQIs")", the Company evaluates the certified public accountants in accordance with the Criteria for Assessing the Independence of Certified Public Accountants and the 13 AQIs. After confirming that the CPA and the Company have no other financial interests or business relationships except for the fees for visa and tax cases, and that the CPA firm (the certified public accountant and its audit team members) does not violate the independence requirements, the firm was evaluated on the basis of the five components (professionalism, quality control, independence, supervision, and innovation) with reference to the information of the AQIs. We recognize that our accountants and firms' audit experience and training hours are better than the industry average, and we will continue to introduce digital audit tools in the past three years to improve our audit quality The results of the most recent annual evaluation were discussed by the Audit Committee on October 25, 2024 and presented to the Board of Directors on October 25, 2024 for resolution to approve an evaluation of the independence and	(4) None.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																											
	Yes	No	Summary Description																												
			<p>suitability of the accountants.</p> <p>Independence assessment indicators of CPA :</p> <table><tr><th>Evaluation Items</th><th>Result</th><th>Independence</th></tr><tr><td>1. No direct or indirect substantial financial interest between the CPA and the Company.</td><td>NO</td><td>YES</td></tr><tr><td>2. No borrowing/lending of fund between the CPA and the Company.</td><td>NO</td><td>YES</td></tr><tr><td>3. No potential employment relationship exists when the CPA audits the Company's report.</td><td>NO</td><td>YES</td></tr><tr><td>4. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.</td><td>NO</td><td>YES</td></tr><tr><td>5. Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.</td><td>NO</td><td>YES</td></tr><tr><td>6. The CPA does not promote or sell shares or other securities issued by the Corporation.</td><td>NO</td><td>YES</td></tr><tr><td>7. The CPA is not representing the Corporation in litigation of a third party or other disputes.</td><td>NO</td><td>YES</td></tr><tr><td>8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.</td><td>NO</td><td>YES</td></tr></table> <p>For the current year, the Company engaged Ernst & Young CPAs to audit its financial statements, with CPA Mr. Chen, Guo-Shuai and Lin, Cheng-Wei serving as the signing auditors. The firm has obtained Audit Quality Indicators (AQI), and both auditors have been evaluated to meet the required standards of independence and competence without concern.</p>	Evaluation Items	Result	Independence	1. No direct or indirect substantial financial interest between the CPA and the Company.	NO	YES	2. No borrowing/lending of fund between the CPA and the Company.	NO	YES	3. No potential employment relationship exists when the CPA audits the Company's report.	NO	YES	4. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.	NO	YES	5. Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.	NO	YES	6. The CPA does not promote or sell shares or other securities issued by the Corporation.	NO	YES	7. The CPA is not representing the Corporation in litigation of a third party or other disputes.	NO	YES	8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.	NO	YES	
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8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.	NO	YES																													
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate	V		The Company approved the resolution of the board of directors on October 29, 2021, and appointed Mr. Huang, Tuo-Wen as the Chief Director of Corporate Governance. He has more than three years of experience in financial and other management work in public companies and is responsible for the supervision and management of corporate governance.	None.																											

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			<p>The terms of reference are as follows:</p> <ol style="list-style-type: none"> 1. Providing the information required by the directors and the audit committee to carry out their business and the latest laws and regulations related to The Company's operation, 2. Assisting the directors and the audit committee to abide by laws and regulations, 3. Reporting the Corporate Governance operation to the Corporate Governance committee and the board of directors on a regular basis every year, 4. Handling matters related to the meetings of the board of directors and the shareholders' meeting in accordance with the law, 5. Making minutes of the board of directors and the shareholders' meeting, 6. Assisting the directors and the audit committee to take up their posts and continue their studies, etc. <p>The operation in 2024 is updated as follows:</p> <ol style="list-style-type: none"> 1. Assist the independent directors and general directors to perform their duties, provide the required information and arrange the continuing education for directors. 2. Assist the board of directors and shareholders' meetings with procedures and resolutions to comply with laws and regulations, report to the board of directors the status of the company's corporate governance operations, and confirm whether the company's shareholders' meetings and directors' meetings are in compliance with relevant laws and corporate governance codes. After the meeting, be responsible for reviewing the release of important information on important resolutions of the board of directors, ensuring the legitimacy and correctness of the content of important information, so as to ensure the equivalence of investor transaction information. 3. Maintain investor relations, enable investors to obtain sufficient information to evaluate and determine the reasonable capital market value of the enterprise, and ensure that shareholders' rights and interests are well maintained. 4. Draft the agenda of the board meeting, and notify the directors seven days in advance, convene the meeting and provide meeting materials, and remind directors in advance if recusal is needed due to conflict of interest, and complete the minutes of the board meetings within 20 days after the meeting. 5. Handle the pre-registration of the date of the shareholders meeting as required by laws, prepare meeting notices, agenda handbooks, and minutes of meetings within the statutory period, and handle change registration matters in case of the amendment to the articles of incorporation or the re-election of directors. <p>Training status of Corporate Governance Supervisor:</p>	

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			<table><tr><th>Organizer</th><th>Course Name</th><th>Date</th><th>Training Hours</th></tr><tr><td>Chinese Independent Directors Association</td><td>Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends</td><td>2024.06.13</td><td>3</td></tr><tr><td>Taipei Exchange</td><td>Briefing on Insider Shareholding Regulations for TPEx-Listed and Emerging Stock Companies</td><td>2024.09.12</td><td>3</td></tr><tr><td>Taiwan Institute of Directors</td><td>Short- and Long-Term Economic Trends That Business Leaders Should Know</td><td>2024.11.13</td><td>3</td></tr><tr><td>Chinese Corporate Management and Sustainable Development Association, R.O.C.</td><td>Sustainability Committee and Chief Sustainability Officer Roundtable</td><td>2024.12.04</td><td>3</td></tr></table>	Organizer	Course Name	Date	Training Hours	Chinese Independent Directors Association	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	2024.06.13	3	Taipei Exchange	Briefing on Insider Shareholding Regulations for TPEx-Listed and Emerging Stock Companies	2024.09.12	3	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	2024.11.13	3	Chinese Corporate Management and Sustainable Development Association, R.O.C.	Sustainability Committee and Chief Sustainability Officer Roundtable	2024.12.04	3	
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5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder’s section on its company website? Does the Company appropriately respond to stakeholders’ questions and concerns on important corporate social responsibility issues?	V		<p>SIMULA TECHNOLOGY INC. places great importance on communication with stakeholders. A dedicated “Stakeholder Section” has been established on the Company’s website to provide relevant information and diverse communication channels, enabling shareholders, employees, customers, suppliers, and other stakeholders to understand the Company’s concrete actions and achievements in corporate social responsibility (CSR).</p> <p>We have set up a designated whistleblower email account (ethics@simulatechnology.com) as a channel for internal personnel and external stakeholders to file complaints or reports. The Company ensures appropriate responses and handling of concerns raised, with a commitment to transparency, fairness, and timeliness.</p> <p>In addition, a spokesperson email account has been designated to serve as a point of contact for investors and the general public seeking information about the Company’s operations, finances, and business matters. Financial and operational information is regularly disclosed through the Market Observation Post System (MOPS) and on the Company’s website to ensure transparency and real-time disclosure.</p>	None.																				

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			For significant events that may impact stakeholders, the Company complies with relevant regulations by promptly announcing material information via MOPS and concurrently publishing such information on the Company's website. This ensures that all stakeholders have timely access to accurate information, thereby safeguarding their right to know and enhancing the transparency and credibility of the Company's information disclosure.	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company appoints the stock affairs agency of Grand Fortune Securities Co., Ltd. as the Company's stock affairs agency and handles the shareholders' meeting affairs.	None.
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) The company has set up a website (http://www.simulatetechnology.com) to disclose relevant information.	(1) None.
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The company has established a spokesperson system, and has dedicated personnel responsible for collecting company-related information and disclosing work, and is currently actively evaluating the function of disclosing information that affects shareholders	(2) None.
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(3) The Company's 2024 consolidated and parent-company-only financial report was announced and filed on February 21 2025; the first, second and third quarter of 2024 financial reports and monthly revenue were also announced and filed at the Market Observation Post System before the prescribed period, and were uploaded to the Company's website simultaneously.	(3) None.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors'?	V		1. Employee rights: The Company, in compliance with relevant regulations, convenes labor-management meetings on a quarterly basis to hear employees' suggestions and opinions. These meetings serve as an important mechanism for fostering communication between labor and management and for safeguarding employees' rights and interests. 2. Employee wellness: The company provides employees with a good working environment and reasonable welfare measures. In addition to stabilizing	None.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			<p>employees' work, life and health protection to create a goal of joint efforts, it also creates the company's operating performance through conscientious and good management. , and then share the company's profits with employees.</p> <p>3. Investor relations: The company has an "investor zone" on the company's website, through which investors can learn about the company's relevant information, and has a shareholder mailbox as a way to contact the company.</p> <p>4. Supplier relations: The company formulates the "Supplier Management Measures", maintains smooth communication channels with suppliers and upholds the principle of good faith in dealing with them.</p> <p>5. Rights of stakeholders: The company maintains unimpeded communication channels for the rights of interested parties, and respects and safeguards their legitimate rights and interests. When the legitimate rights and interests of interested parties are infringed, the company will uphold the principle of good faith and properly deal with it.</p> <p>6. Directors' continuing education: The directors of the company have referred to the provisions of the "Reference Examples for the Implementation of Directors and Supervisors of Listed OTC Companies". Study for 12 hours and obtain relevant supporting documents.</p> <p>7. Risk management policy and execution of risk measurement standards: The company cooperates with relevant laws and regulations to implement various policies, and has internal auditors to ensure that the implementation of relevant policies is in compliance with regulations.</p> <p>8. Implementation of customer relations policies: The company has dedicated business and the assistants for all customers to ensure timely response to customer needs.</p> <p>9. Purchasing liability insurance for directors and supervisors: The Company has purchased directors' liability insurance with a coverage amount of NT\$90 million. The insurance period is from July 1, 2024 to July 1, 2025. The policy covers liabilities arising from violations of laws, errors, or failure to exercise due care as a prudent manager by directors, key officers, or employees in the performance of their duties, which result in losses to third parties and for which the insured becomes legally liable, provided that the claim is first made during the policy period. The insurance arrangement was reported to all directors at the Board of Directors meeting on July 29, 2024.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:				
The Company's Corporate Governance Evaluation result for the year 2023 ranked within the top 21%–35%.				
For the years 2021 and 2022, the Company's results were ranked within the top 36%–50%.				
To better understand and respond to stakeholders' concerns, the Company has established a dedicated Stakeholder Section on its website. In 2023, the Company also adopted the "Risk Management Policy and Procedures," and on February 21, 2025, the Board of Directors was briefed on the operations of the Risk Management Committee.				
The Company continues to strengthen and improve in areas such as protecting shareholder rights, equitable treatment of shareholders, enhancing the structure and operation of the Board, increasing information transparency, and fulfilling corporate social responsibility.				
Following the announcement of the annual evaluation results, the Company reviews any areas where targets were not met and continues to make improvements to enhance transparency, reduce information asymmetry, and promote shareholder interests.				

(IV) If the company has a remuneration committee, it should disclose its composition, responsibilities and operation

1. Member Information of Remuneration Committee

March 29, 2025

Condition Name	Key board qualifications, expertise and attributes	Meet conditions of independence	Number of other public companies where the Director concurrently serves as an Independent Director
Independent Director (convener) Yeh, Hui-Hsin	<ul style="list-style-type: none"> ➤ Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. ➤ She had served as a partner accountant of Ernst & Young. And currently a CPA of Wei Chin CPAs & Co., Independent Director of Acter Group Corp. Limited, Director of Wei Xin Financial Consultancy Co., Ltd. and Independent Director of Data Image Corp., ➤ None of the circumstances specified in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Not a Director or employee of the Company or any of the Company's affiliates; including independent director himself/herself, spouses or second degree of kinship. 2. Not holding over 1% of company shares or being a top 10 natural person shareholder; including independent director himself/herself, spouses or second degree of kinship. 3. Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Act. 	1
Independent Director Tan, Tang-O	<ul style="list-style-type: none"> ➤ Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. ➤ currently serve as the President of IQE Taiwan Corp., ➤ None of the circumstances specified in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 4. Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. 	0
Independent Director Chen, Jin-ji	<ul style="list-style-type: none"> ➤ Have more than 5 years of work experience in commerce, Legal, Finance, Accounting or related corporate business. ➤ And currently serve as the Professor of CTBC Business School, Adjunct Professor National Chung Hsing University of National Chung Hsing University, Chinese Culture University and Tamkang University, Independent Director of TransGlobe Life Insurance Inc., Taiwan Land Development Corp. and Century Iron and Steel Industrial Co., Ltd. and Director of TCM Biotech International Corp. ➤ None of the circumstances specified in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 5. Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. 6. Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. 7. In the recent two years, not providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company. 	2

2. Operation of Remuneration Committee:

- (1) The Company has a Remuneration Committee composed of three members.
- (2) Term of the current Committee: From June 9, 2023 to June 8, 2026, the most recent year (2024~February 2025) Salary and Compensation Committee will meet 3 times (A). The qualifications and attendance of the members are as follows:

Job Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Yeh, Hui-Hsin	3	0	100%	
Member	Tan, Tang-O	3	0	100%	
Member	Chen, Jin-ji	3	0	100%	

Other information required to be disclosed:

1. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the company's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the remuneration committee, please specify the deviation and reason): None.
2. If a member has a dissenting or qualified opinion, if a member has a dissenting or qualified opinion, that a member has a record or reservation that is recorded or stated in a written statement, the date and session of the Remuneration Committee, the content of the proposal, all members' opinions, and the handling of the opinions of the member of the Remuneration Committee shall be stated: None.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Company's sustainability initiatives are led by the General Manager, who serves as the Chairperson of the Sustainability Committee. The committee includes an Executive Secretary and three functional teams: the "Corporate Governance Team," the "Green Sustainability Team," and the "Social Care Team." These teams are headed by department heads from Finance & Accounting, Procurement, Human Resources, and Administration, who are responsible for driving relevant initiatives within their respective areas of expertise. To ensure that the Board of Directors is informed of and able to supervise the Company's sustainability efforts, a report on the implementation status of sustainability initiatives is submitted to the Board at least once per year. The 2024 implementation status was reported to the Board on February 21, 2025.	If there are legal or practical considerations, it will be handled with reference to the Code of Practice for Sustainable Development of Listed OTC Companies and relevant laws and regulations.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The board of directors of the company approved the "Risk Management Policy and Procedure" as the highest guiding principle of the company's risk management on February 21, 2023. And the Risk Management Committee (RMC) organization was formally established, with the President as the chairman and the Chief of the Management Department as the supervisor on February 21, 2023. The meetings were held periodically, the board of directors reported the risk management operating conditions of year 2023 on February 21, 2025. This disclosure covers SIMULA's sustainability performance at its major operational sites from January to December 2024. The scope of risk assessment focuses primarily on the Taiwan headquarters and the Wei Tong manufacturing site in China. This year marks SIMULA's first publication of a sustainability report, which follows the materiality assessment approach outlined in the GRI Standards. For the first time, a stakeholder survey was conducted to understand stakeholder concerns across economic, governance, environmental, and social dimensions. The results of the survey served as the foundation for SIMULA to identify material topics and formulate its sustainability strategy. For each newly identified material topic, the Company assessed its impact on operations and corresponding management needs, set relevant management objectives, and initiated follow-up management actions along with performance reviews. Based on the assessed risks, the Company has formulated the following risk management policies or strategies:	No significant difference.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons		
	Yes	No	Summary Description			
			Major Topics	Risk Assessment		Risk Management Strategy
			Economic/ Governance	Innovation and R&D		The Company continues to enhance its automation and modular design capabilities, rigorously implementing design reuse, shared materials, and design simplification strategies. Multi-faceted design reviews are conducted to strengthen product quality stability and reduce design risks. In addition, through mass production and cost analysis, process optimization and automated production are introduced to effectively lower manufacturing costs. By collaborating with customers on design and providing technical support, the Company builds deeper trust and strengthens long-term partnerships.
				Operational Performance		The Company is committed to enhancing operational efficiency and optimizing resource allocation. Through data-driven decision-making and continuous improvement, it ensures stable and sustainable corporate growth.
			Social	Compensation and Benefits		The Company regards its employees as its most valuable assets. Through a competitive compensation and benefits system, it attracts and retains key talent. Bonuses and profit-sharing are awarded based on business performance and individual contributions to enhance employee engagement and retention. In addition, the Company applies flexible human resource management in line with its annual manpower plan to ensure a stable labor supply and reduce the risk of human resource shortages.

Promotion Item	Implementation Status (Note 1)			Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No			
				Product Responsibility / Product Safety	All products and services provided by the Company comply with local regulatory requirements and international laws, including EU RoHS and REACH directives, to ensure they are free of hazardous substances. The Company strictly controls raw material sourcing to avoid the use of conflict minerals. It is committed to adhering to relevant regulations and implementing product safety policies to reduce risks arising from design or manufacturing defects, thereby protecting users' rights and safety.
			Environmental	Sustainable Supply Chain	The Company actively promotes supply chain management by auditing and monitoring suppliers based on quality, delivery, service, and carbon reduction targets. Through annual supplier evaluations and the signing of commitment letters, the Company ensures supply chain stability and compliance, thereby reducing supply risks and procurement uncertainties.
				Raw Material Management	The Company is committed to integrating sustainability principles throughout its raw material management process and ensuring responsible sourcing practices. It ensures that raw materials are sourced legally, ethically, and with transparency. Priority is given to environmentally friendly materials and recycled resources. The Company also collaborates closely with suppliers to promote the development of a green supply chain. Policies related to raw material management are reviewed and updated annually to align with international standards and stakeholder expectations.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons															
	Yes	No	Summary Description																
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		<div>1. The Company places great importance on environmental protection and sustainable operations. In alignment with industry characteristics and international standards, an environmental management system has been implemented.</div> <div>2. The primary boundaries of the environmental management system include the Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. in China.</div> <div>3. Both the Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. in China have obtained ISO 14001:2015 Environmental Management System certification. In accordance with system requirements, they have implemented pollution prevention, resource conservation, and regulatory compliance measures to ensure continual improvement in environmental performance.</div> <div>4. In addition, both sites have also been certified under ISO 45001:2018 Occupational Health and Safety Management System, ensuring workplace safety and health for employees, and fulfilling corporate social responsibility (CSR) and environmental sustainability commitments.</div> <div>5. The Action Star Corp. in Taiwan successfully completed its first ISO 14064:2018 greenhouse gas inventory verification in November 2024, strengthening carbon emissions management in support of the Group's net-zero carbon reduction goals.</div> <div>6. Certificate Validity Period:</div> <table><tr><td></td><td>Action Star Corp. in Taiwan</td><td>SIMULA Technology (Shenzhen) Co., Ltd. in China</td></tr><tr><td>ISO 14001</td><td>~2026/02/21</td><td>~2026/07/24</td></tr><tr><td>ISO 45001</td><td>~2026/03/26</td><td>~2026/07/24</td></tr><tr><td>UL 2799</td><td></td><td>~2026/03/25</td></tr><tr><td>QC080000:2017</td><td></td><td>~2025/07/21</td></tr></table>		Action Star Corp. in Taiwan	SIMULA Technology (Shenzhen) Co., Ltd. in China	ISO 14001	~2026/02/21	~2026/07/24	ISO 45001	~2026/03/26	~2026/07/24	UL 2799		~2026/03/25	QC080000:2017		~2025/07/21	No significant difference.
	Action Star Corp. in Taiwan	SIMULA Technology (Shenzhen) Co., Ltd. in China																	
ISO 14001	~2026/02/21	~2026/07/24																	
ISO 45001	~2026/03/26	~2026/07/24																	
UL 2799		~2026/03/25																	
QC080000:2017		~2025/07/21																	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		The Company continues to promote energy conservation, carbon reduction, and the recycling and reuse of packaging materials. Through electricity and water conservation measures as well as green design, the Company aims to reduce its environmental footprint. In terms of environmental sustainability, green design principles are incorporated at the early stages of	No significant difference.															

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			product development. This includes assessing the potential environmental impact and risks of products and components throughout their life cycle, and selecting environmentally compliant parts from the design source to minimize negative environmental effects. In addition, the SIMULA Technology (Shenzhen) Co., Ltd. in China has obtained QC080000:2017 certification for Hazardous Substance Process Management and remains committed to addressing environmental sustainability issues throughout its operations. The use of water, electricity, and other resources is designated as a key area of control, with efforts focused on reducing resource consumption to further minimize environmental impact.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		<p>To mitigate the operational impact of climate change—such as flooding and water-related disasters caused by typhoons and heavy rainfall—the Company has actively implemented the following risk control measures to minimize risks at its facilities:</p> <ol style="list-style-type: none"> 1. Enhance employee awareness of risk management and emergency response capabilities by conducting regular site-wide disaster response drills. 2. Promote energy-saving and carbon-reduction actions by continuously replacing traditional lighting with LED lighting systems. 3. Adopt energy management practices by implementing energy management and monitoring systems in phases to improve energy efficiency. 4. Strategically increase the proportion of local sourcing from suppliers and promote energy-efficient production practices. 5. Conduct risk assessments to identify potential risks and opportunities associated with climate change, providing valuable input for operational decision-making. 6. In pursuit of sustainable operations, the Company has established policies on energy conservation, carbon reduction, greenhouse gas (GHG) emissions reduction, water conservation, and waste management. Greenhouse gas emissions and water usage are regularly measured and tracked to support continuous optimization of resource use. 	No significant difference.
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>1. The company currently has statistical information and formulates management policies. The company is a low-pollution industry and promotes the concept of saving and reducing carbon among employees on a daily basis.</p> <p>The company's statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years are as follows:</p> <p>(1) The last two years of greenhouse gas emissions: (Scope 1 and 2 data cover the Taiwan headquarters, subsidiary Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. in China)</p>	No significant difference.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																								
	Yes	No	Summary Description																									
			<div><div><div>ton CO_{2e}/year</div><table><tr><th>Years</th><th>scope 1</th><th>scope 2</th></tr><tr><td>2023</td><td>223.02</td><td>4,008.71</td></tr><tr><td>2024</td><td>202.80</td><td>4,719.42</td></tr></table></div><p>In 2024, the total greenhouse gas (GHG) emissions for Scope 1 and Scope 2 amounted to 3,922.22 metric tons. The majority—95%—originated from Scope 2 indirect GHG emissions due to purchased energy, while the remaining 5% came from Scope 1 direct GHG emissions.</p><p>To reduce GHG emissions, the Company continues to implement energy-saving and carbon-reduction measures, including the replacement of outdated power-consuming equipment with high-efficiency energy-saving alternatives and the strengthening of electricity management mechanisms to enhance energy efficiency. In addition, through internal awareness campaigns and administrative management, the Company promotes energy-saving behaviors and awareness to achieve the goals of reducing energy consumption and lowering carbon emissions.</p><p>(2) Water consumption: (The information covers the Taiwan headquarters, subsidiary Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. In China)</p><table><tr><th>Years</th><th>The Total Water Consumption (Tons)</th></tr><tr><td>2023</td><td>74,548</td></tr><tr><td>2024</td><td>76,483</td></tr></table><p>(3) The total weight of waste: (The information covers the subsidiary Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. In China)</p><table><tr><th>Years</th><th>Hazardous Waste (Tons)</th><th>Non-Hazardous Waste (Tons)</th></tr><tr><td>2023</td><td>2.28</td><td>192.49</td></tr><tr><td>2024</td><td>1.79</td><td>173.48</td></tr></table><p>2. The Company strives to reduce paper consumption and resource waste by using email as the primary form of communication in daily operations. In addition, energy-saving policies are actively promoted, including encouraging employees to develop the habit of turning off unused equipment and lights. The Company also utilizes waste heat recovery technology from air compressors to supply hot water for employees, thereby conserving electricity and</p></div>	Years	scope 1	scope 2	2023	223.02	4,008.71	2024	202.80	4,719.42	Years	The Total Water Consumption (Tons)	2023	74,548	2024	76,483	Years	Hazardous Waste (Tons)	Non-Hazardous Waste (Tons)	2023	2.28	192.49	2024	1.79	173.48	
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Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>water. Furthermore, all lighting equipment in factory and warehouse areas has been replaced with high-efficiency LED fixtures to improve energy efficiency and support the goals of energy conservation, carbon reduction, and greenhouse gas (GHG) emissions mitigation.</p> <p>3. The Company is committed to environmental protection and has established KPI targets for waste reduction. In accordance with the ISO 14001 Environmental Management System standards, internal and external audits are conducted annually. Through the promotion of sustainable resource utilization and the implementation of effective management practices, the Company has achieved a year-over-year decrease in the waste generation ratio.</p>	
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>The Company is committed to safeguarding employee rights and complies with local regulations on human rights management, while meeting the expectations and needs of stakeholders. The Company explicitly prohibits the employment of child labor and ensures equal treatment in the workplace. It also strictly prohibits all forms of forced labor, with particular emphasis on the prevention of slavery and human trafficking.</p> <p>To protect employees' rights and working conditions, regular labor-management meetings are held in accordance with regulations, serving as a formal channel for communication and coordination between labor and management. In cases involving sexual harassment or other forms of improper treatment, employees may file complaints directly with the Human Resources Department in accordance with the "Whistleblowing and Grievance Handling Procedures." The Company maintains strict confidentiality regarding the identity and information of whistleblowers to protect their rights and safety.</p> <p>As of the end of 2024, the Company had not received any complaints or reports related to labor rights or human rights issues, indicating the effectiveness of its human rights protection measures and management practices.</p>	No significant difference.
<p>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	V		<p>1. Employee benefits are based on laws and regulations, including wages, vacations and legally prescribed benefits, etc. Please refer to "V. Labor Relations" on page 76 of this Annual Report.</p> <p>2. Employee remuneration is stipulated in Article 24 of the company's articles of association: if there is a profit in the year, 5% to 20% of the employee remuneration should be appropriated, and at least 10% of the total employee remuneration shall be allocated to frontline employees. and the board of directors will issue a resolution; the remuneration strategy is based on the company's operating performance and provides a competitive overall Remuneration, including basic salary, bonus and bonus.</p> <p>3. The company regularly conducts year-end assessments every year. The assessment procedures are based on work target performance, work ability and work attitude, etc., and</p>	No significant difference.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons								
	Yes	No	Summary Description									
			<p>are assessed fairly and reasonably in accordance with the standards of the assessment table.</p> <p>4. Workplace Diversity Policy: The company is committed to providing employees with a dignified and safe working environment. We implement diversity in employment, fairness in salary and promotion opportunities, and ensure that employees will not be excluded from employment due to race, gender, religious belief, age, political orientation and other factors. Discrimination, harassment or unequal treatment for any other status protected by statute.</p> <table><tr><th>index</th><th>(%)</th></tr><tr><td>Women accounted for total employees (%)</td><td>52.00%</td></tr><tr><td>Women accounted for all supervisors (%)</td><td>36.84%</td></tr><tr><td>Women accounted for senior executives (%)</td><td>-</td></tr></table>	index	(%)	Women accounted for total employees (%)	52.00%	Women accounted for all supervisors (%)	36.84%	Women accounted for senior executives (%)	-	
index	(%)											
Women accounted for total employees (%)	52.00%											
Women accounted for all supervisors (%)	36.84%											
Women accounted for senior executives (%)	-											
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>1. In order to prevent the occurrence of occupational disasters, the Company spares no effort to improve the working environment to ensure the safety of employees (including all partners), including education and training, improvement of the working environment, prevention and management of hazards, auditing, contractor management and health promotion, etc., in order to provide a safe working environment for employees.</p> <p>2.The company provides employees with the following safety and health related work items:</p> <p>(1) Annual employee health checkups in accordance with relevant laws and regulations.</p> <p>(2) Annually scheduled safety and health education and training courses.</p> <p>(3) Annual operational environmental inspections.</p> <p>(4) Establishment of diversified communication channels for staff suggestions and grievances.</p> <p>(5) The Company commissions occupational health nurses to continuously monitor employees identified with high-risk indicators for hypertension, hyperglycemia, and hyperlipidemia (the "three highs") based on health examination results. Personalized health education and improvement recommendations are provided to help employees develop healthy lifestyle habits and reduce health risks.</p> <p>(6) To establish the "Measures for the Prevention and Control of Sexual Harassment" to provide a channel for complaints and to maintain an orderly working environment.</p> <p>(7) Accident and medical insurance for employees.</p>	No significant difference.								

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>(8) Establishing disaster emergency response guidelines and conducting annual fire prevention drills.</p> <p><u>Labor Environmental Monitoring</u> Regularly, a monitoring organization is entrusted to monitor the working environment to control the status of hazard factors in the working environment, and to improve the working site based on the monitoring results to reduce the occurrence of occupational diseases.</p> <p>Every year, the company trains and promotes employees' occupational safety and health education and training and fire and earthquake escape related online courses, and in 2024, 100% of the employees have completed the training courses.</p>	
(4) Has the Company established effective career development training programs for employees?	V		<p>The company attaches great importance to the cultivation and development of colleagues, and believes that only by continuously cultivating outstanding talents can it strengthen the basis of competition and create high-quality human resources. The company has invested a considerable amount of resources to match the human resources required for the company's development and the majors required for the business promotion of each functional unit, provide comprehensive training courses, and effectively develop human resource training to improve the work quality of colleagues and achieve business goals.</p>	No significant difference.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>The marketing and labeling of the company's related products have been handled in accordance with the group's GDPR Team's advocacy of national laws and regulations and ISO-related regulations.</p> <p>The Company places great importance on training for both current and newly hired employees. Training programs cover new employee orientation, professional knowledge, and competency development. In 2024, the Company conducted multiple training sessions, with a total of 751 training hours and 427 total attendances. On average, each employee received 11.20 hours of training during the year.</p> <p>The Company complies with relevant regulations and international standards, including EU RoHS, REACH, ISO 9001, ISO 13485, and IATF 16949, to ensure that its products meet health and safety requirements, and to avoid the use of hazardous substances and conflict minerals. Regulatory compliance and safety design are integrated into the product development stage, while the Quality Assurance Center is responsible for quality inspection and risk control throughout the production process.</p> <p>A customer service complaint channel and quality assurance response mechanism are in place to ensure prompt resolution and improvement of issues raised by customers.</p> <p>The Company undergoes third-party audits annually and continuously enhances its product safety and quality management systems to safeguard customer health, safety, and rights.</p>	No significant difference.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>The Company has established a Supplier Management Policy and, in accordance with its "Supply Chain Management Practices," has developed relevant standards and implementation mechanisms to address issues related to environmental protection, occupational health and safety, and labor and human rights. The specific practices are as follows:</p> <p>1. New Supplier Evaluation For new suppliers, procurement personnel follow standard procedures to input basic supplier information into the SIMULA system. The data entry process is completed after online approval by the supervisor. During the supplier evaluation stage, the accuracy and completeness of the supplier's business registration and certification documents are verified. In addition, the Company promotes ethical conduct and the Supplier Code of Conduct, emphasizing compliance with social responsibility requirements, including labor conditions, health and safety, environmental protection, and business ethics. The Company ensures suppliers align with the OECD Due Diligence Guidance for Responsible Supply Chains.</p> <p>2. Supplier Assessment and Continuous Improvement Existing suppliers are required to hold ISO 9001 certification. The Quality Assurance and Procurement departments regularly conduct evaluations and scoring reviews. If any deficiencies are identified during audits, the supplier will be required to implement corrective actions within a specified timeframe, with ongoing follow-up. In cases of violations involving environmental regulations, occupational health and safety, or labor and human rights, the Company may reduce business volume, suspend, or terminate contracts depending on the severity.</p> <p>3. Supplier Communication and Awareness Promotion Through regular supplier meetings, the Company strengthens suppliers' awareness of environmental protection, occupational health and safety, and labor and human rights. Ongoing communication and education are conducted to foster long-term, stable partnerships throughout the supply chain.</p>	No significant difference.
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company has prepared its sustainability report with reference to internationally recognized reporting standards, such as the Global Reporting Initiative (GRI) Standards, to disclose non-financial information. The report is scheduled to undergo assurance by a third-party verification body by June 30, 2025, with the aim of obtaining a limited or reasonable assurance opinion. The final report will be uploaded and publicly disclosed no later than August 31, 2025.	If there are legal or practical considerations, it will be handled with reference to the Code of Practice for Sustainable Development of Listed OTC Companies and relevant laws and regulations.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: No differences.				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: None.				

Implementation of Climate-related Information

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>1. Climate Risk and Opportunity Governance Climate-related risks and opportunities, along with annual sustainability risk management topics, are reported to the Board of Directors on an annual basis, with the Board overseeing implementation performance. The results for 2024 were reported to the Board in February 2025. The General Manager serves as the Chairperson, with first-tier department heads responsible for risk identification, assessment, and mitigation.</p> <p>2. Refer to the table below titled "Risk and Opportunity Items / Financial Impacts and Response Mechanisms."</p> <p>3. Refer to the table below titled "Risk and Opportunity Items / Financial Impacts and Response Mechanisms."</p> <p>4. In accordance with the Company's Risk Management Policy, the following measures are implemented:</p> <p>4.1. The Sustainability Task Force evaluates climate risks concurrently when assessing ESG risks.</p> <p>4.2. The Sustainability Task Force reviews and confirms material ESG and climate risks through internal decision-making mechanisms.</p> <p>4.3. Based on the confirmed ESG and climate risks, strategic targets and action plans are set.</p> <p>4.4. The status of ESG and climate risk implementation is reported to the Board annually, with the most recent report submitted in February 2025.</p> <p>5. The Company did not conduct scenario analysis to assess climate change risks in 2024.</p> <p>6. Rising Average Temperatures: To reduce the risk of increased energy consumption due to climate change, the Company plans to gradually replace office air conditioning systems. By 2026, the current systems will be upgraded to energy-saving products that meet the government's highest energy efficiency standards (Level 1), thereby improving overall energy efficiency.</p>

Item	Implementation status
	<p>7. The Company has not yet implemented internal carbon pricing.</p> <p>8. None</p> <p>9. According to the sustainability roadmap, companies with paid-in capital under NT\$5 billion are required to complete a greenhouse gas inventory for consolidated parent and subsidiary companies for the year 2026 (based on 2025 data). The Company has not yet conducted such an inventory, and thus has not established a base year, reduction targets, strategies, or specific action plans.</p>

Risk and Opportunity Items / Financial Impact and Mitigation Mechanisms Table

Risk and Opportunity	Financial Impact and Response Mechanism
Increase in Greenhouse Gas Emission Pricing	<p>According to the Climate Change Response Act, the government has legislated the 2050 net-zero emission target and will begin imposing carbon fees in 2025 (Year 114) on industries with significant direct or indirect emissions. This risk may lead to increased operating costs. However, as the Company is not currently classified as a high-emission industry, the overall financial impact on operations is expected to be limited.</p>
Changes in Precipitation Patterns and Extreme Climate Events	<p>Due to shifts in rainfall patterns and increasingly extreme climate conditions, the frequency of severe weather events (such as typhoons and heavy rainfall) has increased. These events may result in flooding of office buildings and disrupt business operations. Following risk assessment, the Company has adopted the following preventive and responsive measures to minimize financial losses and operational interruptions:</p> <ol style="list-style-type: none"> 1. Conduct regular inspections of office window seals and external wall waterproofing to prevent water seepage during heavy rainfall. 2. Coordinate with building property management to ensure that floor drainage systems remain unblocked and that balconies and drains are regularly cleared. 3. Establish a remote work mechanism to enable employees to work from home during extreme weather conditions, thereby reducing the risk of business interruption. 4. Plan employee evacuation routes and communication protocols, and conduct regular reviews and drills.
Rising Average Temperatures	<p>Continued increases in average temperatures lead to higher energy consumption and elevated operating costs. A 1°C increase in Taiwan's average temperature may result in a 6% rise in electricity usage. Assuming electricity rates remain unchanged, a 1.5°C increase could lead to an estimated 9% increase in electricity consumption and related costs. This is considered a mild impact. In response, the Company is implementing measures such as upgrading air conditioning and cooling systems.</p>

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(1) The company has formulated the "Code of Integrity Management", and will actively implement the commitments of the management policy based on its principles, and publicize the company's integrity management policy to all employees.	No significant difference.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		(2) The company has established an "Integrity Manual", and regularly publicizes that employee must not use their powers to seek illegal benefits, accept entertainment, gifts, accept kickbacks, embezzle public funds, or other illegal benefits. Every donation and sponsorship must be reported to the authorized level for approval, in compliance with relevant laws and internal operating procedures.	No significant difference.
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		(3) The company has established the "Integrity Manual", which has clear codes of conduct for "conflicts of interest", "compliance with laws and regulations", "business secrets and company assets", and uses publicity, education and training methods to require employees not to use their powers to seek illegal interests, and acceptance of entertainment, gifts, kickbacks, embezzlement of public funds, or other illegal interests, hoping to prevent dishonest behavior from affecting business relationships or transaction behavior, and clearly stipulate the reporting and complaint system in the integrity manual,	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		(1) The company will conduct a preliminary credit investigation before starting to establish a transaction relationship with customers or suppliers, and try to avoid transactions with customers or suppliers with records of dishonest behavior.	No significant difference.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		(2) The company has set up a concurrent unit affiliated with the board of directors to promote corporate integrity management, which is the General Administration Office. And regularly report to the board of directors every year. The implementation situation in 2024 was reported to the board of directors on February 21, 2025.	No significant difference.
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		(3) At present, if there is a conflict of interest in the company, the internal employees of the company can report directly to the supervisor of the department directly under the company.	No significant difference.
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		(4) The company has a complete accounting system and internal control system, and the relevant personnel implement it in accordance with the prescribed system. If any abnormality occurs, it will be reported to the supervisor or the board of directors immediately.	No significant difference.
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(5) The company annually provides an online training session regarding overview of Integrity Handbook to all employees. In 2024, 100% of employees have completed the training course.	No significant difference.
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing	✓		(1) The company has clearly stipulated the disciplinary system in the "Integrity Manual", and has set up an independent reporting mailbox according to the operating procedures for reporting violations of the integrity code.	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?				
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(2) The company has formulated the "Whistleblowing System" and "Code of Integrity Management". If a whistleblowing case is accepted, the investigation process and results will be kept, and the identity and content of the whistleblower will be kept confidential.	No significant difference.
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	✓		(3) The whistleblower can choose to be anonymous, and the unit that accepts the whistleblower is also obliged to keep it confidential if it is not anonymous.	No significant difference.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		Both the company's website and annual report disclose the relevant content of the Code of Integrity Management and the performance of integrity management for the knowledge of interested parties. Please refer to the company website for the promotion situation.	No significant difference.
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No differences.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles): (1) The Company has set up a supplier anti-corruption channel for suppliers. Suppliers can respond to any violation of the code of ethics and conduct of Integrity by any of the Company's colleagues through the Integrity Mailbox: ethics@simulatechnology.com, and the Company will deal with it immediately. The Company will keep the contents and results of the investigation strictly confidential and ensure that the interests of the relevant persons will not be jeopardized. (2) Every year, the company-wide "Integrity and anti-corruption" online training course is regularly carried out. The course content includes: introduction to the contents of the integrity manual, key summaries, practical example explanations, and after-school tests to check the learning results of colleagues. In order to implement the publicity of the Integrity Manual, in addition to the original Chinese version, the company also completes the English version of the Integrity Manual for overseas operating bases, and publicizes it and conducts relevant education for colleagues.				

(VII) Other important information that can promote understanding of the company's corporate governance operations:

1. The company passed the "Guidelines for Process of Internal Major Information and Insider Trading Prevention Management" by the board of directors on October 28, 2016 and revised it on October 28, 2022. The main contents include the following items

(1) Scope of application

These Procedures shall apply to all directors, managerial officers, and employees of this Corporation. This Corporation shall ensure that any other person who acquires knowledge of this Corporation's material inside information due to their position, profession, or relationship of control shall comply with the applicable provisions of these Procedures.

(2) Internal important information confidentiality operating procedures.

(3) Procedures for handling internal material information disclosure.

(4) Handling of abnormal situations.

(5) Internal control operations and internal education and publicity.

2. This year, before May 31, 2024, relevant education publicity for employees and current directors and managers has been completed. The course content includes the basic concepts of insider trading, regulations prohibiting insider trading, elements of insider trading (person, event, time, object, behavior), legal effects of insider trading, and how to initiate an investigation of insider trading. A total of 75 people have 1-hour education. Propaganda, send the publicity files to current directors and managers during the course, and place the publicity files on the company intranet for reference by employees.

3. On October 29, 2021, the Board of Directors made the resolution of appointing corporate governance personnel to protect shareholders' rights and enhance the functions of the Board of Directors.

4. Managers attend training related to corporate governance

Job Title	Name	Organizer	Course Name	Training Hours
President	Hu, Jo-Yao	Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3
		Independent Directors Association Taiwan	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
CFO	Huang, Tuo-Wen	Accounting Research and Development Foundation	Continuing Education for Accounting Executives.	12
Supervisor of the Corporate Governance	Huang, Tuo-Wen	Independent Directors Association Taiwan	Introduction to IFRS Sustainability Disclosure Standards and Insights on Global and Domestic Net-Zero Carbon Emission Trends	3
		Taipei Exchange	Insider Shareholding Guidelines for TPEX-Listed and Emerging Stock Companies	3
		Taiwan Institute of Directors	Short- and Long-Term Economic Trends That Business Leaders Should Know	3
		Securities and Futures Institute	Sustainability Committee and Chief Sustainability Officer (CSO) Roundtable	3

(VIII) Status of Implementation of Internal Control System

1. Statement on internal controls

SIMULA TECHNOLOGY INC.
Statement on internal controls



Date: FEB 21, 2025

The Company inspected the 2024 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to "the Regulations" for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, [2024](#)) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at the meeting of the Board of Directors on February 21, 2025 with seven attending Directors. The contents of the declaration have been accepted without objection.

SIMULA TECHNOLOGY INC.

Chairman : Huang, Han-Chou



President : Hu, Jo-Yao



2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: None.

(IX) Important resolutions of the Shareholders' Meeting, the Board of Directors, the Audit Committee and the Remuneration Committee in the most recent year and as of the publication date of the Annual Report:

Important Resolutions of the Board of Directors		
Date	Subject	Resolution Result
2024.02.23	1.Report on the Statement of Internal Control System and Self-Assessment Results for Fiscal Year 2023.	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	2.Proposed 2023 Financial Statements, Report of Operations and 2024 Operating Plan.	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	3.Proposed Statement of Appropriations of Gains and Losses for 2023.	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	4.Proposed date and agenda for the 2024 Annual General Meeting of Shareholders.	After being consulted by the chairman, approved by all attending directors without objection.
	5.Proposed 2024 Accountant Services Fee Bill.	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	6. Proposed reaffirmation of the Company's general policy case for pre-approved non-confirmation services.	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	7.Proposed Recommendation of Managerial Compensation Indicator Case for 2024.	This subject has been approved by the Remuneration Committee, except the Qisda Corp. Representative of Director, Hu, Jo-Yao did not participate in the voting of this case, and it was approved by the other attending directors and independent directors.
	8.Proposed Manager's Bonus and Salary Adjustment Policy for 2024	This subject has been approved by the Remuneration Committee, except the Qisda Corp. Representative of Director, Hu, Jo-Yao did not participate in the voting of this case, and it was approved by the other attending directors and independent directors.
2024.04.26	1. Approved the company's consolidated financial statements for the Q1, 2024.	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	2. Proposed amendments to the "Rules of Organization of the Audit Committee".	After being consulted by the chairman, approved by all attending directors without objection.
	3. Proposed Amendments to the Rules of Procedure of the Board of Directors.	After being consulted by the chairman, approved by all attending directors without objection.
	4. Amendment to the Convening of the 2024 Ordinary General Meeting of Shareholders of the Company.	After being consulted by the chairman, approved by all attending directors without objection.

Important Resolutions of the Board of Directors		
Date	Subject	Resolution Result
2024.07.29	1. Proposal for the Approval of the Q2 2024 Consolidated Financial Statements	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	2. Proposal for Renewal of Bank Credit Facilities	After being consulted by the chairman, approved by all attending directors without objection.
	3. Proposal to Amend the “Operational Guidelines for Financial and Business Transactions among Related Parties”	After being consulted by the chairman, approved by all attending directors without objection.
2024.10.25	1.Proposal to Establish the “Sustainability Information Management Procedures	After being consulted by the chairman, approved by all attending directors without objection.
	2.Proposal to Establish the “Sustainability Report Preparation and Assurance Procedures”	After being consulted by the chairman, approved by all attending directors without objection.
	3.Proposal to Amend the “Internal Control System” and the “Internal Audit Implementation Rules”	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	4.Proposal to Establish the 2025 Internal Audit Plan	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	5.Proposal for the Approval of the Q3 2024 Consolidated Financial Statements	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	6.Proposal for the Addition and Renewal of Bank Credit Facilities	After being consulted by the chairman, approved by all attending directors without objection.
	7.Proposal to Appoint the Certified Public Accountants for the 2025 Financial Statement Audit	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
2024.02.21	1.Proposal for the 2024 Internal Control System Statement and Self-Assessment Results Report	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	2.Proposal for the 2024 Financial Statements, Business Report, and 2025 Business Plan	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	3.Proposal for the 2024 Loss Compensation Statement	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	4.Proposal on the Definition of Frontline Employees	After being consulted by the chairman, approved by all attending directors without objection.
	5.Proposal to Amend the Articles of Incorporation	After being consulted by the chairman, approved by all attending directors without objection.
	6.Proposal to Amend the “Internal Control System” and the “Internal Audit Implementation Rules”	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.

Important Resolutions of the Board of Directors		
Date	Subject	Resolution Result
	7.Proposal to Release the Current Directors and Their Representatives from Non-Competition Restrictions	Except for the corporate director Qisda Corporation and its representative Mr. Han-Chou Huang, who abstained from voting on this proposal, the remaining attending directors and independent directors approved the proposal.
	8.Proposal to Set the Date and Agenda for the 2025 Annual General Shareholders' Meeting	After being consulted by the chairman, approved by all attending directors without objection.
	9.Proposal to Review the Audit Service Fees for 2025	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	10.Proposal on the 2025 Senior Executive Compensation Performance Indicators	This proposal was approved by the Remuneration Committee. Except for the corporate director Qisda Corporation and its representative Mr. Juo-Yao Hu, who abstained from voting on this proposal, the remaining attending directors and independent directors approved the proposal.
	11. Proposal on the 2025 Senior Executive Bonus and Salary Adjustment Policy	This proposal was approved by the Remuneration Committee. Except for the corporate director Qisda Corporation and its representative Mr. Juo-Yao Hu, who abstained from voting on this proposal, the remaining attending directors and independent directors approved the proposal.
2025.04.25	1.Proposal for the Approval of the Q1 2025 Consolidated Financial Statements	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.
	2.Proposal to Reconfirm the Company's General Policy for the Pre-Approval of Non-Assurance Services	This subject has been approved by the Audit Committee, after being consulted by the chairman, approved by all attending directors without objection.

Important Resolutions of the Shareholders' Meeting			
Date	Subject	Resolution Result	Execution
2024.06.07 Shareholders' Meeting	1. Proposal to Approve the 2023 Business Report and Financial Statements	The original proposal submitted by the Board of Directors was approved by vote.	Approval of the 2023 Business Report and Financial Statements
	2.Proposal to Approve the 2023 Statement of Earnings Distribution and Loss Compensation	The original proposal submitted by the Board of Directors was approved by vote.	Approval of the 2023 Earnings Distribution and Loss Compensation Statement

Important Resolutions of the Audit Committee			
Date	Subject	Resolution Result	The Company handled opinions from Audit committee
2024.02.23	1. Approved the Statement on Internal Control System and Self-Assessment Implementation Results Report for the 2023.	Approved by all attending members without objection.	Approved by all attending directors without objection.
	2. Approved the proposal of 2023 annual business report, financial statements and 2024 annual business plan.	Approved by all attending members without objection.	Approved by all attending directors without objection.
	3.Approved the Statement of Appropriations of Surplus and Deficit for 2023.	Approved by all attending members without objection.	Approved by all attending directors without objection.
	4.Review the public fee case for accountant services in 2024.	Approved by all attending members without objection.	Approved by all attending directors without objection.
	5.Proposed reaffirmation of the Company's general policy case for pre-approved non-confirmation services.	Approved by all attending members without objection.	Approved by all attending directors without objection.
2024.04.26	Approved the company's consolidated financial statements for the Q1, 2024.	Approved by all attending members without objection.	Approved by all attending directors without objection.
2024.07.29	Proposal for the Approval of the Q2 2024 Consolidated Financial Statements	Approved by all attending members without objection.	Approved by all attending directors without objection.
2024.10.25	1.Proposal to Amend the "Internal Control System" and the "Internal Audit Implementation Rules"	Approved by all attending members without objection.	Approved by all attending directors without objection.
	2.Proposal to Establish the 2025 Internal Audit Plan	Approved by all attending members without objection.	Approved by all attending directors without objection.
	3.Proposal for the Approval of the Q3 2024 Consolidated Financial Statements	Approved by all attending members without objection.	Approved by all attending directors without objection.
	4.Proposal to Appoint the Certified Public Accountants for the 2025 Financial Statement Audit	Approved by all attending members without objection.	Approved by all attending directors without objection.
2025.02.21	1.Proposal for the 2024 Internal Control System Statement and Self-Assessment Results Report	Approved by all attending members without objection.	Approved by all attending directors without objection.
	2.Proposal for the Approval of the 2024 Financial Statements, Business Report, and 2025 Business Plan	Approved by all attending members without objection.	Approved by all attending directors without objection.

Important Resolutions of the Audit Committee			
	3.Proposal for the 2024 Deficit Compensation Statement	Approved by all attending members without objection.	Approved by all attending directors without objection.
	4.Proposal to Amend the “Internal Control System” and the “Internal Audit Implementation Rules”	Approved by all attending members without objection.	Approved by all attending directors without objection.
	5.Proposal to Review the Audit Service Fees for 2025	Approved by all attending members without objection.	Approved by all attending directors without objection.
2024.04.25	1.Proposal for the Approval of the Q1 2025 Consolidated Financial Statements	Approved by all attending members without objection.	Approved by all attending directors without objection.
	2.Proposal to Reconfirm the Company’s General Policy for the Pre-Approval of Non-Assurance Services	Approved by all attending members without objection.	Approved by all attending directors without objection.

Important Resolutions of the Remuneration Committee			
Date of Remuneration Committee Meeting	Item	Resolution Result of Remuneration Committee	The Company handled opinions from Remuneration committee
2024.02.23	1. Proposed the 2024 compensation distributions to managerial officers.	Approved by all attending members without objection.	Approved by all attending directors without objection.
	2. Proposed the 2024 managerial officers Bonus and Salary Adjustment Policy Case.	Approved by all attending members without objection.	Approved by all attending directors without objection.
2025.02.21	1.Proposal to Recommend Key Performance Indicators for Managerial Compensation in 2025	Approved by all attending members without objection.	Approved by all attending members without objection.
	2.Proposal for the 2025 Managerial Bonus and Salary Adjustment Policy	Approved by all attending members without objection.	Approved by all attending members without objection.

(X) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors’ Meeting in the most recent year up to the publication date of this report:

None.

IV. Information on CPA fees

- (I) Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates were more than 25% of the audit fees:

Fee Range of CPAs professional fees information

Unit: NT\$ thousand

Name of the Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Ernst & Young	Chen, Kuo-Shuai	2024.01.01~2024.12.31	2,295	701	2,996	Non-audit fees are mainly tax compliance audit fees and other advances.
	Lin, Cheng-Wei					

- (II) Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: None.

- (III) Audit fees were reduced by over 15% compared with the previous year: None.

V. Information on replacement of CPAs

None.

VI. Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year:

None.

VII. The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

(I) Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares:

Base Date: March 29, 2025

Job Title	Name	2024		As of April 09, Current Year	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Representative of Qisda Corp. Huang, Han-Chou	0	0	0	0
Director	Representative of Qisda Corp. Hu, Jo-Yao	0	0	0	0
Director	Representative of Qisda Corp. Cheng, Yin-Shiang	0	0	0	0
Director	Representative of Qisda Corp. Lin, Yu-Chin	0	0	0	0
President	Hu, Jo-Yao	0	0	0	0
Independent Director	Tan, Tang-O	0	0	0	0
Independent Director	Yeh, Hui-Hsin	0	0	0	0
Independent Director	Chen, Jin-ji	0	0	0	0
Finance Supervisor	Huang, Tuo-Wen	0	0	0	0
Accounting Supervisor	Huang, Tuo-Wen	0	0	0	0

(II) Shares Trading in Shareholding of Directors, Supervisors, Managers and Major Shareholders with a Stake of More than 10 Percent:

None.

(III) Equity Pledge with Related Parties:

None.

VIII. Relationship among the Top Ten Shareholders are Spouses or Relatives within the second degree of kinship Relationship:

March 29, 2025; Unit: Shares, %

Name	Current Shareholding		Spouse's/minor's Shareholding		Total shareholding in the name of other persons		Familial Relationships Between Top 10 Shareholders Who Are Either Related Parties, Spouses, or Relatives Within the Second Degree of Kinship, His/Her/Its Name and Relationships		Remark
	Shares	(%)	Shares	(%)	Shares	(%)	Title (or Name)	Relationship	
Qisda Corp.	30,000,000	37.51	0	0	0	0	None	None	
Darly2 Venture Inc.	5,500,000	6.88	0	0	0	0	None	None	
Darly Venture Inc.	5,390,000	6.74	0	0	0	0	None	None	
UBS Europe SE Investment Account, Custodied by Citibank	1,618,000	2.02	0	0	0	0	None	None	
Mizuho Securities Co., Ltd., Custodied by Standard Chartered Bank	965,000	1.21	0	0	0	0	None	None	
Barclays Capital SBL/PB Investment Account, Custodied by Citibank	906,000	1.13	0	0	0	0	None	None	
Su-Man Lin	750,000	0.94	0	0	0	0	None	None	
Shu-Han Chan	677,000	0.85	0	0	0	0	None	None	
Kuan-Wen Huang	400,000	0.50	0	0	0	0	None	None	
Merrill Lynch International Investment Account, Custodied by HSBC Bank (Taiwan) Limited	353,000	0.44	0	0	0	0	None	None	

IX. The number of shares of the same investee held by the Company, its directors, managers and which the Company controls directly or indirectly, with the aggregate shareholding percentages:

December 31, 2024; Unit: Shares, %

Investment Business (Note)	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly- Controlled Business		Combined Investment	
	Shares	(%)	Shares	(%)	Shares	(%)
ASPIRE ASIA INC.	9,072,560	100.00%	—	—	9,072,560	100.00%
Simula Technology Corp.	500,000	100.00%	—	—	500,000	100.00%
Simula Company Limited.	50,500,000	52.31%	46,033,370	47.69%	96,533,370	100.00%
Simula Technology (ShenZhen) Co., Ltd.	—	—	—	100.00%	—	100.00%
Action Star Technology Co., Ltd.	32,000,571	59.35%	—	—	32,000,571	59.35%

Note: Investments using the equity method.

III. Capital Overview

I. Capital and shares

(i) Sources of Share Capital

(1) Types of Shares

March 29, 2025 / Unit: share

Shares Type	Authorized Capital			Remarks
	Shares Issued and Outstanding	Unissued Shares	Total	
Common Shares	79,972,945	40,027,055	120,000,000	

(2) Sources of Share Capital

March 29, 2025; Unit: NT\$ 1,000; thousand shares

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (thousand shares)	Amount (thousand)	Shares (thousand shares)	Amount (thousand)	Sources of Capital	Paid with property other than cash	Other
2003/12	10	5,500	55,000	5,500	55,000	Set up capital (cash)	None	Ching-Shou-Zhong-Tze No. 09233126620
2004/12	10	30,000	300,000	12,000	120,000	Capital increase by cash 65,000	None	Ching-Shou-Zhong-Tze No. 09431564970
2005/07	10	30,000	300,000	20,000	200,000	Capital increase by cash 42,000 Capital increase by retained earnings 38,000	None	Ching-Shou-Zhong-Tze No. 09432656520
2006/01	10	30,000	300,000	21,700	217,000	Capital increase by cash 17,000	None	Ching-Shou-Zhong-Tze No. 09531701530
2006/11	10	30,000	300,000	24,200	242,000	Capital increase by retained earnings 25,000	None	Ching-Shou-Zhong-Tze No. 09533071330
2007/08	25	30,000	300,000	26,500	265,000	Capital increase by cash 5,400 Capital increase by retained earnings 17,600	None	Ching-Shou-Zhong-Tze No. 09632692250
2008/08	10	50,000	500,000	27,595	275,950	Capital increase by retained earnings 10,950	None	Ching-Shou-Zhong-Tze No. 09732940330
2009/03	27	50,000	500,000	30,175	301,750	Capital increase by cash 25,800	None	Ching-Shou-Zhong-Tze No. 09831822850
2009/09	10	50,000	500,000	31,080	310,802	Capital increase by retained earnings 9,052	None	Ching-Shou-Zhong-Tze No. 09832972650
2010/05	25	50,000	500,000	31,830	318,302	Employee stock options 7,500	None	Ching-Shou-Zhong-Tze No. 09931993160
2010/08	10	50,000	500,000	38,196	381,963	Capital increase by retained earnings 63,661	None	Ching-Shou-Zhong-Tze No. 09932521730
2011/05	25	50,000	500,000	38,526	385,260	Employee stock options 3,297	None	Ching-Shou-Zhong-Tze No. 10031988130
2012/05	25	50,000	500,000	38,779	387,790	Employee stock options 2,530	None	Ching-Shou-Zhong-Tze No. 10131983510
2013/08	10	50,000	500,000	38,973	389,729	Capital increase by retained earnings 1,939	None	Ching-Shou-Zhong-Tze No. 10233851980
2017/08	15	50,000	500,000	5,600	445,729	Capital increase by cash 56,000	None	Fu-Ching-Den-Tzi No. 10690972440
2019/01	27.2	50,000	500,000	5,400	499,729	Capital increase by cash 54,000	None	Fu-Ching-Den-Tzi No. 10891055780
2020/05	20	80,000	800,000	30,000	799,729	Private placement capital increase 300,000	None	Ching-Shou-Shang-Tze No. 1090167410
2021/08	0	120,000	1,200,000	0	799,729	0	None	Ching-Shou-Shang-Tze No. 11001158240

- (3) Those who have been approved to raise and issue securities under the shelf registration system shall also disclose the approved amount, scheduled issuance and relevant information on the securities already issued:

Not applicable.

(II) List of Major Shareholders: (Top 10 shareholders or with Shareholdings greater than 5%)

As of March 29, 2025 Unit: share; %

Names of Major Shareholders	Quantity of shares Number of shares held	Shareholding Percentage (%)
Qisda Corp.	30,000,000	37.51
Darly2 Venture Inc.	5,500,000	6.87
Darly Venture Inc.	5,390,000	6.73

(III) Dividend Policy and Implementation Status

(1) Dividends Policy Specified in the Company's Articles of Incorporation

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and recover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid-in capital. If there is still a balance, together with the accumulated undistributed surplus, a surplus distribution proposal is drawn up. If the profit distribution plan and special stock dividends mentioned in the preceding paragraph are cash dividends, the board of directors shall be authorized to make a resolution and report at the shareholders' meeting.

The company's dividend policy is based on the characteristics of the growth of the technology industry and the overall environment, while taking into account a stable and balanced dividend policy, and considering factors such as profitability, financial structure, and future development. When the amount is 2%, the dividend distribution shall not be less than 10% of the distributable earnings for the current year. The distribution of surplus may be carried out in accordance with the company's overall capital budget planning, but the proportion of cash dividend distribution shall not be lower than 10% of the total dividends distributed in the current year.

The company may issue new shares or cash from the statutory surplus reserve or capital reserve in accordance with Article 241 of the Company Act. If the payment in the preceding paragraph is made in cash, the board of directors shall be authorized to make a resolution and report to the shareholders' meeting.

(2) Dividends Distribution to be proposed to the Shareholders' Meeting

The Company has accumulated losses for the year ended December 31, 2024 and therefore has not proposed any appropriation of earnings by the Board of Directors.

(3) Explanation regarding expected major changes to dividend policy: None

(IV) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share:

Not applicable.

(V) Compensation for employees and directors:

- (I) The Company's Articles of Incorporation includes the amount and coverage of compensation for employees and directors

Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 5~20% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The Company may allocate employees' remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of an affiliated company meeting certain conditions.

- (2) The accounting procedure used to handle differences between estimated column of employee dividend and forecast basis of director's and supervisor's compensation, basis for calculating shares for the purpose of paying out share dividends and actual payout figure for this period:

Based on the current year's profit (that is, the profit before tax deducting the profit before the distribution of employee remuneration and director's remuneration) and deducting accumulated losses, the company estimates employee remuneration at a certain percentage, and the director's remuneration is estimated and recorded based on the expected payment amount, and listed as operating costs or operating expenses. If employee remuneration is issued in stock, the number of allotted shares is calculated based on the closing price of common stock on the day before the board of directors' resolution. If there is a change after the release of the financial report in the next year, it will be treated as a change in accounting estimate, and the impact of the change will be recognized as profit or loss for the next year.

- (3) Circumstances in which the board of directors approves the distribution of remuneration

- (1) Basis for estimates of remuneration for employees and directors for this term, basis for calculating employee stock compensation and accounting procedures for when there is a discrepancy between the estimated and actual amount: The Company was in a loss position in 2024, therefore, no estimates were made for employees' and directors' compensation.

- (2) The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period: None.

- (4) Actual distribution of employees, Directors' and supervisor's compensation in the previous year:

- (1) The actual allocation of employee and director remuneration in the previous year:

As the Company incurred a loss in 2023, no employee compensation or director remuneration was accrued.

- (2) The difference between the proposed distribution approved by the original board of directors and the actual amount: None.

(vi) Share Repurchases: None

II. Issuance of Corporate Bonds: None

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depositary Receipts (GDRs): None.

V. Exercise of Employee Stock Option Plan (ESOP) and Restricted Stock:

- (1) Handling of employee stock option certificates: N/A.
- (2) Names, acquisition and subscription status of the managers who have obtained the employee stock option certificates and the top ten employees who have obtained the certificates and the number of shares that can be subscribed by the date of publication of the annual report and whose subscription amount is more than NT\$30 million: N/A

VI. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

VII. Implementation of capital allocation plan:

(1) Plan details:

As of the quarter before the date of this Annual Report, the previous issuance or private placement of securities had not been completed or completed within the last three years and the planned benefits have not yet been shown:

As of the quarter before the publication date of the annual report, the company has completed all previous issuances of securities and the benefits of the plan have emerged, so it is not applicable.

(2) Implementation: N/A.

IV. Operation Overview

I. Business Activities

(I) Business Scope

1.Main business contents

The Company's main business is to develop, manufacture and sell electronic connectors, cables and electronic modules. Our main function is to provide power, audio and video signals, and electronic signals for various devices. The main application products are various consumer electronics, automotive electronics, network communications, and industrial and medical equipment.

2.Operating Ratio

Unit : NTD thousand ; %

Category \ Year	2023		2024		Q1, 2025	
	Revenue	%	Revenue	%	Revenue	%
Wearable products	163,527	8.02%	254,230	14.37%	36,087	7.82%
Consumer products	233,734	11.46%	169,051	9.56%	42,498	9.20%
Automotive, medical and industrial products	1,634,337	80.15%	1,341,915	75.87%	382,323	82.79%
Others	7,457	0.37%	3,514	0.20%	865	0.19%
Total:	2,039,055	100.00%	1,768,710	100.00%	461,773	100.00%

3.Current products (services) of the company

The Company operates in the following five major markets:

- (1) Design and manufacture of connectors, extension cords, and modules for consumer-related products.
- (2) Design and manufacture of connectors, extension cords, and modules for wearable products.
- (3) Design and manufacture of connectors, extension cords, and modules for automotive products.
- (4) Design and manufacture of connectors, extension cords, and modules for medical products.
- (5) Connector, extension cords, and module design and manufacturing for industrial products...

4.New Product (Service) Development Plan

(1) Consumer Products:

- a. Mainly engaged in terminal products and display-related industries.
- b. Developing High Current USB-C Connector and Thunderbolt Connector.

(2) Automotive Industry

- a. In response to customer requirements, production of certain products has been relocated from China to Taiwan.
- b. Process optimization has been implemented to enhance production capacity and price competitiveness.

(3) Wearable industry

Process optimization has been implemented to enhance production capacity and price competitiveness.

(4) Medical industry

Continuously strengthening MIT (Made in Taiwan) manufacturing and in-house component production capabilities.

(5) Industrial Industry

Continuously strengthening MIT (Made in Taiwan) manufacturing and in-house component production capabilities.

(6) Others

Continuing to build strategic alliances and conduct mergers and acquisitions.

(II) Industry Overview

1. Current status and development of the industry

The Company was established on December 15, 2003, as a professional manufacturer and designer of electronic connectors and cables in Taiwan. Our main products are used in various fields such as wearable devices, smartphones, laptops, automotive electronics, medical devices, and industrial applications.

The connector industry plays a critical role in the development of global electronic devices and has demonstrated steady growth in recent years. According to Bishop & Associates, the global connector market was valued at USD 83.7 billion in 2023 and is projected to grow to USD 86.5 billion in 2024, reaching USD 147.44 billion by 2032, with a compound annual growth rate (CAGR) of 6.8% during the forecast period.

With the rise of emerging technologies such as 5G, artificial intelligence (AI), and the Internet of Things (IoT), demand continues to increase for high-speed transmission, miniaturization, and high-density connectors. This is particularly evident in the data center sector, where the value of interconnect cables has significantly increased. The connector industry is advancing toward technological innovation and diversified applications, providing solid support for the ongoing development of the global electronics industry.

2. The relationships of upstream, midstream, and downstream in the industry

Connector products refer to all connecting components and related accessories used for signal and power transmission in electronic devices. This includes cables, sockets, plugs, and other related components. Connectors are detachable or replaceable plug-in devices that link circuits, modules, and systems within electronic products. They serve as bridges for signal transmission. The relationships and changes in the industry's upstream, midstream, and downstream sectors are described as follows:

Upstream:

In the upstream sector of the connector industry, the main products include copper alloy metals, plating solutions, plastics, and other materials. These materials account for approximately 60% of the manufacturing cost, with metal materials being the largest component, followed by plastic materials, and then plating materials. Metal materials are used to make connector terminals, and to ensure that electronic signals are not impeded or attenuated during transmission, connector terminals are often made of brass or phosphor bronze. The plastic parts are formed through injection molding, while the metal parts undergo stamping and are then processed through plating.

Currently, Taiwanese connector manufacturers have gained significant expertise in the

midstream processes. However, the upstream raw materials and equipment are still primarily controlled by Japanese companies. There is a lack of domestic investment in research and development in related fields, placing Taiwanese manufacturers at a disadvantage in terms of bargaining power with upstream suppliers.

Midstream:

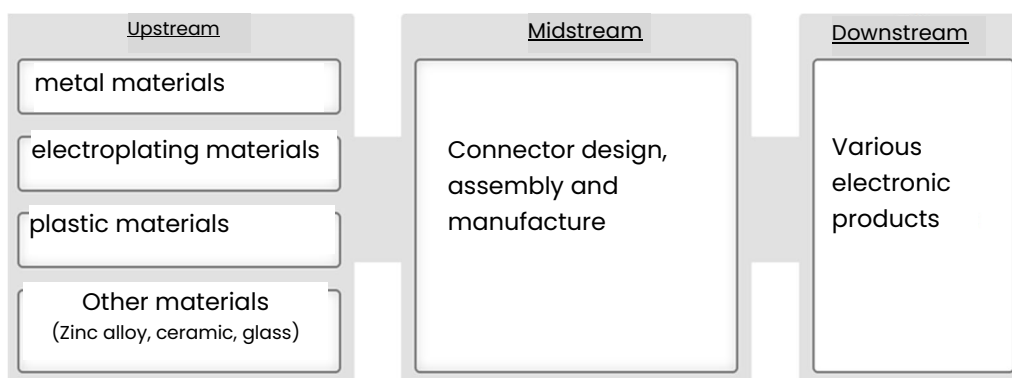
In the midstream sector of the connector industry, the main products are connectors and cables. The production process includes product design, mold development, metal stamping, plastic injection or plating, intermediate assembly processes, and final assembly and testing. As electronic products are moving towards higher frequencies, the design of connectors is becoming increasingly complex, as mitigating electromagnetic interference becomes more challenging.

Taiwanese manufacturers primarily focus on PCB connectors, I/O connectors, card connectors, IC sockets, and other similar types of connectors. In the 3C (Computers, Communications, and Consumer Electronics) applications, domestic manufacturers have become major participants, supplying products for computer peripherals, network communication devices, consumer electronics, and other related fields. As the growth in these markets has slowed down, manufacturers are gradually diversifying their applications to include green energy, automotive, medical, industrial, 5G, high-speed telecommunications, and other products.

Downstream:

The application of connectors is very extensive, covering industries such as automotive, computer, telecommunications, industrial, military aerospace, transportation, and healthcare. In terms of industry applications, the current distribution is as follows: automotive-related applications account for the highest share at 22%, followed by telecommunications at 21%, consumer-related applications at 15%, industrial-related applications at 11%, and other applications at 31%.

The future development trend for connectors (including cables) is towards lightweight and high-speed solutions.



3.Product Development Trends

With the rise of emerging technologies such as 5G, artificial intelligence (AI), and the Internet of Things (IoT), demand for high-speed transmission, miniaturization, and high-density connectors continues to grow. This trend is particularly evident in the data center sector, where the value of interconnect cables has significantly increased, creating new business opportunities for industry players.

In recent years, manufacturers have accelerated their expansion into high value-added areas such as AI, 5G, electric vehicles, smart homes, Industry 4.0, edge computing, cloud services, and IoT.

(1) Rising Demand for High-Speed Transmission

- A. With the emergence of 5G, AI, cloud computing, big data, and electric vehicles, the demand for higher data transmission rates in connectors is increasing.
- B. High-speed interfaces such as Thunderbolt 4/5, USB4, PCIe Gen5/Gen6, HDMI 2.1, and DP 2.1 are becoming increasingly widespread.

(2) Miniaturization and High-Density Design

- A. As devices become smaller and more compact, connectors are evolving toward miniaturization, higher density, and multifunctionality.
- B. For example, USB-C integrates power delivery, video output, and data transmission into a single compact connector.

(3) Multifunction Integration (Power + Data + Video)

single connector is now often required to support charging, data transfer, and video output simultaneously—such as USB-C Alt Mode and Thunderbolt—enhancing user convenience and saving space.

(4) Expansion of Industrial and Automotive Markets

The rise of autonomous vehicles, vehicle-to-everything (V2X) communications, and industrial automation is driving increased demand for ruggedized connectors with high environmental resistance, anti-vibration capabilities, and electromagnetic interference shielding.

(5) Environmental and Sustainability Requirements

Environmental regulations such as RoHS and REACH are prompting connector manufacturers to use recyclable, non-toxic materials and reduce their carbon footprint.

4.Competitive Landscape of Products

According to estimates by Bishop & Associates, the global connector market was valued at USD 83.7 billion in 2023, is expected to grow to USD 86.5 billion in 2024, and is projected to reach USD 147.44 billion by 2032, representing a compound annual growth rate (CAGR) of 6.8% over the forecast period.

Due to the downward price trend of connector application products and the price competition among the industry, the profit margins of connector manufacturers have been compressed. In view of this, the Company will continue to focus on:

- A. Strengthen vertical integration or strategic partnerships
- B. Enhance product differentiation and design capabilities
- C. Focus on high-growth application markets
- D. Reinforce automation and quality management
- E. Strengthen R&D and engagement in industry standard-setting and trend development
- F. Enhance mechanisms for talent acquisition, deployment, development, and retention

(III) Technological and R&D Overview

1. Research and development expenses from 2022 through to the publication date of the annual report

Unit: Thousands of NTD

Item	Year	2023	2024	As of March 31, 2025
R&D expense		78,987	77,633	20,706
Net Operating Revenue		2,039,055	1,768,710	461,773
R&D Expenses as a Percentage of Net Operating Revenue (%)		3.87%	4.39%	4.48%

Note: The company plans to allocate approximately 4% to 5% of its operating revenue to R&D expenses for the year 2025.

2.Recent Successful Technological or Product Developments

A. Product Developments:

- (a) Development of customized internal and external wires (Cable & Wire Harness of Automotive / Industrial / Medical/Server)
- (b) Development of new generation standard passive active cables (USB80/DP80LL Passive and Active Cable)
- (c)High Speed Storage Connector Solutions (MCIO and other Server solutions)
- (d) Development of Industrial Standard Connectors (IEC Standard M5/M8/M12/M32 Series)
- (e) Development of customized connectors for automobiles (D-Sub / OBD / DT Series / Waterproof)
- (f) Development of Customized Pogo Pin Connectors (Consumer / Medical / High Frequency)
- (g) Development of Customized Magnetic Connectors (Consumer / Medical)

B. Technological Developments:

- (a) DP80LL Re-Driver Active PCBA Module Solution
- (b) USB80 PCBA Module Solution
- (c) PCIe Gen6 SI Test Capabilities Solution
- (d) Development of modular production equipment for cable processing
- (e) Development of vision-based automated wire bonding equipment
- (f) Development of automated test history uploading system.

(VI) Long-Term and Short-Term Business Development Plans

Our company is primarily engaged in the research, development, manufacturing, and sales of electronic connectors and components. We have transitioned from previously focusing on consumer and information technology electronic products with high substitutability to highly customized products for automotive, medical, industrial, and wearable devices. Since joining the J.S.T. Daitron Group, our service scope and development have received unlimited support.

To adapt to industry trends and the changing domestic and international business environment, our company has formulated short-term and long-term plans to enhance overall competitiveness. The summary of these plans is as follows:

1. Short-Term: Stabilize Core Business and Improve Efficiency

1-1 Development Goals:

- (1) Strengthen existing customers and product lines
- (2) Optimize internal management and process efficiency
- (3) Establish a foundation for technology and branding

1-2 Key Actions:

- (1) Review current product portfolio and profitability, focus on high-margin products, and phase out underperforming ones
- (2) Introduce automation and digital management tools
- (3) Enhance FAE and sales support capabilities
- (4) Assess and plan for emerging interface technologies (e.g., USB4, Thunderbolt 5, PCIe Gen5/6)
- (5) Strengthen talent acquisition, deployment, development, and retention mechanisms

2. Mid-Term: Drive Differentiation and Cross-Market Expansion

2-1 Development Goals:

- (1) Enter high value-added application markets
- (2) Build technology patents and R&D capabilities
- (3) Strengthen brand image and customer loyalty

2-2 Key Actions:

- (1) Invest in differentiated product design and technology certifications
- (2) Expand into automotive, industrial control, and data center markets
- (3) Establish international distributors and channel partnerships

3. Long-Term: Become a Technology Leader and Trusted Brand

3-1 Development Goals:

- (1) Build regional and global brand influence
- (2) Become a key player in the supply chain for specific applications (e.g., automotive, AI servers)
- (3) Establish a sustainable business and global talent system

3-2 Key Actions:

- (1) Technology leadership strategy: launch proprietary structural designs, accumulate patents, and co-develop new products with major customers
- (2) Deepen global market presence and establish regional hubs (e.g., Vietnam, Mexico, Eastern Europe)
- (3) Implement ESG strategies and build a sustainable supply chain to meet global clients' requirements for carbon reduction, green materials, and production traceability.

II. Market and Production Overview

(I) Market Analysis

1. Main product (service) sales (provide) area

Unit : NTD thousand ; %

Area \ Year	2023		2024	
	Amount	%	Amount	%
Domestic sales	282,649	13.86%	349,296	19.75%
External sales	1,756,406	86.14%	1,419,414	80.25%
Total	2,039,055	100.00%	1,768,710	100.00%

2. Market share

According to the statistics of Bishop & Associates (please refer to P.64), the following table shows:

- (1) In 2022, the global sales of connector industries will be approximately US\$84 billion and the company will have a turnover of US\$140 million, representing a market share of 0.16%.
- (2) In 2023, the global sales of connector industries will be approximately US\$837 billion, and the Company's turnover will be US\$6,546 million, representing a market share of approximately 0.08%.
- (3) In 2024, the global sales of connector industries will be approximately US\$865 billion, and the Company's turnover will be US\$5,509 million, representing a market share of approximately 0.06%.

3. Future market supply and demand and growth

- (1) The Continuing Development of Contactless Connectivity Solutions
- (2) Continuing Development of Telematics Communications
- (3) Continuous development of low orbit satellites
- (4) Continuous Development of Artificial Intelligence and Machine Learning
- (5) Continuous development of large-scale data centers
- (6) Continuous Development of Industrial Automation

4. Competitive Niche

- (1) Ability to quickly provide design analysis and integrate key technologies

The company has mastered the core key process and design technologies for major development industries, and can effectively integrate the required resources to quickly respond and meet customer needs. In addition to the factory in Shenzhen, China, we have also established a second or even a third production location to maximize flexibility and efficiency and to expand our competitive advantage.

- (2) Continuous investment in R&D team

We are continuously upgrading and strengthening our engineering manpower and team, and adopting the JDM (Joint Design Manufacture) model in our R&D strategy to provide complete solutions by co-developing core products with international manufacturers and major customers.

(3) Complete quality assurance system to ensure product quality

Based on quality insistence and customer relationship maintenance, our company passed ISO 9000 certification in 2004, ISO 14000 certification in 2005, OHSAS18001 certification in 2010, TS16949 (Global Quality Management System for Automotive Industry) in 2014 and ISO13485 (Quality Management System for Medical Devices) in 2016. In order to build a complete quality assurance system, improve credit and quality management, and move toward the goal of TQM (Total Quality Management), we continue to strive to improve product yields and establish an important foothold for our company.

(4) Expand international marketing channels and provide local technical and business services

In order to establish long-term development goals and provide more comprehensive services to customers, the establishment of international marketing channels (e.g., agents) and locations is an inevitable means to effectively grasp market dynamics and provide real-time local services in the future.

(5) Combine the Qisda's large fleet to develop services for key components.

5. Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable factors for future development and its countermeasures.

a. Innovative application of electronic products

Favorable Factors	Countermeasures
Stable technology & established customer base	Strengthen engagement with key existing customers by offering design-in services
	Analyze customer demand trends to proactively plan product development directions
Diverse application expansion potential	Establish project teams to integrate technologies for automotive, server, and other applications
	Participate in cross-industry exhibitions (e.g., industrial, automotive electronics, AI)
Flexible production sites	Optimize capacity allocation across production locations to enhance delivery flexibility and risk mitigation
	Develop localized component supply chains to reduce costs
Module integration advantage	Invest in technical marketing to promote "one-stop cable solutions"
	Develop customized design services targeting mid-to-high-end markets
Stable market demand	Align with evolving industry standards (e.g., USB4 Gen4, PCIe Gen6, Thunderbolt 5)
	Proactively plan for emerging application areas such as automotive Ethernet and AI computing

(2) Unfavorable factors for future development and its response measures

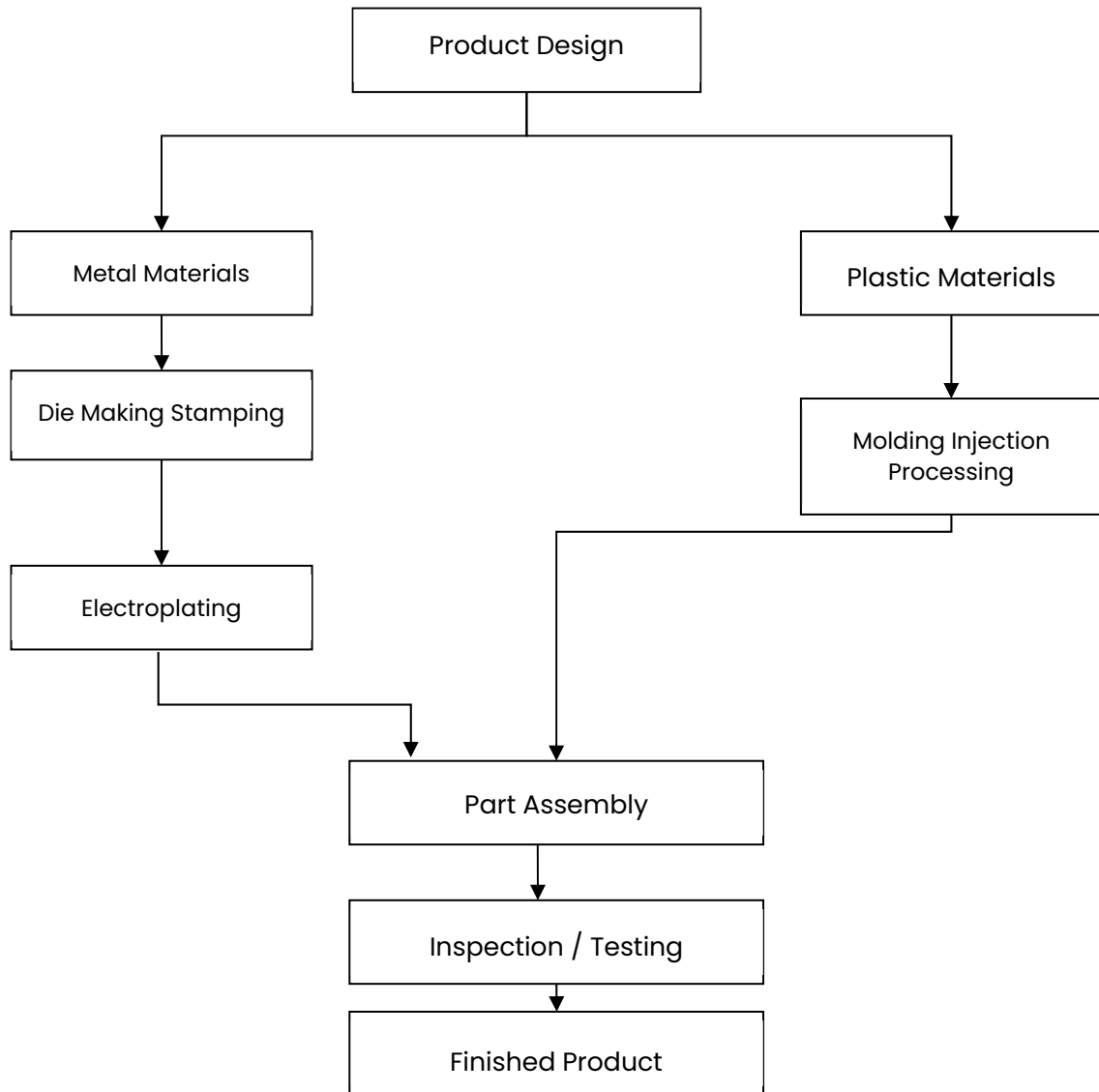
Unfavorable Factors	Countermeasures
Intense price competition	Focus on niche products and customized modules to avoid red ocean price wars
	Introduce automation to reduce costs and improve quality consistency
Challenges in brand visibility and market share	Develop proprietary brands or co-branded marketing strategies
	Establish strategic partnerships with international brands to gain certified supplier status
Limited R&D resources	Prioritize targeted projects, focusing on a few high-margin technologies (e.g., high-speed signal integrity)
	Seek government funding or industry-academia collaborations to access external technical resources
Difficulty in talent recruitment and retention	Establish career development paths for technical roles
	Strengthen onboarding training, implement technical job rotations, and enhance employee engagement through project involvement
Insufficient visibility among global brands	Participate in world-class exhibitions (e.g., Electronica, CES) to increase exposure
	Integrate official website, social media, and English technical manuals to build a strong technical brand identity

(II) Important Applications and Production Processes of Major Products

1. Important Applications of Major Products

Product	Main Applications
Connectors	<ul style="list-style-type: none"> portable electronic devices: cell phones, PC/NB, tablet PCs, and wearable electronic products Digital home appliances: digital TVs, DVD players, game consoles, set-top boxes, and other digital music products Digital data storage: portable storage devices or hard drives High-speed video and audio transmission interfaces: display applications, mobile devices, digital home appliances Automotive, medical and industrial related devices
Cables	<ul style="list-style-type: none"> Portable electronic devices: cell phones, PC/NB, tablet PCs, wearable electronics Automotive, medical and industrial related devices

2. Production process of major products



1. Supply Status of Major Raw Materials

Major raw materials	Supply situation
PCBA	Good and normal
Copper	Good
Plastics	Good and normal
Electronic materials	Good and normal

2. The names of customers who have accounted for more than 10% of the total purchase (sales) in any of the last two years, the amount and proportion of their purchase (sales), and the reasons for the increase or decrease.

(1) Major Importers

Unit: NT\$ thousand

Item	2023				2024				Q1 of 2025			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	Company A	134,836	13.64	Nil	Company A	(Note)	13.64	(Note)	Company A	(note)		Nil
2	Others	853,749	86.36	Nil	Others	1,035,287	86.36	(Note)	Others	181,987	100.00	Nil
	Net Total Purchases	988,585	100.00	—	Net Total Purchases	1,035,287	100.00	—	Net Total Purchases	181,987	100.00	—

(Note) The net imports did not reach more than 10% of the year, so it is not intended to be disclosed.

Reason for the change: Decrease in demand from customers of consolidated subsidiaries and consequent decrease in purchase of goods.

(2) Major Sales Customers

Unit: NT\$ thousand

Item	2023				2024				2025 of Q1			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	Company A	(note)		Nil	Company A	247,394	13.99	Nil	Company A	(Note)		Nil
2	Company B	(note)		parent company and related industries	Company B	245,476	13.88	parent company and related industries	Company B	105,312	22.81	parent company and related industries
3	Company C	216,320	10.61	Nil	Company C	187,498	10.60	Nil	Company C	(note)		Nil
4	Company D	363,148	17.81	Nil	Company D	(Note)		Nil	Company D	75,493	16.35	Nil
5	Company E	336,328	16.49	Nil	Company E	(Note)		Nil	Company E	(note)		Nil
6	Others	1,123,259	55.09	Nil	Others	1,088,342	55.09	Nil	Others	280,968	60.84	Nil
	Net Sales	2,039,055	100.00	—	Net Sales	1,768,710	100.00	—	Net Sales	461,773	100.00	—

(Note) The Net Sales did not reach more than 10% of the year, so it is not intended to be disclosed.

Reason for the change: Decrease in customer demand at consolidated subsidiaries.

III. Employees

Unit: person; %

Year		2023	2024	As of March 31, 2025
Number of Employees	Manager	26	26	26
	General Employee	365	339	338
	Direct Employee	393	337	368
	Total	784	702	732
Average Age		36.79	37.63	37.54
Average Years of Service		5.69	6.28	6.06
Educational Distribution Ratio (%)	Director of Philosophy	0.25%	0.28%	0.27%
	Master's Degree	3.19%	3.99%	4.37%
	Bachelor's Degree	35.46%	37.18%	37.02%
	Senior high school	25.51%	24.22%	24.32%
	Senior high school below	35.59%	34.33%	34.02%

VI. Environmental Protection Expenditure Information

1. Description of the application, payment or establishment of a pollution permit or pollution discharge permit, or the payment of pollution prevention and control fees, or the establishment of a special unit for environmental protection, as required by law: Not applicable.
2. List the company's investment in major equipment for environmental pollution prevention and control, its use and possible benefits: None.
3. The company's environmental pollution improvement process in the last two years and up to the date of publication of the public statement, and if there are pollution disputes, the process of handling them: None.
4. The total amount of losses (including compensation) and penalties suffered by the company as a result of environmental pollution in the last two years and up to the date of publication of the public statement, as well as its future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated): None.
5. Description of the current pollution situation and its impact on the company's earnings, competitive position and capital expenditures, as well as the estimated significant environmental capital expenditures in the next two years: Not applicable.

V. Labor relations

i. The company's employee welfare measures, training, training and retirement systems and their implementation status, as well as the agreements between employers and employees and measures to protect the rights and interests of employees:

1. Employee welfare measures:

- (1) Labor insurance, health insurance and group insurance (life insurance, accident insurance, hospitalization medical insurance, cancer insurance).
- (2) Three festivals gifts, birthday coupons, spring festival gift coupons and year-end dinners and lottery.
- (3) Employees' bonus.
- (4) Subsidies for wedding and funeral celebrations.
- (5) Funeral and burial benefits (for oneself, parents, spouse and children).
- (6) Meal subsidies.
- (7) Overseas and domestic travel from time to time.
- (8) Regular employee medical checkups.
- (9) Provide employee education and training.
- (10) Childcare allowance: Besides the childbirth allowance, we provide a monthly childcare allowance of NT\$2,500 for each child until the child reaches the age of six.
- (11) Other welfare activities (family day, hiking and art activities, etc.).

2. Staff Training and Training Status:

In order to assist new employees to enter the working condition as soon as possible, the company will arrange training courses according to different job categories through pre-employment training, and the team group of the department will assist new employees to understand the company's industrial positioning and the future development direction of the company. The company will hold professional internal training courses from time to time, so that employees can receive new information on professional skills at any time, and through technical seminars to enhance their own process and research and development capabilities. In addition, for the on-the-job training of employees, each department may arrange appropriate education courses within the company according to the actual needs, or arrange for employees to attend training courses held by various consulting companies, training institutions, or government and industrial organizations according to the needs of the professional courses of each function, in order to enhance the professionalism of employees. In addition to the training for new recruits, the following table summarizes the results of education and training for 2024:

Organizer	Course Name	Hours
Internal Training	2024 Prohibition and prevention of insider trading.	1
Internal Training	2024 Integrity Handbook Training (Code of Conduct for Employees) Training for all staff.	1
Internal Training	Crimping Design Test Sharing	1.5
Internal Training	Interpretation of Moldflow Simulation Results	1.5
Internal Training	Introduction to signal types.	1.5
Internal Training	Characteristics of Magnet Manufacturing and Production	1.5
Internal Training	Mechanical Design Standards and Their Relationship to Appearance	1

Organizer	Course Name	Hours
	Issues	
Internal Training	LPM/Low Pressure Machine of traditional injection machine.	1
Internal Training	Crimping Design and Testing Sharing	1.5
Internal Training	High-Frequency Connector Report Review	1.5
Internal Training	Cyber security education and training.	3
Internal Training	Privileged Account Management and Security Protection Training	1
Internal Training	Employee Occupational Safety and Health Education & Fire and Earthquake Evacuation Awareness	1
External Training	ALP Decision-Making and Problem-Solving	6
External Training	EIE English Program	25.5
External Training	Global Minimum Tax, CFC, and Digital Tax Solutions	3
External Training	2024 Board Performance Evaluation Practice Seminar	3
External Training	2024 H2 Global Economic and Financial Market Outlook	2
External Training	2024 Internal Control System Advocacy for Sustainability Information Management	4
External Training	Insider Shareholding Awareness Briefing	4
External Training	Corporate ESG Implementation and Internal Control Integration: Applications and Case Studies	6
External Training	Practical Workshop on Sustainability Report Preparation for TPEX-Listed Companies	3
External Training	Seminar on Integrating Sustainability Development and Risk Management	3

3. Retirement system and its implementation status:

Following the company's regulations, starting from July 1st, 2005, the company made monthly contributions of 6% of monthly wages to the individual pension accounts of the Labor Insurance Bureau for new employees and existing employees who have elected the new pension plan. The appropriate amount of retirement reserve is transferred to the Bank of Taiwan's particular account. For employees assigned by the organization to move to affiliated companies, their seniority is renewed to provide more protection for employees to achieve the purpose of talent circulation of the Group. Employees of overseas subsidiaries pay monthly pensions and medical benefits following local government regulations.

Pension System	Old System	New System
Applicable Sources	Labor Standards Act	Labor Pension Act
How to contribute	2% of the monthly salary of employees who choose the old system and deposit it in the name of the company into the special account of the Bank of Taiwan (formerly the Central Trust Bureau).	6% of the monthly salary of employees is contributed to the individual account of the Bureau of Labor Insurance according to the employee's level of insurance.
Withdrawal amount	The accumulated amount of the Labor Retirement Reserve is NT\$ 7,061 thousand.	The total amount contributed was NT\$3,456 thousand in 2024.

4. Agreements between employers and employees:

To take good care of employees, the company has established a vacation, welfare, and retirement system and set up an employee welfare committee and a labor-management meeting to coordinate employee welfare measures. Therefore, the employees have a high degree of loyalty to the company. The relationship between the employees and employers is harmonious, with no labor disputes or disputes so far.

5. Employee rights and benefits protection measures:

The company attaches importance to, cares about, and proactively maintains employees' fundamental rights and interests. In addition to handling employees' rights and interests by following relevant laws and regulations, the company also provides employee group insurance coverage. It establishes an employee welfare committee as a gatekeeper for employees' rights and interests.

6. For personnel related to the transparency of financial information, the following are the relevant licenses obtained as specified by the competent authorities

A. Professional certification for the head of finance and accounting of public companies:

1 person of the Finance Department.

B. Basic Competency Test for Corporate Internal Control held by the Securities and Futures Bureau:

2 persons of the Audit Office.

Therefore, the qualifications of the company's personnel related to the transparency of financial information comply with the regulations of the competent authorities.

C. The most recent year 2024 of continuing education for accounting and auditing supervisors:

Organizer	Course Name	Hours
Accounting Research and Development Foundation, R.O.C.	Continuing education for accounting executives.	12
Institute of Internal Auditors-Chinese Taiwan (IIA-CT)	Power BI – Risk Assessment and Visual Analysis	6
Institute of Internal Auditors-Chinese Taiwan (IIA-CT)	New Challenges for Internal Auditors: Sustainability Information Disclosure, Management Policies, and Key Audit Points	6
Accounting Research and Development Foundation, R.O.C.	How Internal Auditors Can Apply Digital Forensics to Trade Secret Protection and Investigations	6
Institute of Internal Auditors-Chinese Taiwan (IIA-CT)	Analyzing Corporate Auditor Ethics and Anti-Fraud Strategies Through Cases of Breach of Trust and Non-Arm's-Length Transactions	6

7. Work environment and employee safety protection measures

The company regards employees as the most critical asset of the company. It attaches great importance to the working environment and the safety of employees. We hope to fulfill our social responsibility and move towards sustainability while the company grows. In addition to complying with relevant domestic laws and regulations, we have established and implemented a safety and health management plan accordingly. The company regularly implement work environment monitoring, safety and health inspections and audits, safety and health education and training, and fire education and training. The Company conducts annual employee health checkups and, under the premise of personal data protection, engages occupational health

nurses to regularly follow up with employees identified as at risk for hypertension, hyperglycemia, and hyperlipidemia (the “three highs”). Personalized health education and improvement recommendations are provided to help employees develop healthy habits and reduce health risks.

In addition, the Company regularly promotes health awareness and education through various initiatives. A weekly digital health newsletter is distributed to enhance employees’ health knowledge and self-care awareness, demonstrating the Company’s commitment to employee health and well-being.

The company had no occupational safety incidents in the past three years.

8. Code of conduct or ethics for employees

To ensure harmonious labor relations, consolidate the company’s excellent corporate culture and core values, and fulfill the goal of sustainable development, the company also implemented the retirement system and the provisions of labor-management negotiation meetings. Following the law, the “Work Rules” and various personnel management regulations specify that both employees and employers of the company should be committed to establishing corporate and professional ethics. This allows employees to understand their behavior clearly or that ethics should follow the code of conduct to ensure the company’s development. The main regulations are as follows:

- (1) Employees shall work conscientiously internally, give full play to their team spirit, take care of public property, reduce losses, provide quality, increase production, and perform their tasks faithfully; externally, they shall protect the honor of the company and keep the confidentiality of their business or duties, and shall not divulge information regarding business contents, product technology, related documents and drawings, or the status of customers’ dealings with the company.
- (2) Employees shall not use their authority to benefit themselves or others by accepting gifts, invitations to banquets, kickbacks or other unlawful benefits from others.
- (3) Employees shall not, without the written consent of the company, operate a business related to or similar to the company for themselves or a third party, nor shall they be an unlimited liability shareholder, executive shareholder, director or manager of a similar business, or an obvious or anonymous partner of a firm.
- (4) The company shall not use the name of the company for any purpose other than to carry on the business of the company.

ii. Losses suffered from labor disputes in the most recent year and up to the printing date of the annual report, and disclose the estimated amount of current and future losses and measures that may be taken.

- Suppose it is not possible to make a reasonable estimate. In that case, it should state the fact that it is not possible to make a reasonable estimate:

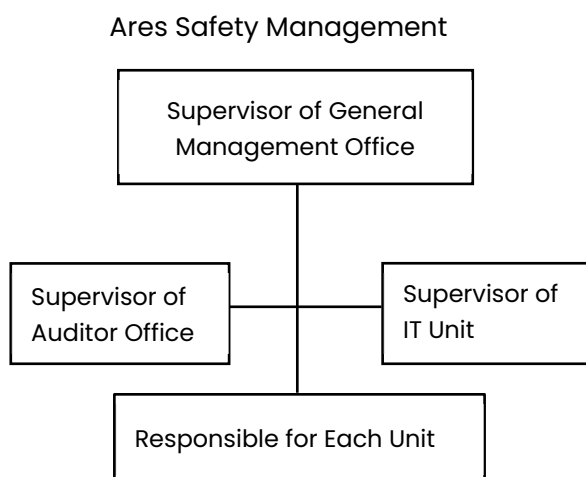
Since its establishment, the company has had harmonious labor relations and has not experienced any losses due to labor disputes.

The possibility of future losses due to labor disputes is extremely low.

VI. Information Security Management

I. Risk management structure of information security

1. The information security management unit is subordinate to the Head Office, please refer to the figure below for the information security management structure. The top supervisor of the Head Office is the top supervisor of information security. The head of the Information Department is the main executive officer. The audit supervisor is responsible for the supervision of operation execution. The accountable personnel of each unit under the Head Office are responsible for the formulation of internal information security policies, planning and execution of information security operations, and promotion and implementation of information security



The audit Office is the supervisory unit of information and communication security monitoring and is responsible for supervising the status of internal information security implementation.

2. The information security policy follows the following instructions:

- (1) To prevent unauthorized access, use, control, leakage, destruction, tampering, destruction or other infringement of information or information systems, and to ensure their confidentiality, integrity, and availability as defined by the regulations, and to conduct semi-annual "information security inspection and control" spot checks on nine major items. Audit.
- (2) It is operated in the way of Plan→Do→Check→Action to protect the confidentiality, integrity, and availability of information assets.
- (3) In order to implement the protection of confidentiality, integrity and availability of information assets, the organization shall continuously
 - A. Enhance information security consensus and strengthen information security training.
 - B. Improve information security protection to ensure operation continuity.

3. Specific management plan

- (1) Insured Information Security Insurance
- (2) Network
 - A. Build a network firewall.
 - B. Strengthen the security of firewall and network, sign maintenance contract every year, and update the security protection on the firewall such as intrusion detection, virus, webpage, etc. immediately.

- C. Internal to internal and internal to external are separated by different policies and controls, and the server side only opens the service port and prohibits non-service port connections.
- D. External to internal VPN privilege control and server port control.
- E. Cross-plant endpoints are controlled by another firewall and protected by permission policies.
- F. Anti-virus system is built to protect computer endpoints from malware and viruses.
- G. Email filtering mechanism for viruses, advertisement letters and phishing letters.
- H. Real-time monitoring of network service operation status.

(3) Backup Storage

- A. Establish backup and redundancy system.
- B. Implement hot backup for important data.
- C. Implement offline backup of important data.
- D. Implement offline backup of important data.
- E. Backup more than three copies of important data.
- F. Check the backup status daily.
- G. Monthly backup data restoration test for important data.

(4) Personnel

- A. Each staff will be assigned a dedicated account and password.
- B. Regularly implement email social engineering exercises.
- C. Regularly implement information security education training and examinations to enhance employees' information security awareness.
- D. Regularly implement information security propaganda for e-mail and anti-virus.
- E. Regularly check the operation of anti-virus software.
- F. Endpoint protection monitor user installation of software.
- G. Regularly audit user installation of software.

4. Ancillary Security Response Operations

(1) Purpose

We have established these operation points to follow the notification and response mechanism in the event of an information security incident and to deal with the incident promptly and effectively.

(2) Scope of Application

Any information system, service, or network status of the company that is identified to violate information security concerns or protection measures failures, poses a threat to information security, shall be considered.

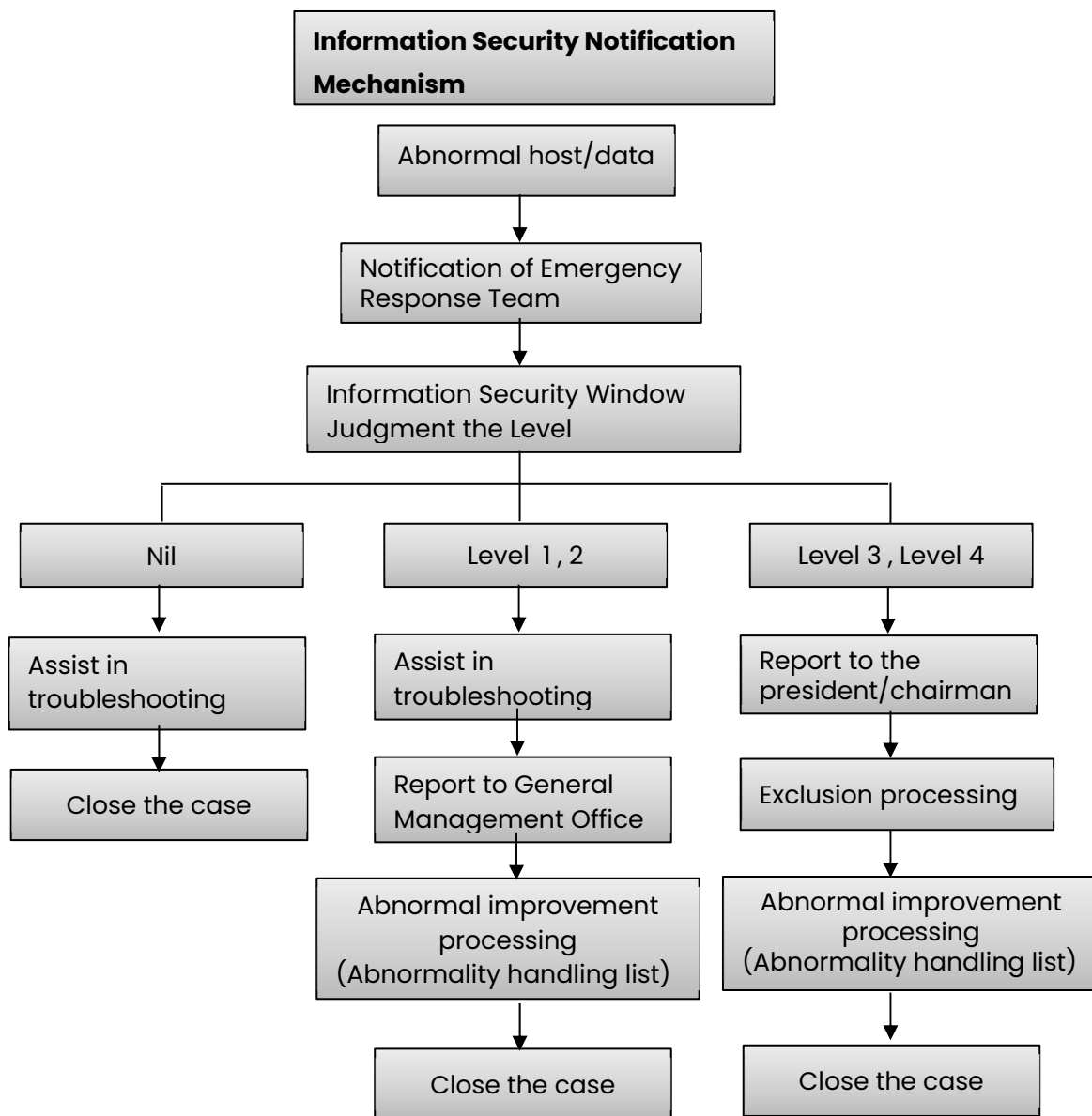
(3) Job Responsibilities

When an information security event is discovered, the information supervisor of the company shall judge the information security event notification and complete the contingency operation according to the event level.

The company's information department is the emergency response team responsible for handling and improving abnormalities during abnormal information security events.

Event Level Judgment

Valuation Category Level of Impact	Confidentiality	Integrity	Availability
Level 1	Non-core business data Leakage	Alteration of non-core business systems or data	Disruption or temporary suspension of non-core business operations (Separate computer level)
Level 2	Non-confidential or sensitive core business information Leakage	Minor alteration of core business systems or data	Core business operations are disrupted or system efficiency is reduced, and normal operations are resumed within a tolerable interruption time. (Office area)
Level 3	Confidential or sensitive official information leaked	Severe alteration of core business systems or data	Core business operation is affected or system is stopped and cannot be restored to normal within tolerable interruption time. (Within the scope of Level 1)
Level 4	Company confidential information leaked	Alteration of critical information infrastructure systems or data	The system has been stopped and the normal operation cannot be resumed within the tolerable interruption time. (beyond the scope of the Level 1 plant)



5. Significant information and communications security incidents:

There were no significant information security incidents for the most recent year and as of the date of the annual report.

6. Implementation

(1) Education and training implementation:

The number of people who completed the training in 2024 70,
Completion rate: 100%.

(2) Email social engineering exercises

In 2024, 350 e-mails were sent for the exercise, and the result of the exercise was 9 opened letters (12.9%), 1 clicked links (1.4%), and 1 opened attachment (1.4%).

VII. Significant Contracts:

As of the printing date of the annual report, there are still good supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other contracts of significant importance to shareholders' equity that have expired in the most recent year.

As of the printing date of the annual report, the company had good supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other contracts of significance to shareholders' equity.

V. Review and Analysis of Financial Status, Financial Performance, and Risk Management

I. Analysis of Financial Status

(1) Financial Status – Consolidated (Based on IFRSs)

Unit: NT\$1,000

Item	Year	2024	2023	Difference		Explanation
				Amount	%	
Current Assets		1,530,804	1,403,652	127,152	9.06%	
Property, Plant and Equipment		727,593	741,140	(13,547)	-1.83%	
Non-current Assets		498,025	492,129	5,896	1.20%	
Total Assets		2,756,422	2,636,921	119,501	4.53%	
Current Liabilities		744,416	471,764	272,652	57.79%	1
Non-current Liabilities		68,396	78,813	(10,417)	-13.22%	
Total Liabilities		812,812	550,577	262,235	47.63%	1
Capital Stock		799,729	799,729	-	-	
Capital Surplus		551,718	551,718	-	-	
Retained Earnings		41,313	134,664	(93,351)	-69.32%	2
Other Equity		3,745	(7,462)	11,207	-150.19%	3
Non-controlling Interests		547,105	607,695	(60,590)	-9.97%	
Total Equity		1,943,610	2,086,344	(142,734)	-6.84%	
<p>The main reasons for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, along with their impact analysis, are as follows:</p> <ol style="list-style-type: none"> 1. Primarily due to an increase in accounts payable of NT\$211,662 thousand, resulting from higher purchase amounts in Q4 2024 compared to the same period last year. 2. Primarily due to the loss incurred during the current period. 3. Primarily due to the disposal of financial assets measured at fair value through other comprehensive income during the period. <p>Future plans for dealing with significant changes: Considering the overall performance of the company, there are no significant abnormal conditions that require the formulation of specific response plans.</p>						

(2) Financial Status – Standalone (Based on IFRSs) in the last two years

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference		Explanation
			Amount	%	
Current Assets	397,814	317,046	80,768	25.48%	1
Non-current Assets	1,279,404	1,408,420	(129,016)	-9.16%	-
Total Assets	1,677,218	1,725,466	(48,248)	-2.80%	-
Current Liabilities	247,880	172,360	75,520	43.82%	2
Non-current Liabilities	32,833	74,457	(41,624)	-55.90%	3
Total Liabilities	280,713	246,817	33,896	13.73%	2、3
Capital stock	799,729	799,729	-	-	-
Capital surplus	551,718	551,718	-	-	-
Retained Earnings	41,313	134,664	(93,351)	-69.32%	4
Other Equity	3,745	(7,462)	11,207	-150.19%	5
Total Equity	1,396,505	1,478,649	(82,144)	-5.56%	4、5

The main reasons and impact analysis for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, are as follows:

1. Primarily due to an increase in accounts receivable of NT\$68,188 thousand, resulting from higher sales revenue in Q4 2024 compared to the same period last year.
2. Primarily due to an increase in accounts payable of NT\$33,446 thousand resulting from higher purchases in Q4 2024 compared to the same period last year, and an additional short-term loan of NT\$30,000 thousand.
3. Primarily due to the repayment of long-term loans in the amount of NT\$40,000 thousand during the current period.
4. Primarily due to the loss incurred during the current period.
5. Primarily due to the disposal of financial assets measured at fair value through other comprehensive income and an increase in exchange differences arising from the translation of financial statements of foreign operations.

Future plans for dealing with significant changes:

Considering the overall performance of the company, there are no significant abnormal conditions that require the formulation of specific response plans.

II. Financial Performance

(1) Comparative Analysis of Operating Results

1. Comparative Analysis of Consolidated Financial Performance (Based on IFRSs)

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference		Explanation
			Amount	%	
Net Revenue	1,768,710	2,039,055	(270,345)	-13.26%	
Cost of Sales	1,561,615	1,754,673	(193,058)	11.00%	
Gross Profit	207,095	284,382	(77,287)	-27.18%	1
Operating Expenses	362,648	371,020	(8,372)	2.26%	
Profit and loss From Operations	(155,553)	(86,638)	(68,915)	-79.54%	1
Non-Operating Income (Expenses)	5,336	(9,860)	15,196	154.12%	2
Income Before Tax	(150,217)	(96,498)	(53,719)	-55.67%	1、 2
Income Tax Expense	276	(4,552)	4,828	106.06%	
Net income of continuing business units for the period	(149,941)	(101,050)	(48,891)	-48.38%	1、 2
Other comprehensive income - after tax	18,730	3,077	15,653	508.71%	3
Total comprehensive income	(131,211)	(97,973)	(33,238)	-33.93%	

The main reasons and impact analysis for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, are as follows:

1. Although exports of automotive and wearable products grew significantly due to the economic recovery this year, overall revenue declined as a result of reduced shipments from subsidiary Action Star Technology Co., Ltd., caused by slow inventory turnover of Docking Station products. The substantial decrease in production capacity of Action Star Technology Co., Ltd., also led to a decline in gross profit margin.
2. Primarily due to an increase in net foreign exchange loss of NT\$18,721 thousand.
3. Primarily due to the disposal of financial assets measured at fair value through other comprehensive income and an increase in exchange differences arising from the translation of financial statements of foreign operations.

2. Comparative Analysis of Standalone Financial Performance (Based on IFRSs)

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference		Explanation
			Amount	%	
Operating revenue	896,158	697,322	198,836	28.51%	1
Cost of sales	727,367	554,904	172,463	-31.08%	1
Gross profit	168,791	142,418	26,373	18.52%	
Operating expenses	169,151	163,171	5,980	-3.66%	
Profit and loss from operations	(360)	(20,753)	20,393	98.27%	1
Non-operating income(expenses)	(101,750)	(64,079)	(37,671)	-58.79%	2
Income before tax	(102,110)	(84,832)	(17,278)	-20.37%	2
Income tax expense	1,236	1,382	(146)	-10.56%	
Net income of continuing business units for the period	(100,874)	(83,450)	(17,424)	-20.88%	2
Other comprehensive income - after tax	18,730	2,562	16,168	631.07%	3
Total comprehensive income	(82,144)	(80,888)	(1,256)	1.55%	

The main reasons and impact analysis for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, are as follows:

1. With the gradual recovery of the global economy and sustained domestic demand, exports also maintained stable growth momentum, driven by information-related products. Benefiting from this economic upturn, the Company's two major product lines—automotive and wearable products—experienced significant shipment growth in 2024 compared to 2023, resulting in an increase in both operating revenue and operating costs.
2. Primarily due to a decrease of NT\$35,691 thousand in the share of profit recognized under the equity method.
3. Primarily due to the disposal of financial assets measured at fair value through other comprehensive income and an increase in exchange differences arising from the translation of financial statements of foreign operations.

(2) Expected sales quantity and basis:

The Company has formulated its business plan based on product market development trends, customer business expansion, and the actual revenue performance in 2024. Considering the operational targets for 2025 and referencing the Taiwan Institute of Economic Research's "2025 Economic Outlook and Industry Trends Seminar," which forecasts a higher global trade growth rate in 2025 compared to 2024, Taiwan's export performance is expected to benefit. This is anticipated to have a positive impact on the Company, with overall order volumes and sales likely to increase. It is therefore estimated that the total consolidated sales volume and revenue for 2025 will grow compared to 2024.

(3) Potential impacts on the company's future financial business and response plans:

In addition to maintaining a strong presence in existing industries, the company will actively target high-value industries such as automotive, medical, and industrial sectors. Leveraging through its original expertise in Front-End Design-in and the advantages of integration between

the parent group, the company aims to seize collaboration opportunities with customers. Simultaneously, through upstream and downstream integration, the company will collaborate extensively not only with relevant subsidiaries to develop business related to 3C expansion bases (Docking Stations) and police (military) vehicle, but also actively allocating resources to develop and expand into emerging businesses such as AI servers and AIoT, with the goal of further enhancing overall revenue and profitability. Furthermore, with a focus on maintaining reasonable profits, the company will continue to actively develop automated production methods for important related components to reduce overall production costs and improve operational profitability.

III. Cash flow

(1) Cash flow analysis for the current year (2024):

Unit: NT\$ thousand

Cash and Cash Equivalents at the beginning of the year 2024	Net cash inflow (outflow) 2024	Cash and Cash Equivalents at the ending of the year
547,161	(5,534)	541,627

Unit: NT\$ thousand

	2024	2023	Increase (Decrease) Amount	Rate of Change %
Net Cash flow from Operating Activities	112,322	433,596	(321,274)	-74.10
Net Cash flow from Investing Activities	(74,921)	(186,211)	111,290	59.77
Net Cash flow from Financing Activities	(47,563)	(470,424)	422,861	89.89

1. Decrease in Net Cash Inflows from Operating Activities: This is primarily due to the losses incurred during the period.

2. Decrease in Net Cash Outflows from Investing Activities: This is mainly due to reclassifying time deposits exceeding three months as financial assets measured at amortized cost during last year.

3. Decrease in Net Cash Outflows from Financing Activities: This is primarily due to the decrease in dividend payments.

(2) Improvement Plan for Insufficient Liquidity:

There is no cash shortage situation.

(3) Analysis of Cash Liquidity for the Next Year

- Operating Activities: The Company has formulated its business plan based on product market development trends, customer business expansion, and the actual revenue performance in 2024. Considering the operational targets for 2025 and referencing the Taiwan Institute of Economic Research's "2025 Economic Outlook and Industry Trends Seminar," which forecasts a higher global trade growth rate in 2025 compared to 2024, Taiwan's export performance is expected to benefit. This is anticipated to have a positive impact on the Company, with overall order volumes and sales likely to increase. It is therefore estimated that the total consolidated sales volume and revenue for 2025 will grow compared to 2024.
- Investing Activities: The company plans to purchase production and research and development equipment, among other investments.
- Financing Activities: The company plans to repay long-term.

IV. Effect of Major Capital Expenditure on Financial Business

Operations:

None

V. Investment Policy of the most recent year, Profit/Loss Analysis, Improvement Plan and Investment Plan for the Coming Year

(1) Investment Policy:

The company focuses on its core business, and the investment policy is oriented towards targets related to the core business. The relevant departments follow internal control procedures and the "Asset Acquisition or Disposal Handling Process" to execute investment activities.

(2) Main Reasons for Profit or Loss, Improvement Plan, and Future Year Investment Plan in the Recent Year's Investments:

Unit: NT\$ thousand

Investment Company	Invested Company	Shareholding Percentage (%)	Investment gains and losses recognized in 2024	Main Reason of Profit or Loss	Improvement Plan	Investment Plan for the Coming Year
Simula Technology Inc.	ASPIRE ASIA INC.	100.00%	(21,470)	The main losses were caused by Weitong Technology (Shenzhen) Co., Ltd.	Weitong Technology (Shenzhen) Co., Ltd. Increase orders and save expenses.	Depending on actual operating conditions.
Simula Technology Inc.	Simula Technology Corp.	100.00%	5,583	—	—	
Simula Technology Inc.	Simula Company Limited	52.31%	(23,923)	The main losses were caused by Weitong Technology (Shenzhen) Co., Ltd.	Weitong Technology (Shenzhen) Co., Ltd. Increase orders and save expenses.	
Simula Technology Inc.	Action Star Technology Co., Ltd.	59.35%	(71,695)	Significant reduction in customer demand.	Increase Order	
ASPIRE ASIA INC.	Simula Company Limited	47.69%	(21,808)	The main losses were caused by Weitong Technology (Shenzhen) Co., Ltd.	Weitong Technology (Shenzhen) Co., Ltd. Increase orders and save expenses.	
ASPIRE ASIA INC.	ASPIRE ELECTRONICS Corp.	95.10%	854	(Note)	(Note)	
Simula Company Limited	Simula Technology (ShenZhen) Co., Ltd.	100.00%	(42,332)	Customer demand is reduced.	Increases orders and save expenses.	

Note: The liquidation process of this Company was completed on August 2, 2024.

VI. Risk Management and Assessment of the Following Items in the Most Recent Year and Up to the Date of Annual Report Publication

(1) Impact of Interest Rate, Exchange Rate Fluctuations, and Inflation on Company's Profit and Loss, and Future Measures to Address them:

The following is a summary of the company's interest income, expenses, and foreign exchange gains/losses as a percentage of the company's operating income for the fiscal year 2024 and the first quarter of 2025.

Unit: NT\$ thousands

Items	Year 2024	First Quarter of Year 2025
Interest Income	7,133	1,295
Interest Expense on Bank Borrowings	2,244	504
Net Operating Revenue	1,768,710	461,773
Interest Income/Net Operating Revenue	0.40%	0.28%
Interest Expense/Net Operating Revenue	0.13%	0.11%

Items	Year 2024	First Quarter of Year 2025
Foreign Exchange (Gain) Loss	3,799	(1,927)
Net Operating Revenue	1,768,710	461,773
Foreign Exchange Gain/Loss/Net Operating Revenue	0.21%	-0.42%

Explanation:

1. Interest Rate Risk:

(1) Impact of Interest Rate Fluctuations on the Company's Revenue and Profit:

For the current fiscal year, the majority of the company's operating funds are sourced from internal funds. As of the printing date of the annual report, bank interest expenses accounted for only 0.40% of operating income. Additionally, due to the abundant liquidity in the banking system and the current low-interest-rate environment, the borrowing costs remain relatively low. Therefore, the impact of interest rate fluctuations on the company's profitability for the fiscal year 2024 was minimal.

(2) Future Mitigation Measures:

In managing the company's working capital, apart from strengthening accounts receivable management to ensure a smooth cash flow, the company maintains close relationships with banks and expands credit lines. The company continuously monitors interest rate fluctuations to effectively manage interest costs associated with operations.

2. Exchange Rate Risk:

(1) Impact of Exchange Rate Fluctuations on the Company's Revenue and Profit:

As the company primarily engages in export activities, fluctuations and trends in exchange rates have a significant impact on its annual earnings. To mitigate the adverse effects on the company's operations, the company employs foreign exchange hedging strategies to minimize the risk.

(2) Future Mitigation Measures:

- A. Collect relevant information on exchange rate fluctuations, closely monitor trends and changes, and maintain close communication with banks to develop timely countermeasures against potential risks.
- B. Maintain a necessary level of foreign currency on the books, and convert excess foreign currencies into New Taiwan Dollars in a timely manner to reduce exchange rate risk.
- C. Strengthen relationships with domestic suppliers and, depending on exchange rate trends, consider paying invoices in New Taiwan Dollars or foreign currencies to reduce exchange rate risk.
- D. Implement timely hedging measures, such as pre-selling forward contracts for confirmed sales orders.
- E. Consider price adjustments in quotations to account for the impact of exchange rate fluctuations and ensure appropriate profit margins.

3. Inflation:

- (1) Impact of Inflation on the Company's Revenue and Profit: The company's performance and profitability have not been significantly affected by inflation.
- (2) Future Mitigation Measures: Monitor the price changes of upstream raw materials and key components to minimize the impact of cost fluctuations on the company.

(2) Policies, Profit or Loss, and Future Measures Regarding High-Risk, High-Leverage Investments, Fund Lending, Endorsement Guarantees, and Derivative Transactions:

- 1. High-Risk Investments: The company has not engaged in high-risk investments.
- 2. High-Leverage Investments: The company has not engaged in high-leverage investments.
- 3. Fund Lending: The company has not engaged in fund lending. The company has established "Operating Procedures for Fund Lending and Endorsement Guarantees," and any future transaction requirements will be processed in accordance with relevant management regulations and legal provisions
- 4. Endorsement Guarantees: The company has not provided endorsement guarantees. The company has established "Operating Procedures for Fund Lending and Endorsement Guarantees," and any future transaction requirements will be processed in accordance with relevant management regulations and legal provisions
- 5. Derivative Transactions: With the aim of risk mitigation, most gains or losses generated from forward foreign exchange transactions can be offset against gains or losses resulting from the revaluation of foreign currency assets on the balance sheet. In the future, the company will periodically evaluate and adjust hedging strategies based on its operational status and market trends

(3) Future R&D Plans and Estimated R&D Expenditure

In response to the growing demand for data transmission and high-speed digital applications, the company's future R&D plans will focus on high-speed communication, automotive electronics, and electronic module design technology. By strengthening cooperation with domestic and international customers, as well as collaborating with academic research institutions to establish a foundation of technical expertise, the company aims to enhance its R&D capabilities and strengthen its

technological competitiveness.

A. High-Speed Communication Technology and Testing Capability

As transmission interface standards such as USB, DP, and PCIe continue to evolve, their specification requirements are becoming more stringent and integrated. Ensuring quality and stability in ultra-high-speed transmission has become increasingly critical. With rising frequencies, high-frequency phenomena are becoming more complex, necessitating comprehensive high-frequency testing capabilities and deep domain knowledge to accurately interpret results. This is essential for driving product improvement and enhancing the reliability and accuracy of testing. As a result, customers are placing increasing reliance on suppliers who offer such expertise and reliability.

The Company has long emphasized capabilities in high-frequency connector design, high-frequency inspection, and CAE simulation analysis. These strengths have enabled the Company to expand into broader high-speed communication markets.

B. Internal Cable Design Capabilities for AI Servers

With the rapid development of AI servers, the specifications for internal cabling are also advancing quickly. These evolving requirements—such as PCIe Gen6/Gen7 interfaces and kilowatt-level power transmission—are closely tied to cable design and manufacturing capabilities. The Company adopts a continuous improvement strategy to strengthen its design capabilities in response to these changing demands.

C. Automotive Electronics Technology

With the evolution of automotive electronic systems and the advancement of fleet management applications, various functions are rapidly being integrated into both built-in and external in-vehicle devices—for example, temperature and humidity monitoring, motion detection, and image recognition. The realization of these features relies heavily on high-speed technologies and customization capabilities.

The Company possesses strong expertise in high-frequency electronics, mechanical design, and system integration, along with extensive customization experience, enabling it to effectively meet the demands of the automotive electronics sector.

D. Electronic Module Design Technology

In response to the risks of increased electronic component costs and material shortages, the company incorporates material selection as an important design criterion in the early stages of product development. It utilizes modular design to avoid unnecessary risks and waste caused by "increased costs and lead times." Through cooperation with research institutions and academic units, the company gradually establishes a foundation of electronic module analysis capabilities to strengthen its grasp of material characteristics and improve quality stability.

E. Automation Design Capability

Given the diversity of the Company's product lines and the wide variability in application fields, customers place a high value on stable production capabilities. In addition to the existing semi-automated high-frequency cable production lines, the Company is actively fostering close collaboration with external partners to enhance its automation design foundation and adoption rate. The Company is also proactively planning improvements in design capabilities and production equipment to ensure product reliability and stability.

F. Estimated R&D Expenditure

The estimated R&D expenditure for the year 2024 is approximately 45 million, including relevant R&D instruments and equipment.

(4) Impact of Important Domestic and International Policies and Legal Changes on the Company's Financial Operations and Response Measures

The company has always operated conservatively, respecting the rule of law, promoting integrity and transparency, and protecting shareholders' rights and interests. It actively implements corporate governance and approaches recent significant domestic and international policy and legal changes with cautious optimism. It coordinates with policy and legal changes, evaluates the strategic conditions of the company's operations, and formulates appropriate financial and business policies. In the past year, there have been no significant impacts on the company's financial operations due to important domestic and international policy and legal changes.

(5) Impact of Technological Changes and Industry Transformations on the Company's Financial Operations and Response Measures

The company constantly monitors technological changes relevant to its industry and assigns personnel to assess and study the impact of these changes on the company's future development and financial operations, as well as the necessary response measures. In the past year, there have been no significant technological changes that have had a major impact on the company's financial operations.

(6) Impact of Corporate Image Changes on Crisis Management and Response Measures

Since its establishment, the company has focused on its core business, committed to enhancing its overall competitiveness, and pursuing sustainable operation. It does not tolerate any behavior that violates the principles of integrity or the core values of the company. As of now, there have been no incidents that have significantly affected the corporate image.

(7) Expected Benefits, Potential Risks, and Response Measures for Mergers and Acquisitions : The company has no plans for any mergers or acquisitions.

(8) Expected Benefits, Potential Risks, and Response Measures for Factory Expansion: There are no such circumstances.

(9) Risks Faced and Response Measures for Concentration of Procurement or Sales:

The company adjusts its product sales based on the operational status of its customers. Considering the company's and the industry's growth trends, it will timely adjust its sales targets to maintain balanced and stable operational results.

(10) Impact and Risk Response Measures of Significant Transfer or Replacement of Directors, Supervisors, or Shareholders with Ownership Exceeding 10%

There have been no significant transfers or replacements of share ownership among the directors, supervisors, or major shareholders of the company

(11) Impact and measures for changes in the company's management

There has been no significant change in the company's board of directors or management team.

(12) Litigation or non-litigation events

1. The company has no pending or settled litigation, non-litigation, or administrative disputes within the past two years and up to the date of the annual report that may have a significant impact on shareholder equity or security prices
2. The company's directors, supervisors, general manager, substantial shareholders holding more than 10% of the shares, and subsidiaries have no pending or settled litigation, non-litigation, or

administrative disputes within the past two years and up to the date of the annual report that may have a significant impact on shareholder equity or security prices.

(13) Organizational structure for risk management

The company's risk management focuses on the risk management system of corporate governance and risk transfer planning, including strategic, financial, operational, and hazard risks, which are managed by the Risk Management Committee. The company clearly defines its risk management vision and policies, effectively manages risks beyond its risk tolerance, and uses risk management tools to optimize the total cost of risk management

1. Risk management vision

- A. Commitment to providing products and services to create long-term value for customers, shareholders, employees, and society.
- B. Risk management requires a systematic organizational and risk management operational procedure, timely and effective identification, evaluation, processing, reporting, and monitoring of significant risks that may affect the company's survival, and strengthening all employees' risk awareness.
- C. Risk management does not pursue "zero" risk but seeks to maximize benefits within acceptable risk levels to optimize the cost of risk management.

2. Risk management policy

- A. To ensure the company's sustainable operation, the Risk Management Committee should regularly identify, evaluate, process, report, and monitor risks that may have a negative impact on the company's operational objectives
- B. Risks should be identified and controlled before accidents occur, losses should be reduced when accidents occur, and the provision of products and services should be quickly restored after accidents. For significant risk situations recognized by the Risk Management Committee, operational continuity plans should be established
- C. For risks that do not exceed the risk tolerance level, the cost of risk management may be considered, and different management tools may be used to process risks. However, the following situations are not limited to this
 - Negative impact on employees' safety.
 - Violation of legal regulations.
 - Having a negative impact on the company's reputation.

3. Organization and Structure of the Risk Management Committee

The Audit Committee and the Board of Directors oversee risk management. A Risk Management Committee has been established, chaired by the General Manager, with the head of the Management Department serving as the Chief Secretary. The committee includes the heads of all primary units within the company. Regular meetings are held, and an annual report on the execution of risk management operations is presented to the Audit Committee and the Board of Directors.

(14) Other significant risks and corresponding measures.

VII. Other significant matters: None.

VI. Special Notes

I. Summary of Affiliates Companies

1. Consolidated Business Report of Affiliated Enterprises
For related information, please visit the Market Observation Post System (MOPS) at <https://mops.twse.com.tw> and navigate to “Electronic Document Download / Affiliated Enterprises - Three Statements Section” under the selected company.
2. Consolidated Financial Statements of Affiliates: None
3. Relations Report:

For related information, please visit the Market Observation Post System (MOPS) website at <https://mops.twse.com.tw>, and navigate to the “Electronic Document Download / Affiliated Enterprises - Three Statements Section” under the selected company.

II. The Handling of Privately Placed Securities for the Most Recent Year and Up To The Date of the Annual Report Publication: None

III. The Situation Regarding Subsidiaries Holding or Disposing of The Company's Stock During the Most Recent Year and Up To the Date of the Annual Report Publication: None

IV. Other Supplementary Information: None.

VII. Significant Events Affecting Shareholder Equity or Securities Prices as Defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act That Occurred During the Most Recent Year and Up To the Date of The Annual Report Publication:

N/A



SIMULA TECHNOLOGY INC.

Chairman: Huang, Han-Chou

