

## Corporate governance implementation status

Assessment item	Implementation Status			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
1. Whether the Company has formulated and disclosed the Corporate Governance Best Practice Principles according to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has formulated “Corporate Governance Best Practice Principles” pursuant to “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to comply with, and it was disclosed at company’s website and MOPS.	None
2. Shareholding structure and shareholders’ rights				
(1) Whether the Company has formulated internal operation procedures to handle shareholders’ suggestions, doubts, disputes and litigation matters, and implement it according to such procedures?	✓		(1) The Company has appointed dedicated stock affairs agency to handle stock affairs, and set spokesman and deputy spokesman to handle suggestions from shareholders.	None
(2) Whether the Company has mastered the major shareholders actually controlling the company and the ultimate controller list of major shareholders?	✓		(2) The Company has set the stock affairs unit and mastered the major shareholders actually controlling the company and the ultimate controller list of major shareholders, and has regularly tracked and understood the changes in shareholding and disclose them on monthly basis pursuant to law.	
(3) Whether the Company has established and executed the risk control and firewall mechanism with affiliated enterprises?	✓		(3) The Company has formulated the “Affiliated Group Transaction Management Regulation” and “Governance Management Toward Subsidiaries Regulation”. Also, the assets and financial rights and responsibilities between and among each affiliated enterprise are independent respectively, and they are handled according to the internal control system of the Company.	

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(4) Whether the Company has formulated internal regulation to prohibit insider of the Company from utilizing undisclosed information for the securities transaction?	✓		(4) The Company has formulated the “Administrative Measures for Insider Trading Prevention” and “Codes of Ethical Conduct”, strictly prohibiting insiders from trading negotiable securities by utilizing undisclosed information.	
3. Board of Directors’ composition and responsibility				
(1) Whether the Board of Directors has a formulated diversified policy, specific management goals and implemented it?	✓		(1) According to Corporate Governance Best Practice Principles, Article 20 states the members of Board of Directors shall be diversified. The Company has drawn up and implemented the management goals based on the diversified policy. For the implementing situation of members Board of Directors, please refer to this annual report “The diversification and independence of the Board of Directors” (page 15)	None
(2) Apart from setting Remuneration Committee and Audit Committee pursuant to law, whether the Company is willing to set other functional committees?	✓		(2) The Company has set the Remuneration Committee pursuant and Audit Committee to law. In order to promote sustainable development, the Company has voluntarily established Sustainable Development Committee in the third quarter of 2022.	None
(3) Whether the Company has formulated Board of Directors Performance Assessment Measures and its assessment method, regularly carries out performance assessment every year, hands in the results of performance assessment to Board of Directors, and applies them as the reference for the remuneration, nomination and reappointment of individual directors?	✓		(3) Board of Directors of the Company has passed the “Board of Directors Performance Assessment Measures” on August 8, 2019, and carries out internal performance assessment every year according to the assessment procedures stipulated in such Measures since 2020. The results of aforesaid performance assessment will be the reference for selection or nomination of directors, as well as for determining the remuneration of individual directors. The Company has completed the Board of Directors performance assessment in January 2024, and handed in the evaluation results to the Board of Directors meeting convened on March 12, 2024, the overall Board of Directors performance is perfect and conforming to corporate governance; and the overall performance of director members is good.	None

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(4) Whether the Company has regularly evaluate the independence of CPA?	✓		(4) The Company refers to Audit Quality Indicators (AQIs)(which includes 13 indicators and five scopes – profession, quality control, independence, monitor and creativity.) to evaluate the independence and competence of the Certified public accountants. The Board of Directors has passed evaluation on March 12, 2024. The Company’s Certified public accountants and their group have not been appointed by the Company or the affiliated enterprise, nor have close commercial relationship with the Company or directors and managerial officers of the Company, nor have any financial interests with the Company or the affiliated enterprise, nor have accepted any gift of great value or improper entertainment or received any payment other than the audit work; besides, certified public accountants and their group have not engaged in the trading of stocks of the Company, and maintain the accountant’s independence, and their job rotations are following relevant regulations.	None
4. Whether or not the listed company sets eligible corporate governance personnel of appropriate number, and designates the corporate governance supervisor to be responsible for corporate governance related affairs (including but not limited to provide directors and supervisors necessary materials for business execution, assist directors and supervisors in legal compliance, handle matters related to Board of Directors Meeting and Shareholders' Meeting pursuant to law, and prepare meeting minutes for Board of Directors Meeting and	✓		<p>On January 27, 2021, Board of Directors of the Company appointed CHANG, CHI-CHI, from Senior Manager of General Manager Room to be the corporate governance supervisor, who has been equipped with the work experiences of engaging in finance, stock affairs, meetings, and other management work of publicly owned corporation for over three years.</p> <p>Following are the main job descriptions:</p> <ul style="list-style-type: none"> <li>• Handle matters related to Board of Directors Meeting and Shareholders' Meeting pursuant to law</li> <li>• Prepare meeting minutes for Board of Directors Meeting and Shareholders' Meeting</li> <li>• Assist directors in assumptions of duty, and continuous training records</li> <li>• Provide directors with necessary information for business execution</li> <li>• Assist directors and supervisors in legal compliance</li> <li>• Implement Board of Directors performance evaluation</li> </ul> <p>Followings are the 2023 business execution situations:</p> <ol style="list-style-type: none"> <li>a. Handle Board of Directors 5 times pursuant to law, noticing meetings and preparing information related to meetings 7 days in advance, and complete meeting minutes for Board of Directors Meeting in 20 days after the meeting.</li> <li>b. Handle General Shareholders’ Meeting pursuant to law, and prepare notice of meetings, meeting manuals, annual reports, and meeting minutes within the statutory time.</li> </ol>	None

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Shareholders' Meeting etc.)?			<p>c. Provide directors with the needed materials for executing, and assist directors in arranging 6-hours advanced studies every year.</p> <p>d. Carry out performance evaluation of the Board of Directors and individual directors every year. The 2023 performance evaluation has been handed to Board of Directors on March 12, 2024.</p> <p>Corporate governance supervisor’ training records in 2023:</p> <table><tr><th>Date</th><th>Host unit</th><th>Course name</th><th>Hours</th></tr><tr><td>2023/05/09</td><td>Taiwan Investor Relations Institute</td><td>Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors</td><td>3</td></tr><tr><td>2023/05/23</td><td>Taiwan Stock Exchange、Taipei Exchange</td><td>The propaganda on Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies</td><td>3</td></tr><tr><td>2023/06/09</td><td>Securities and Futures Institute</td><td>The 2023 propaganda on prevention of insider trading</td><td>3</td></tr><tr><td>2023/07/04</td><td>Taiwan Stock Exchange</td><td>The 2023 Cathay Sustainable Finance and Climate Change Summit</td><td>6</td></tr><tr><td>2023/11/07</td><td>Taiwan Corporate Governance Association</td><td>Risk management and internal controls</td><td>3</td></tr><tr><td>2023/11/29</td><td>Industrial Technology Research Institute</td><td>European Green Deal and the challenge and business opportunity of the bicycle industry</td><td>3</td></tr><tr><td>2023/12/08</td><td>Securities and Futures Institute</td><td>The 2023 propaganda on regulation compliance of the insider equity trading</td><td>3</td></tr></table>	Date	Host unit	Course name	Hours	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3	2023/05/23	Taiwan Stock Exchange、Taipei Exchange	The propaganda on Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies	3	2023/06/09	Securities and Futures Institute	The 2023 propaganda on prevention of insider trading	3	2023/07/04	Taiwan Stock Exchange	The 2023 Cathay Sustainable Finance and Climate Change Summit	6	2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3	2023/11/29	Industrial Technology Research Institute	European Green Deal and the challenge and business opportunity of the bicycle industry	3	2023/12/08	Securities and Futures Institute	The 2023 propaganda on regulation compliance of the insider equity trading	3	
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5. Whether the Company has established communication channels with Stakeholders (including but not limited to shareholders, employees, customers and suppliers etc.), and set up a Stakeholders’ section on the	✓		The website of the Company has set the–Stakeholders’ section to provide investors service, customers and suppliers and employees sections respectively, and has left contact information at MOPS and company website, and the Company can respond to the important issues concerned by Stakeholders by the dedicated person, fax and email etc.	None																																

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company website, and appropriately respond to the important corporate social responsibilities concerned by Stakeholders?				
6. Whether the Company has appointed a professional stock affairs agency to handle the affairs of Shareholders' Meeting?	✓		The Company has appointed a professional stock affairs agency, the "Stock Agent Department, Sinopac Securities" to handle matters related to stock affairs in Taiwan, and has formulated the "Regulations Governing the Administration of Shareholder Services" to regulate relevant affairs.	None
7. Information disclosure (1) Whether the Company has set website to disclose financial business and corporate governance information? (2) Whether the Company has adopted other information disclosure methods (such as setting English website, designating dedicated person to be responsible for the collection and disclosure of company information, implementing spokesman system, and webcasting investors conference etc.)?	✓  ✓		(1) The Company has set the website: <a href="http://www.luhai.com.tw/">http://www.luhai.com.tw/</a> , and disclose information related to financial business and corporate governance of the Company at MOPS regularly or irregularly as required.  (2) The Company has set the English website, spokesman or deputy spokesman makes a statement on the issues related to the Company, and each relevant business department is responsible for the collection and disclosure of company information. Besides, relevant information on the investor conference presentation already convened or being invited to attend over the years have been disclosed at company website and MOPS.	None
(3) Whether or not the company announces and declares annual financial report within two months after the end of accounting year, and announces and declares the financial report of the first, second and third quarter and		✓	(3) The Company declares annual financial report within the prescribed time limit, and announces and declares the financial report of the first, second and third quarter and monthly operating situation before the prescribed time limit.	The Company has planned annual financial report since 2022 in accordance with the "Governance 3.0 – The Blueprint of Sustainable Development" requested by the authorities in charge, and has finished and published the

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monthly operating situation before the prescribed time limit?				declaration of related financial information within 75 days after the year ended. The declaration of 2023 annual financial report has been finalized on March 12, 2024.
<p>8. Whether the Company has other important information contributing to the understanding of operation situation of corporate governance (including but not limited to rights and interests of employee, employee caring, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, execution situation of risk management policy and risk measurement standards, execution situation of customer policy, the situation in which the Company buys liability insurance for the directors and supervisors etc.)?</p> <p>(1) Rights and interests of employee: The Company and each local subsidiary have formulated the system related to employee welfare, according to the laws and decrees of various countries to safeguard the rights and interests of employee.</p> <p>(2) Employee caring: The Company and its reinvested subsidiaries have set the Employees Union as the communication channel between employees and management of the company, consensus is reached between the Employees Union and employees for all important matters involving in employees to condense centripetal force; besides, internal periodical of the Group "LUHAI's Windows" has been set to encourage employees to contribute to share their spirits and actively give feedbacks.</p> <p>(3) Investor relations: the website of the Company sets the investor relations section to irregularly update relevant information to provide to the investor for reference.</p> <p>(4) Stakeholder: The Company has set the Stakeholder section on the company website to maintain a smooth communication channel of stakeholders (shareholders, investors, corresponding banks, suppliers, customers, medias and employees etc.), and respect and safeguard their due legal rights and interests.</p> <p>(5) Directors' training records in 2023: please refer to "Directors' training records in 2023" in the following table.</p> <p>(6) The Company has formulated the "Administrative Measures for Insider Trading Prevention" and "Administrative Measures for Material Information Announcement" as the basis for handling major information and disclosure mechanism, and irregularly reviews those Measures to conform to current laws and decrees and meet the requirement of practical management, upon amendment, the Company will inform employees by E-mail internally and put the latest measures at internal website of the Company for reference by managerial officers and employees at any time.</p> <p>(7) Situation of the company's buying liability insurance for the director: the Company has bought director liability insurance and announced it at mops.twse.com.tw, the period of liability insurance is from June 20, 2023 to June 20, 2024, and the insuring amount is USD1 million.</p>				

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9. Please describe the improvement of corporate governance evaluation result released by corporate governance center of Taiwan Stock Exchange Corporation in the last year, and propose the prioritized strengthening matters and measures for the unimproved matters. The recent corporate governance evaluation result of the company is ranked between 36% and 50%. The matters which have been improved and prioritized strengthening are listed based for the ninth corporate governance evaluation result. (1) Improved circumstances: Shareholders' meeting before the end of May, conducted performance evaluation of the functional committee annually, conducted external evaluation every three years, disclosed sustainable development plan, prepared and announced sustainability report, set up policy on greenhouse gas, water, and waste management, disclosed TCFD-related information in the sustainability report. (2) Prioritized strengthening matters: The company will refer to Audit Quality Indicators (AQIs) to evaluate the independence and competence of the certified public accountants, and formulate human rights policy and specific management plan.				

#### Directors' training records in 2023

Title	Name	Date	Host unit	Course name	Hours
Chairman	HSU, LIEN-KAI	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/05/23	Taiwan Stock Exchange 、Taipei Exchange	The propaganda on Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies	3
		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Director	WU, CHIN-LU	2023/04/14	Taiwan Academy of Banking and Finance	The Corporate Governance Lecture	3
		2023/07/15	Commercd Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
Director	WU, CHING-SHU	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Director	HSU, YA-TING	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Director	HSU, HUAI-YUN	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3



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		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Director	HSU, HAN-YUAN	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Independent Director	YEN, MEI-YING	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Independent Director	CHANG, HORNG-YAN	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/05/10	Securities and Futures Institute	The technology development and applicable business opportunity of Chatbot ChatGPT	3
		2023/11/07	Taiwan Corporate Governance Association	Risk management and internal controls	3
Independent Director	YEH, CHIH-MING	2023/05/09	Taiwan Investor Relations Institute	Practical analysis on the 2023 corporate governance and Rules for Performance Evaluation of Board of Directors	3
		2023/06/09	Securities and Futures Institute	The 2023 propaganda on prevention of insider trading	3
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