

Stock code: 2115



# LU HAI HOLDING CORP.

## 2024 Annual Report

Annual report inquiry website: <https://mops.twse.com.tw>

Company website: <https://www.luhai.com.tw>

Published on May 7, 2025

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Title	Name	Nationality	Major education background & experience
Chairman	WU, CHIN-LU	R.O.C.	Chairman of LU HAI HOLDING CORP. Chairman of LU HAI INDUSTRIAL Dah-Chin Commercial & Industrial Vocation High School
Director	PATTERN FINANCIAL MANAGEMENT S.A. Representative: WU, CHING-SHU	R.O.C.	Director of LU HAI INDUSTRIAL Supervisor of LU HAI INDUSTRIAL Director of LU HAI HOLDING CORP. Master's Degree of Management, National Chung Hsing University
Director	LARGE RISE HOLDING LIMITED Representative: HSU, HAO-YUN	R.O.C.	Consultant of XIAMEN XIAHUI General Manager of XIAMEN XIAHUI Vice President of PT. LUHAI Pusin Junior High School
Director	HSU, YA-TING	R.O.C.	VP of XIAMEN XIAHUI VP of LU HAI HOLDING CORP. Section Manager of YOKE Industrial Corp. Department of Finance, National Taichung University of Science and Technology

Title	Name	Nationality	Major education background & experience
Director	HSU, HUAI-YUN	R.O.C.	General Manager of Yun Yii International Co., Ltd. Master's Degree of Management, TungHai University
Director	HSU, HAN-YUAN	R.O.C.	Business Manager of Yuan-Hong Metal Co., Ltd. Assistant Manager of LU HAI HOLDING CORP. General Manager of XIAMEN XIAHUI Civil Engineering Department, Nanya Institute of Technology
Independent Director	YEN, MEI-YING	R.O.C.	Director of PONY Leather Corporation Assistant Manager of PONY Leather Corporation Master's Degree of Accounting, National Taiwan University
Independent Director	YEH, CHIH-MING	R.O.C.	Director of CVC Technologies, Inc. Director of SOAR MEDICAL-TECH CO., LTD. General Manager of Swissray Asia Healthcare Co., Ltd. General Manager of Shin Shin Healthcare Co., Ltd. Director of S&S Healthcare Holding Ltd. CEO & General Manager of S&S Healthcare Holding Ltd Director of Swissray Medical AG(SRM) Chairman of Renax Biomedical Technology Co., Ltd. Chairman of Jin-Biotechnology Co., Ltd. PhD, University of Chinese Academy of Sciences (Management Science and Engineering)
Independent Director	WANG, SHIH MING	R.O.C.	Practicing CPA at Dayar CPA Firm and Registered CPA at Shanghai Taixin Daya CPA Firm Special Assistant to the Chairman at Xiamen Tongtai Bamboo and Wood Products Co., Ltd. Auditor, Audit Supervisor, and Audit Manager at KPMG Taiwan Deputy Manager of the Mainland China Services Department at Deloitte Taiwan Part-time lecturer, Department of Accounting, Dayeh University Master degree of Accounting, National Taiwan University

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Notes: This Annual Report in English is translation from Chinese version, and it is only for reference by investors. In case of any difference between the Chinese and English version, the Chinese version shall prevail.

## Chapter I Letter to Shareholders

In 2024, the global economy continues to face challenges such as geopolitical risks, structural issues, and the rise of protectionism. Growth momentum and challenges vary across regions: China's economic growth has slowed more than anticipated due to weak domestic demand and difficulties in the real estate market; Europe contends with subdued growth momentum, energy supply concerns, and high inflationary pressures; meanwhile, the United States benefits from robust consumer spending and a resurgence in manufacturing, driving stronger economic growth. Overall, the pace of recovery differs among countries. However, with the accelerated adoption of artificial intelligence and a rebound in global commodity trade, the global economy is expected to grow gradually. Despite these challenges, our company's revenue has demonstrated a steady upward trend.

As the bicycle industry continues to reduce inventory levels, the related supply chain has progressively recovered, boosting product demand and driving growth in sales volume for bicycle tire valves. Benefiting from the recovery in global trade and the acquisition of new customers, sales of tire valves for motorcycles and electric scooters have grown steadily. Additionally, with the automotive industry's recovery, heightened safety awareness, and rising customer demand, sales of tire valves for trucks and passenger car series have also increased. In 2024, our company's overall tire valve sales volume rose by 15.83% compared to 2023, with operating revenue increasing from NT\$2.592 billion to NT\$3.126 billion, a growth rate of 20.59%. To enhance production efficiency, meet customer order demands, and mitigate the impact of rising labor costs in mainland China, we have continued to refine our manufacturing processes and invest in automated equipment. Although the procurement cost of copper materials has risen, factors such as optimized product mix, price adjustments, and increased production volume have improved our profit margin from 20.54% to 22.16%. As business performance strengthens, promotional expenses have increased. Concurrently, our company has continued to invest in research and patent development, ESG (Environmental, Social, and Governance) management, and social welfare initiatives, resulting in an overall rise in operating expenses. Nevertheless, the net operating profit margin has improved from 7.31% to 10.32%. Furthermore, we have benefited from increased subsidies, global interest rate reductions, and optimized borrowing adjustments, which have reduced financial costs. The depreciation of the Chinese yuan against the U.S. dollar has also lowered foreign exchange losses. However, due to the recognition of net relocation remuneration gains in 2023, non-operating income in 2024 has significantly decreased. In summary, our company's net profit margin for 2024 increased from 6.75% to 6.83%, with earnings per share rising from NT\$1.68 to NT\$2.05.

Moving forward, our company will proactively enhance its technological capabilities and strategically invest in automated equipment to improve production efficiency and profitability. We will also actively explore new markets and customers both domestically and internationally to strengthen our global competitive edge. By adhering to prudent financial management and upholding our business philosophy of "Quality Oriented, Integrity, Customer First, Continuous Improvement," we are well-positioned to address future challenges.

### Financial performance

Implementation achievement in the last 2 years:

Unit: NT\$ thousand

Item \ Year	2024	2023	Increase (decrease) amount & percentage	
Operating revenue	3,126,341	2,592,438	533,903	20.59%
Operating gross profit	692,699	532,609	160,090	30.06%
Operating net profit	322,764	189,488	133,276	70.33%
Pre-tax net profit	346,258	325,750	20,508	6.30%
Current net profit	213,516	175,028	38,488	21.99%

### Budget Implementation Status

The Company has not disclosed financial forecasting to the public in 2024, hence it is not applicable.

### Financial income, expenditure, and profitability analysis

Item \ Year		2024	2023
Financial structure (%)	Debt to asset ratio	33.79	36.01
	Ratio of long-term capital to real estate, plant, and equipment	200.37	184.95
Liquidity (%)	Current ratio	301.16	245.71
	Quick ratio	218.82	187.50
	Times interest earned (times)	9.52	8.68
Profitability	Return on assets (%)	4.94	4.12
	Return on equity (%)	6.78	5.77
	Ratio of pre-tax net profit to paid-in capital (%)	33.17	32.77
	Net profit rate (%)	6.83	6.75
	Earnings per share (NT\$)	2.05	(Note) 1.68

Note. For retrospective adjustments.

Explanation: In May 2024, the Company filed and paid corporate income tax related to the relocation, resulting in a decrease in current liabilities and an increase in the current ratio and quick ratio, which reflect improved solvency.

Due to profit growth, the Company's interest coverage ratio and profitability have also increased.

### R&D Status

In 2024, our company's R&D efforts have progressed steadily in accordance with the annual plan's requirements. The primary focus has been on developing new material technologies, optimizing manufacturing processes, and advancing automation equipment. These initiatives aim to enhance product quality, shorten processing times, reduce raw material consumption costs, and improve production efficiency while achieving energy savings, carbon reduction, and human resource optimization.

Key achievements include the development of fully automated visual inspection equipment for rubber-based tire valves, a fully automated intelligent storage cabinet system, process development for aluminum PVR/AR series products, upgrades and simplification of rubber compounding and natural rubber bonding processes, expansion of transfer molding and injection processes,

advancement of the (Tire Pressure Monitoring Systems) TPMS tire valve project, and multiple fully automated projects (e.g., coating equipment, multi-specification marking machines, high-speed nozzle copper sleeve assembly machines, and dual-station hot forging equipment for truck tire valves). Through product material upgrades and the adoption of automation technologies, these projects have successfully reduced labor requirements, improved process efficiency, and effectively lowered material costs.

Looking forward to 2025, our R&D priorities will continue to center on the development and application of new products and processes, with a focus on reducing raw material costs, optimizing human resources, and advancing core technologies to establish cutting-edge manufacturing processes that further elevate product quality. Meanwhile, we will promote the adoption of green energy production to address the challenges of the low-carbon trend.

The primary R&D directions will include the development of production processes for compression-type tire valves, cost-reduction initiatives for low-speed tire valves, the creation of fully automated high-efficiency loading and grinding equipment, the advancement of new anodic processes, enhancements in stamping and forging efficiency for truck tire valve series products, and the expansion of precision vulcanization mold processes.

### Business Plan in 2025

#### (I) Guideline for Management

1. We are committed to implementing sustainable development across the economic, environmental, social, and corporate governance dimensions, laying a solid foundation for long-term business sustainability.
2. Through continuous investment in process improvements and increased equipment automation, we aim to reduce energy consumption and waste generation, thereby lowering operating costs and minimizing environmental impact.
3. By integrating the resources of the group's various business units, we enhance overall competitiveness and drive higher revenue performance.
4. Key development priorities for each business unit:
  - Xiahui Plant: This division remains focused on traditional tire valves, actively pursuing new customer acquisition while optimizing metal processing techniques to maximize resource efficiency. The Precision Engineering Division specializes in the production of tire valves and components for TPMS. This unit operates an automated anodic production line to ensure consistent product quality and meet the growing demands of customers.
  - Kunshan Plant transforms into an intelligent technology plant that focuses on non-valve precision finishing products and front fork shock absorbers. It also provides customized automatic equipment and intelligent applications to demonstrate developing innovative technology and become the clients' best partners.
  - Indonesia Plant: secures the market position of traditional valves and fully uses its geographical advantage to reinforce competitiveness and influence in the ASEAN/India valve markets. It also focuses on developing rubber mixing and curtain coating for customer service.
  - Taiwan Plant: expands precision machining parts in the bicycle market, continues to promote greenhouse gas inventory in the group, and implements sustainable development goals.
5. Recycle copper materials for reuse: Continue to expand the recycling of copper materials

for reuse in order to reduce the impact of copper price fluctuation.

(II) Expected Sales Quantity and its Basis

The group's monthly production capacity for tire valves remains steady at approximately 70 million units. However, due to the customized nature of precision machining accessories, which are not standardized products, capacity cannot be quantified as it varies with product types. Sales planning is scheduled based on customer order volumes.

(III) Important policy of production and marketing

The Company's primary sales markets are China and Indonesia, where we have established production bases to align closely with market demands and provide localized customer service. Indonesia offers abundant and stable labor resources, vast production space, and geographic advantages within the ASEAN market, along with favorable tariff benefits. Consequently, the Company will strategically enhance the production capacity of PT. LUHAI INDUSTRIAL at the appropriate time to strengthen market competitiveness.

Leveraging the advantages of our dual production bases in China and Indonesia, we are able to diversify operational risks and improve adaptability. By flexibly adjusting the capacity of each manufacturing base, optimizing production and sales processes, and refining equipment allocation, we aim to maximize capacity utilization and overall production efficiency.

(IV) Future development strategy of the Company

Since its founding, the Company has consistently adhered to the business philosophy of "Quality Oriented, Integrity, Customer First, Continuous Improvement." We remain dedicated to enhancing our core competencies, driving ongoing progress, and maintaining high standards for product development speed and quality. Externally, we continue to foster stable and positive partnerships with existing customers.

1. The Company always adopts the business model of cooperating with customers to move forward, and it is good for obtaining more favorable opportunities in the current rapidly growing TPMS market;
2. Use years of experience in metal process technology and rubber mixing ability to provide a more diverse customized service and expand the product line.
3. Use intelligent technology plant technology to improve process efficiency and promote automated equipment and smart software applications.
4. We are committed to continuously advancing research and development to refine manufacturing processes and reduce costs while focusing on diversification and high-profit products. This approach enhances product variety, extends our core expertise into different components, and maximizes return on investment.
5. We will remain dedicated to promoting sustainable development and deepening our efforts in corporate governance, social contribution, and environmental protection.

(V) Influence of external competition environment, environmental regulation, and overall management environment

In 2024, the global market is gradually recovering in the post-pandemic era, though supply chain challenges persist. The bicycle industry, having undergone inventory adjustments, is expected to see demand stabilize in 2025. However, the demand for traditional tire valve products faces pressure due to a slowing global economy and inflationary forces. In contrast, the TPMS tire valve business continues to grow, driven by China's mandatory adoption of tire pressure sensors and increasing penetration in the global aftermarket, resulting in an expanding revenue share.

Looking forward, the global political and economic landscape remains fraught with

uncertainties, including geopolitical conflicts and monetary policy adjustments. The Company will strengthen internal collaboration, leveraging synergies across subsidiaries to enhance operational efficiency. On the ESG front, we will continue to advance carbon reduction and resource recycling initiatives, improving process efficiency and increasing copper scrap recovery to minimize environmental impact.

The Company will sustain investments in R&D and talent development to ensure products meet international standards and regulatory requirements. Our management team closely monitors regulatory changes, adjusting strategies as needed to mitigate impacts. In response to evolving market dynamics, we will intensify new product development and market expansion efforts, proactively pursuing patents to bolster our competitive edge. Through robust internal controls and prudent management, the Company will navigate market fluctuations, ensuring stable growth and delivering maximum value to shareholders.

Chairman WU, CHIN-LU

General Manager: HSU, HSIU-HUA

## Chapter II Company Profile

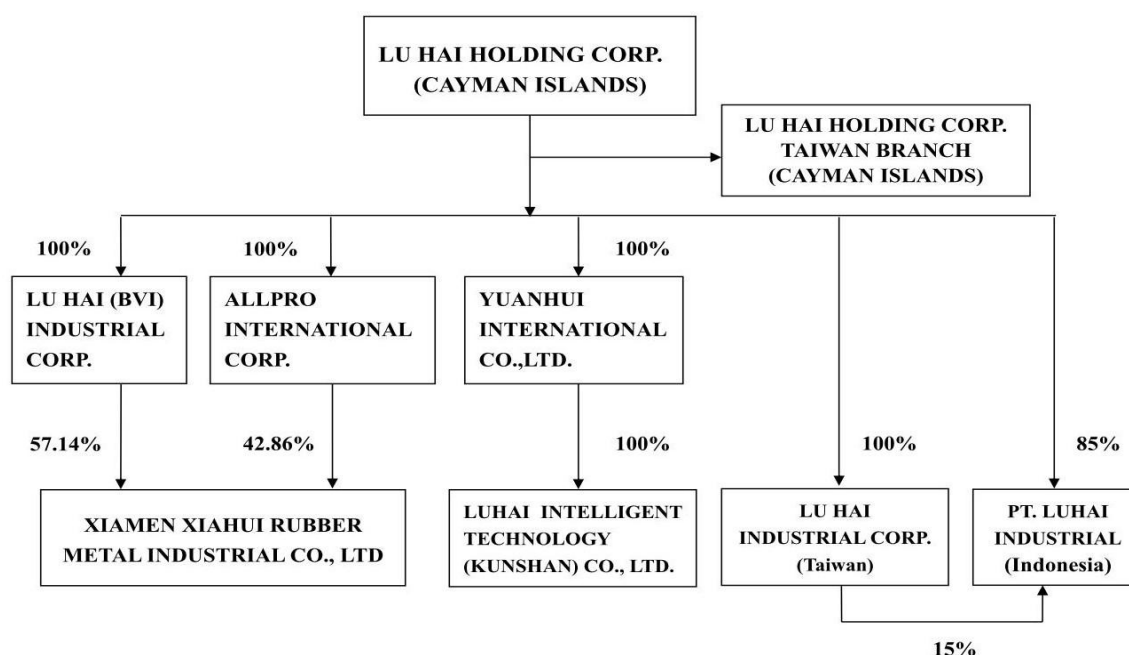
### I. Company and Group Introduction

#### (I) Date of incorporation and Group profile:

The Company is originated from the LU HAI INDUSTRIAL CORP. in Chang-hua Taiwan, established in May 1983, the Company has been primarily engaged in manufacturing, processing and sales of various tire rubber valves and metal bodies of tire valves, with gradual expansion of operation scale, the Company has set manufacturing bases and important operating offices in Xiamen, Kunshan and Indonesia successively, Most of the reinvestment businesses are engaged in the businesses related to the manufacturing and sales of valves. After subsidiary Kunshan Lu Hai moved to the new plant in 2022, it has transformed into an intelligent technology plant and focus on production and sales of non-valve precision processing parts, as well as working with customers to develop customized automatic equipment.

On October 19, 2009, LU HAI HOLDING CORP. was established in Cayman Islands as the holding parent company of the Group and the application entity to apply for a listing in Taiwan, the Company sticks to the operation philosophy of “Quality Oriented, Integrity, Customer First, Continuous Improvement”, and takes becoming the “Most competitive valve manufacturer of the world” as the target, as the pioneer in global valve industry, the Group has been diligently engaged in valve industry for over 30 years and deeply recognized by customers in terms of product quality, customers are mostly globally well-known tire manufacturers, such as: Bridgestone, Michelin, Goodyear, Cheng Shin Group, Kenda Group, Giti Group etc. The Group will continue to strive for diversification and provide solutions to the customers with higher quality and innovation to meet the green smart manufacturing challenge in the future.

#### (II) Group structure



## II. Company history:

Year	Important events
1980	LIUHO VALVE INDUSTRIAL CO., LTD. was established in Chang-hua Taiwan
1983	LU HAI INDUSTRIAL CORP. was established in Taiwan
1990	XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD. was established.
1995	XIAMEN XIAHUI had passed the ISO9002:1994 certification
1997	LU HAI INDUSTRIAL CORP. had passed the ISO9002:1994 quality management system certification by Bureau of Standards, Metrology and Inspection
	Approved to establish LUHAI RUBBER METAL INDUSTRIAL (KUNSHAN) CO., LTD
2000	Approved to establish XIAMEN LU HAI METAL CO., LTD
2001	KUNSHAN LUHAI had passed the ISO9001: 2000 system certification, and won the “Certificate of Quality Control System Certification” issued by China Quality Certification Center
	The certificate of quality system certification of XIAMEN XIAHUI was changed into ISO9001:2000 version
2002	LU HAI INDUSTRIAL CORP. had passed the ISO9001:2000 quality management system certification by Bureau of Standards, Metrology and Inspection
	KUNSHAN LUHAI had won the only qualified supplier certified by Michelin Tire in China
	KUNSHAN LUHAI had passed the safety certification of valve products by China Tire Products Certification Committee, and won the “Certificate of Product Quality Certification”.
2003	XIAMEN XIAHUI had passed the CQC product safety 3C certification
	XIAMEN XIAHUI was the member of National Valve Standardization Sub-Technical Committee
2005	XIAMEN XIAHUI had passed the ISO/TS16949:2002 Quality Control System certification
2006	KUNSHAN LUHAI had won the “Certificate of Confirmation for Foreign Invested Advanced Technology Enterprise” issued by Jiangsu Province
	XIAMEN XIAHUI had won the “AAA Credit Rating” enterprise awarded by the finance consulting & credit rating institution
2007	KUNSHAN LUHAI has been awarded the certificate of “Top 100 Rubber Parts Manufacturers in China” and “Famous Brand for Rubber Parts Manufacturing in China” issued by China Market Monitoring Center and China Market Research Center
	XIAMEN XIAHUI had won the title of “Fujian Famous Brand Product”
2009	LU HAI HOLDING CORP. was established in Cayman Islands, the establishment capital was NTD1,200,000 thousand, and the paid-up capital was NTD420,000 thousand
	LU HAI HOLDING CORP. carried out cash capital increase of NTD120,000 thousand, and the paid-up capital was NTD540,000 thousand after capital increase

Year	Important events
2010	LU HAI HOLDING CORP. carried out cash capital increase of NTD61,000 thousand, and the paid-up capital was NTD601,000 thousand after capital increase
	KUNSHAN LUHAI had passed the ISO/TS16949:2009 system certification, and won the “Certificate of Automotive Industry Quality System Certification” issued by China Quality Certification Center
2011	KUNSHAN LUHAI had won the good qualified supplier designated by Japan Bridgestone
	KUNSHAN LUHAI had passed the ISO14001:2004 system certification, and won the “Certificate of Environmental Management System Certification”
	PT. LUHAI INDUSTRIAL was established
	XIAMEN XIAHUI and XIAMEN LU HAI METAL CO., LTD. were merged.
2012	The hexagonal logo of the Company had won the “China Well-known Trademark”
2013	XIAHUI had won the first section of Top 10 Happy Enterprises.
	Officially listed in the Taiwan Stock Exchange on December 25, 2013
2014	LU HAI HOLDING had won the second section of Outstanding Taiwan Businessmen
2015	Carried out cash capital increase of 3,500 thousand shares and the first unsecured convertible corporate bonds (the total issuing denomination was NTD400 Million Only) in the territory of Republic of China
2016	XIAMEN XIAHUI had won the certificate of “Xiamen Famous Trademark: Tire Valve”
	XIAMEN XIAHUI had won the certificate of “Xiamen Famous Trademark: Metal Nut”
	XIAMEN XIAHUI had won the “Quality Management Award” issued by China Valve Core Industry
2017	LU HAI HOLDING had won the Outstanding Contribution Award issued by China Valve Core Industry
	KUNSHAN LUHAI had passed the ISO14001:2015 environmental management system certification, and won the Certificate of Management System Certification.
	KUNSHAN LUHAI had won the “Top Ten Eco-Friendly Enterprises”
2018	KUNSHAN LUHAI had passed the IATF16949:2016 system certification, and won the certificate of “Automotive Industry Quality Management System” issued by China Quality Certification Center
2019	LU HAI HOLDING, TAIWAN OFFICE(CAYMAN ISLANDS) had been changed to LU HAI HOLDING ,TAIWAN BRANCH(CAYMAN ISLANDS)
	XIAMEN XIAHUI had won the certificate of “Work Safety Standardization”
	KUNSHAN LUHAI had passed the IATF16949:2016 system certification, and won the certificate of “Manufacturing of inflating valves used tire”
2020	XIAMEN XIAHUI had passed the ISO 9001:2015 system certification, and won the certificate of “Manufacture of tire valves and parts”
	XIAMEN XIAHUI had passed the IATF 16949:2016 system certification, and won the certificate of “Manufacture of tire valves”
2021	The completion of XIAMEN XIAHUI’s new plant

Year	Important events
	XIAMEN XIAHUI- Fine machining department had passed the IATF16949:2016 system certification XIAMEN XIAHUI had passed the ISO14001:2015 environmental management system certification PT. LUHAI had passed the ISO14001:2015 environmental management system certification PT. LUHAI had passed the ISO 45001:2018 Occupational Health and Safety Management Systems PT. LUHAI had passed the ISO 9001:2015 system certification PT. LUHAI had passed the IATF16949:2016 system certification
2022	KUNSHAN LUHAI was renamed LUHAI Intelligent Technology (KUNSHAN) CO., LTD. The completion of KUNSHAN LUHAI's new plant XIAMEN XIAHAI awarded the exclusive strategic supplier of Decathlon china bicycle valves
2023	Taiwan branch initiates production line XIAMEN XIAHAI awarded the "Double Love Model Enterprise"
2024	XIAHUI obtained AEO certification

**III. Risk Management:** Please refer to Page 102 to 107, Six. Review and analysis of Financial Condition, Performance, and Risk Matters.

## Chapter III Corporate Governance Report

### I. Information on the General Manager, Deputy General Manager, Assistant Manager, and heads of various departments and branch offices

#### (I) Information of Directors and Supervisors

##### 1. Information of directors and supervisors:

March 29, 2025; Unit: share

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor children shareholding		Shareholding in the name of other people		Main experience (education background)	Concurrent title in the Company or other companies currently	Other managers, directors, or supervisors of the relationship of spouse or within second-degree relatives			Notes
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Chairman	R.O.C.	WU, CHIN-LU	Male 61~70 years old	2024.6.19	3	2012.1.13	573,973	0.58%	620,486	0.59%	348,616	0.33%	3,014,154	2.89%	Chairman of LU HAI HOLDING CORP. Chairman of LU HAI INDUSTRIAL Dah-Chin Commercial & Industrial Vocation High School	Director of XIAMEN XIAHUI Director of KUNSHAN LUHAI Director of LU HAI INDUSTRIAL Director of PT. LUHAI Director of GET JOINT BUSINESS CORP. Director of DAY LIGHT BUSINESS CO., LTD.	Director Assistant Manager of Sales Dept.	WU, CHING-SHU WU, KO-LI	Brother Parent-child	
Director	Samoa	PATTERN FINANCIAL MANAGEMENT S.A.	-	2024.6.19	3	2024.6.19	3,928,753	3.95%	4,125,190	3.95%	-	-	-	-	Not Applicable	Not Applicable	Not Applicable			
	R.O.C.	Representative: WU, CHING-SHU	Male 61~70 years old	2024.6.19		2012.1.13	883,444	0.89%	927,616	0.89%	128,120	0.12%	4,125,190	3.95%	Director of LU HAI INDUSTRIAL Supervisor of LU HAI INDUSTRIAL Director of LU HAI HOLDING CORP. Master's Degree of Management, National Chung Hsing University	Supervisor of XIAMEN XIAHUI Director of KUNSHAN LUHAI Supervisor of PT. LUHAI Supervisor of LU HAI INDUSTRIAL Director of GET JOINT BUSINESS CORP. Director of DAY LIGHT BUSINESS CO., LTD.	Director	WU, CHIN-LU	Brother	
Director	Samoa	LARGE RISE HOLDING LIMITED	-	2024.6.19	3	2024.6.19	3,928,753	3.95%	4,125,190	3.95%	-	-	-	-	Not Applicable	Not Applicable	Not Applicable			
	R.O.C.	Representative: HSU, HAO-YUN	Male 51~60 years old	2024.6.19		2024.6.19	17,200	0.02%	18,059	0.02%	741,194	0.71%	4,125,190	3.95%	Consultant of XIAMEN XIAHUI General Manager of XIAMEN XIAHUI Vice President of PT. LUHAI Pusin Junior High School	Director of XIAMEN XIAHUI Director of KUNSHAN LUHAI Director of LU HAI INDUSTRIAL Supervisor of PT. LUHAI	-	-	-	
Director	R.O.C.	HSU, YA-TING	Female 51~60 years old	2024.6.19	3	2018.6.25	833,187	0.84%	874,846	0.84%	-	-	228,932	0.22%	VP of XIAMEN XIAHUI VP of LU HAI HOLDING CORP. Section Manager of YOKE Industrial Corp. Department of Finance, National Taichung University of Science and Technology	Director of XIAMEN XIAHUI General Manager of XIAMEN XIAHUI Director of KUNSHAN LUHAI Supervisor of PT. LUHAI Director of LU HAI INDUSTRIAL	-	-	-	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor children shareholding		Shareholding in the name of other people		Main experience (education background)	Concurrent title in the Company or other companies currently	Other managers, directors, or supervisors of the relationship of spouse or within second-degree relatives			Notes
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Director	R.O.C.	HSU, HUAI-YUN	Female 41~50 years old	2024.6.19	3	2018.6.25	56,563	0.06%	59,391	0.06%	-	-	-	-	General Manager of Yun Yii International Co., Ltd. Master's Degree of Management, TungHai University	Director of XIAMEN XIAHUI Director of KUNSHAN LUHAI Supervisor of PT. LUHAI Director of LU HAI INDUSTRIAL Project VP of LU HAI HOLDING CORP. Director of Changhua County Incorporated Guang Cheng Welfare Foundation	General Manager	HSU, HSIU-HUA	Sister	
Director	R.O.C.	HSU, HAN-YUAN	Male 41~50 years old	2024.6.19	3	2018.6.25	2,312,146	2.33%	2,427,753	2.33%	-	-	-	-	Business Manager of Yuan-Hong Metal Co., Ltd. Assistant Manager of LU HAI HOLDING CORP. General Manager of XIAMEN XIAHUI Civil Engineering Department, Nanya Institute of Technology	Director & GM Room VP of XIAMEN XIAHUI Supervisor of KUNSHAN LUHAI Supervisor of PT. LUHAI Director of LU HAI INDUSTRIAL Special Assistant of Chairman, LU HAI HOLDING CORP.	-	-	-	
Independent Director	R.O.C.	YEN, MEI-YING	Female 51~60 years old	2024.6.19	3	2012.1.13	-	-	-	-	-	-	-	-	Director of PONY Leather Corporation Assistant Manager of PONY Leather Corporation Master's Degree of Accounting, National Taiwan University	Assistant Manager of Administration and Head of Finance Department of PONY Leather Corporation Remuneration Committee Member of LU HAI HOLDING CORP.	-	-	-	
Independent Director	R.O.C.	YEH, CHIH-MING	Male 61~70 years old	2024.6.19	3	2021.7.15	-	-	-	-	-	-	-	-	Director of CVC Technologies, Inc. Director of SOAR MEDICAL-TECH CO., LTD. General Manager of Swissray Asia Healthcare Co., Ltd. General Manager of Shin Shin Healthcare Co., Ltd. Director of S&S Healthcare Holding Ltd. CEO & General Manager of S&S Healthcare Holding Ltd Director of Swissray Medical AG(SRM) Chairman of Renax Biomedical Technology Co., Ltd. Chairman of Jin-Biotechnology Co., Ltd. PhD, University of Chinese Academy of Sciences (Management Science and Engineering)	General Manager of Xavier Living Spaces Co., Ltd. Remuneration Committee Member of LU HAI HOLDING CORP.	-	-	-	
Independent Director	R.O.C.	WANG, SHIH-MING	Male 51~60 years old	2024.6.19	3	2024.6.19	-	-	-	-	-	-	-	-	Practicing CPA at Dayar CPA Firm and Registered CPA at Shanghai Taixin Daya CPA Firm Special Assistant to the Chairman at Xiamen Tongtai Bamboo and Wood Products Co., Ltd. Auditor, Audit Supervisor, and Audit Manager at KPMG Taiwan Deputy Manager of the Mainland China Services Department at Deloitte Taiwan Part-time lecturer, Department of Accounting, Dayeh University Master degree of Accounting, National Taiwan University	CPA of EVERWELL & CO., CPAs. CPA of Shanghai Chenghui CPAs Co., Ltd. Remuneration Committee Member of LU HAI HOLDING CORP.	-	-	-	

2. Major shareholders of juristic person shareholders:

March 29, 2025

Name of juristic person shareholders	Major shareholders of juristic person shareholders	Shareholding ratio
PATTERN FINANCIAL MANAGEMENT S.A.	WU, CHING-SHU	31.53%
	PENG, YU-LIEN	18.67%
	WU, CHUN-YI	33.2%
	WU, CHIA-JUNG	5.53%
	WU, CHIA-CHUAN	5.53%
	WU, CHIA-HUA	5.53%
LARGE RISE HOLDING LIMITED	COLLECTOR ENTERPRISE INCORPORATED	33.33%
	HSU, LIEN-KAI	33.33%
	HSU, LIN-BIAO	33.33%

3. The major shareholder if the major shareholder is a juristic person

March 29, 2025

Name of juristic person	Major shareholders of juristic person	Shareholding ratio
COLLECTOR ENTERPRISE INCORPORATED	HSU, HAO-YUN	27.27%
	HUANG, LI-FENG	18.18%
	HSU, YU-LUN	18.18%
	HSU, YU-HSUAN	18.18%
	HSU, YU-NA	18.18%

4. Information disclosure of the professional identity of directors and their independence

Name	Criteria	Professional qualifications and experience	Independence Criteria	Number of other public companies in which concurrently act as independent director
WU, CHIN-LU		Having more than 5-years of required experience in business and more than 35 years of industry experience in the field of valves	Elected as a natural person, is not under any circumstances of Article 30 of the Company Act, and Independence in Article 3, paragraph 1, subparagraph 1, and subparagraph 5 to subparagraph 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	-
PATTERN FINANCIAL MANAGEMENT S.A. Representative: WU, CHING-SHU		Having more than 5-years of required experience in business and more than 35 years of industry experience in the field of valves	Elected as a juristic person, is not under any circumstances of Article 30 of the Company Act, and Independence in Article 3, paragraph 1, subparagraph 1, and subparagraph 5 to subparagraph 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	-
LARGE RISE HOLDING LIMITED Representative: HSU, HAO-YUN		Having more than 5-years of required experience in business and more than 20 years of industry experience in the field of valves	Elected as a juristic person, is not under any circumstances of Article 30 of the Company Act, and Independence in Article 3, paragraph 1, subparagraph 1, and subparagraph 5 to subparagraph 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	-
HSU, YA-TING		Having more than 5-years required experience in business and more than 15-years industry experience in the field of valves	Elected as a natural person, is not under any circumstances of Article 30 of the Company Act, and Independence in Article 3, paragraph 1, and subparagraph 5 to subparagraph 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	-
HSU, HUAI-YUN		Having more than 5-years required experience in business and more than 10-years industry experience in the field of valves	Elected as a natural person, is not under any circumstances of Article 30 of the Company Act, and Independence in Article 3, paragraph 1, and subparagraph 5 to subparagraph 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	-
HSU, HAN-YUAN		Having more than 5-years required experience in business and more than 10-years industry experience in the field of valves	Elected as a natural person, is not under any circumstances of Article 30 of the Company Act, and Independence in Article 3, paragraph 1, and subparagraph 5 to subparagraph 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	-
YEN, MEI-YING		Graduated with a Master's degree from the Graduate Institute of Accounting at National Taiwan University and holds a CPA qualification. Currently serves as the Convener of the Audit Committee and a member of the Remuneration Committee of our company. Presently holds the position of Assistant Manager of the Administration Department and Head of the Finance Department at Puda Applied Materials Co., Ltd. Previously served as	Met each Independence criteria of the following two years before being elected and during the tenure: (1) Not an employee of the Company or any of its affiliates. (2) Not the director or supervisor of the Company or any of its affiliated (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.	-

Name \ Criteria	Professional qualifications and experience	Independence Criteria	Number of other public companies in which concurrently act as independent director
	Deputy Manager at Deloitte & Touche CPA Firm, Finance Department Manager and Spokesperson at Puda Xingye Company, and Deputy Manager of the Finance Department at Lu Hai Industrial Corp. Specializes in professional accounting matters and possesses extensive industry experience.	(4) Not the spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managerial officer listed in Item (1) or any of the persons listed in Items (2) and (3). (5) Not the director, supervisor, or employee of the juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27, of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).	
YEH, CHIH-MING	Holds a Doctoral degree in Management from the Graduate School of the University of Chinese Academy of Sciences and serves as the Convener of the Remuneration Committee and a member of the Audit Committee of our company. Currently the General Manager of Xavier Living Spaces Co., Ltd. Previously served as Director of CVC Technologies Co., Ltd., Director of SOARMED Co., Ltd., General Manager of Swissray Asia Healthcare Co., Ltd., General Manager of Shin Shin Healthcare Co., Ltd., Director of S&S Healthcare Holding Ltd., Executive Director and General Manager of S&S Healthcare Holding Ltd., Director of Swissray Medical AG (SRM), Chairman of Renax Biomedical Technology Co., Ltd., and Chairman of Jin-Biotechnology Co., Ltd. Specializes in corporate operations and possesses extensive experience in both industry and academia.	(6) Not the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent). (7) Not the person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (member of a council), supervisor, or employee of that other company or institution (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent). (8) Not the director (member of a council), supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except that such specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).	-
WANG, SHIH MING	Graduated with a Master's degree from the Graduate Institute of Accounting at National Taiwan University and holds a CPA qualification. Serves as a member of the Remuneration Committee and Audit Committee of our company. Currently	(9) Not the professional individual who, or an owner, partner, director (member of a council), supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative remuneration exceeding	-

Name	Criteria	Professional qualifications and experience	Independence Criteria	Number of other public companies in which concurrently act as independent director
		<p>serving as an accountant at Everwell &amp; Co. and Shanghai Chenghui CPAs Co., Ltd.; and previously employed as an auditor, audit supervisor, and audit manager at KPMG Taiwan (KPMG), as well as a deputy manager in the Mainland China Services Department at Deloitte Taiwan (Deloitte). Specializes in professional accounting matters and possesses extensive industry experience.</p>	<p>NT\$500,000, or a spouse thereof. However, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition who exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10)Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11)Not being a person of any conditions defined in Article 30 of the Company Act.</p> <p>(12)Not a governmental, juristic person or its representative as defined in Article 27 of the Company Act.</p>	

## 5. Diversity and independence of the Board of Directors

### (1) Board Diversity Policy

In order to boost corporate governance and the complete development of the formation and structure of the Board of Directors, the Board of Directors of The Company passed "Corporate Governance Best Practice Principles." The twentieth Article regulates the members of the Board of Directors should be diversified, except that the concurrent managers are not appropriate to have more than one-third of the director seats and focus on the Company's operation, business model, development needs so as to draw out proper diversified policy, it is appropriate but not limited to fundamental requirements and value(gender, age, nationality, and culture) and professional knowledge and technique (professional background, professional technique, and industry experience), two main aspects. Members of the Board of Directors should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should have the following competencies: operational judgment, accounting and financial analysis skills, business management capabilities, crisis management skills, industry knowledge, an international market perspective, and leadership and decision-making abilities. The specific management objectives and progress of the Company's diversity policy are as follows:

Management objectives	Progress
The half tenure of Independent Directors cannot be more than three sessions.	Achieved
Number of directors who concurrently serve as Company managers does not exceed one-third of all Directors	Achieved
At least one seats of Directors are females	Achieved

The Company's Board of Directors consists of 9 directors (including 3 independent directors), with independent directors accounting for 33%, two of whom have served no more than three terms; 3 directors with managerial roles, representing 33%; and 3 female directors,

also representing 33%. The diversity implementation status among the Board of Directors is as follows:

Name	Nationality	Gender	Age			Concurrent Employee	Tenure of Independent Directors	Professional Background	Professional Skill	Industry/Academic Experiences
			Under 50	51~64 years old	Over 65					
WU, CHIN-LU	R.O.C.	Male		✓			-	Tire Valve		✓
WU, CHING-SHU	R.O.C.	Male		✓			-	Tire Valve		✓
HSU, HAO-YUN	R.O.C.	Male		✓			-	Tire Valve		✓
HSU, YA-TING	R.O.C.	Female		✓		✓	-	Tire Valve		✓
HSU, HUAI-YUN	R.O.C.	Female	✓			✓	-	Business Management		✓
HSU, HAN-YUAN	R.O.C.	Male	✓			✓	-	Tire Valve		✓
YEN, MEI-YING	R.O.C.	Female		✓			(Note)	Finance	Accountant	✓
YEH, CHIH-MING	R.O.C.	Male		✓			4	Business Management		✓
WANG, SHIH MING	R.O.C.	Male		✓			1	Finance	Accountant	✓

Note: Independent Director Ms. YEN, MEI-YING possesses extensive financial and accounting experience as well as a CPA qualification, enabling her to provide professional advice on the Company's operational management. Although she has served as an independent director of the Company for more than three consecutive terms, her contributions to corporate governance and the enhancement of gender diversity on the board are evidently beneficial.

(3) Independence of the Board of Directors

The Company's Board of Directors consists of 9 directors (including 3 independent directors), with independent directors accounting for 33%. The qualifications of each independent director are reviewed prior to their election and during their tenure, and signed declarations are obtained according to the Securities Exchange regulations, confirming that all independent directors meet the independence requirements.

More than half of the Company's directors do not have kinship, which is stated in the kinship regulation in Article 26-3, paragraph 3 and paragraph 4 of the Securities and Exchange Act. Furthermore, if the directors have a conflict of interest in the matter being discussed in the meeting, they should recuse themselves from discussion and voting to ensure the motion is being judged objectively and independently.

(II) General Manager, Deputy General Manager, Assistant Manager, and heads of various departments and branch offices

March 29, 2025 Unit: share; %

Title	Nationality	Name	Gender	Election (inauguration) date	Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of other people		Main experience (education background)	Concurrent title in other companies currently	Managers who are spouses or within a second-degree of kinship			Notes
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	HSU, HSIU-HUA	Female	2010.01.01	562,303	0.54%	-	-	-	-	Salesman of E.C.I. Elastic Co., Ltd. Sales Assistant Manager of LU HAI INDUSTRIAL General Manager of LU HAI HOLDING CORP. Department of Computer Science & Information Management, Junior College Division, Hung Kuang Institute of Technology	Chairman of PT. LUHAI General Manager of KUNSHAN LUHAI General Manager of PT. LUHAI General Manager of LU HAI INDUSTRIAL	Project VP	HSU, HUAI-YUN	Sister	
General Manager of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	R.O.C.	HSU, YA-TING	Female	2012.07.01	874,846	0.84%	-	-	228,932	0.22%	VP of XIAMEN XIAHUI VP of LU HAI HOLDING CORP. Section Manager of YOKE Industrial Corp. VP of LU HAI HOLDING CORP. Department of Finance, National Taichung University of Science and Technology	Director of XIAMEN XIAHUI General Manager of XIAMEN XIAHUI Director of KUNSHAN LUHAI Supervisor of PT. LUHAI Director of LU HAI INDUSTRIAL	None	None	None	
VP of XIAHUI GM Room	R.O.C.	HSU, HAN-YUAN	Male	2014.06.01	2,427,753	2.33%	-	-	-	-	Business Manager of Yuan-Hong Metal Co., Ltd. Assistant Manager of LU HAI HOLDING CORP. General Manager of XIAMEN XIAHUI Civil Engineering Department, Nanya Institute of Technology	VP of XIAHUI GM Room Director of XIAMEN XIAHUI Supervisor of KUNSHAN LUHAI Supervisor of PT. LUHAI Director of LU HAI INDUSTRIAL	None	None	None	
VP of PT. LUHAI	R.O.C.	QIU, ZHONG-LIE	Male	2015.08.01	10,061	0.01%	-	-	-	-	VP of LU HAI HOLDING CORP. Senior Engineer of LU HAI HOLDING CORP. Yuanlin Senior High School	General Manager of PT.DENIKIN INDUSTRI NUSANTARA	None	None	None	
Project VP	R.O.C.	HSU, HUAI-YUN	Female	2022.01.01	59,531	0.06%	-	-	-	-	General Manager of Yun Yii International Co., Ltd. Master's Degree of Management, TungHai University	Director of XIAMEN XIAHUI Director of KUNSHAN LUHAI Supervisor of PT. LUHAI Director of LU HAI INDUSTRIAL Director of Changhua County Incorporated Guang Cheng Welfare Foundation	General Manager	HSU, HSIU-HUA	Sister	
Assistant Manager of Finance Department	R.O.C.	CHANG, SHENG-HUNG	Male	2012.04.01	11,355	0.01%	-	-	-	-	Finance Supervisor and Director of Audit Room, CUB ELECPARTS INC. Manager of Finance Department, LU HAI INDUSTRIAL Bachelor's degree in Accounting, Chung Yuan Christian University	None	None	None	None	
Manager and Head of Corporate Governance, Finance Department	R.O.C.	TSAI, SHAO-FEN	Female	2024.01.30	-	-	-	-	-	-	Assistant Manager of Audit Department, DinKum & Company CPAs Senior Specialist of Financial Department, LUHAI HOLDING CORP. Finance Department Manager of LU HAI HOLDING CORP. Department of Accounting, National Yunlin University of Science and Technology	None	None	None	None	
Audit Supervisor	R.O.C.	TSAI, HSIN-HSIN	Male	2012.01.01	-	-	-	-	-	-	Manager of Administration Department, LU HAI INDUSTRIAL Bachelor's Degree in Accounting, National Chung Hsing University	None	None	None	None	
Assistant Manager of Sales Department	R.O.C.	WU, KO-LI	Male	2015.04.01	1,754,371	1.68%	-	-	-	-	ARM of Institutional Banking, CTBC Bank Co., Ltd. Bachelor's Degree in Statistical Science, University College London	None	None	None	None	

(III) If the Chairman and General Manager or equivalent (top managerial officer) are the same person or are spouse or first-degree relatives, the reasons thereof, rationality, necessity, and solutions shall be described: None.



### Range of Remuneration

Range of remuneration paid to directors	Name of directors			
	Total of Remuneration (A+B+C+D)		Total of Remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report H	The Company	All companies in the financial report I
Below NT\$1,000,000	HSU, LIEN-KAI; WU, CHIN-LU; WU, CHING-SHU; HSU, YA-TING; HSU, HUAI-YUN; HSU, HAN-YUAN; YEN, MEI-YING; CHANG, HORNG YAN; YEH, CHIH-MING; WANG, SHIH-MING. · LARGE RISE HOLDING LIMITED · PATTERN FINANCIAL MANAGEMENT S.A	HSU, LIEN-KAI; WU, CHIN-LU; WU, CHING-SHU; HSU, YA-TING; HSU, HUAI-YUN; HSU, HAN-YUAN; YEN, MEI-YING; CHANG, HORNG YAN; YEH, CHIH-MING; WANG, SHIH-MING; LARGE RISE HOLDING LIMITED · PATTERN FINANCIAL MANAGEMENT S.A.	WU, CHING-SHU; YEN, MEI-YING; CHANG, HORNG YAN; YEH, CHIH-MING; WANG, SHIH-MING; LARGE RISE HOLDING LIMITED · PATTERN FINANCIAL MANAGEMENT S.A.	WU, CHING-SHU; YEN, MEI-YING; CHANG, HORNG YAN; YEH, CHIH-MING; WANG, SHIH-MING; LARGE RISE HOLDING LIMITED · PATTERN FINANCIAL MANAGEMENT S.A.
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-	HSU, LIEN-KAI	HSU, LIEN-KAI
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-	WU, CHIN-LU; HSU, YA-TING; HSU, HUAI-YUN; HSU, HAN-YUAN	WU, CHIN-LU; HSU, YA-TING; HSU, HUAI-YUN; HSU, HAN-YUAN
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	12	12	12	12

\* The remuneration details disclosed in this table differ from the income concept under the Income Tax Act. Therefore, the purpose of this table is for information disclosure only and not for taxation purposes.

Note. All contents of directors' remuneration disclosed are the directors' remuneration in 2024 passed by resolution of the Board of Directors on March 11, 2025, and they had not been actually distributed yet.

(II) Remuneration paid to the Supervisors in 2024: The Company has established an Audit Committee. Hence, it is not applicable.

(III) Remuneration paid to General Manager and Vice President in 2024:

Unit: NT\$ thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and Allowances (C)		Employee remuneration amount (D) (Note)				Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net profit after tax		Receiving remuneration from reinvestment enterprise other than the subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	HSU, HSIU-HUA	6,832	8,633	191	191	1,612	1,612	917	0	917	0	9,552 4.47%	11,353 5.32%	None
Project VP	HSU, HUAI-YUN													

Vice President	HSU, YA-TING													
Vice President	QIU, ZHONG-LIE													

### Range of Remuneration

Numerical range of remuneration paid to each General Manager and Vice President of the Company	Name of General Manager and Vice President	
	The Company	All companies in the financial report (E)
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	HSU, HSIU-HUA; HSU, YA-TING; HSU, HUAI-YUN; QIU, ZHONG-LIE	HSU, HSIU-HUA; HSU, YA-TING; HSU, HUAI-YUN; QIU, ZHONG-LIE
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	4	4

\* The remuneration details disclosed in this table differ from the income concept under the Income Tax Act. Therefore, the purpose of this table is for information disclosure only and not for taxation purposes.

Note. All contents disclosed are the employee's remuneration in 2024 passed by resolution of the Board of Directors on March 11, 2025, and they had not been actually distributed yet.

#### (IV) Names of managers receiving employee remuneration distribution and the distribution status:

Unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount	Total	Proportion of total amount in net profit after tax (%)
Managerial officer	General Manager	HSU, HSIU-HUA	0	1,069	1,069	0.50%
	Project VP	HSU, HUAI-YUN				
	General Manager of XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	HSU, YA-TING				
	VP of the General Manager's Office at XIAHUI	HSU, HAN-YUAN				
	VP of PT. LUHAI	QIU, ZHONG-LIE				
	Assistant Manager of Finance Department	CHANG, SHENG-HUNG				
	Manager and Head of Corporate Governance, Finance Department	TSAI, SHAO-FEN				
	Manager of Audit Room	TSAI, HSIN-HSIN				
	Assistant Manager of Sales Department	WU, KO-LI				

(V) If the listed company has the circumstances as stated in 1 or 5 of Item 2, Subparagraph 3, Paragraph 1, Article 10 of "Regulations Governing Information to be Published in Annual Reports of Public Companies," the remuneration of the top 5 supervisors shall be disclosed respectively: Not applicable.

(VI) Make respective and comparative descriptions and analyses on the proportion of total remuneration paid to the directors, supervisors, general managers, and vice presidents of

the Company in the last two years by the Company and all companies in the consolidated financial statement in the net profit after tax, and describe the policy, standard, and combination of remuneration payment, procedures of determining remuneration and relevance between operation performance and future risk.

1. Proportion of total remuneration of Directors, Supervisors, General Manager, and Vice Presidents in the last two years in the net profit after tax:

NT\$: thousand

Item	2023				2024			
	Total remuneration		Proportion in the net profit after tax (%)		Total remuneration		Proportion in the net profit after tax (%)	
	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report
Director	11,627	12,852	6.64%	7.34%	13,360	14,779	6.26%	6.92%
General Manager and VP	8,864	11,136	5.06%	6.36%	9,552	11,353	4.47%	5.32%

2. Policy, standard, and combination of remuneration payment; remuneration determination procedure; and relevance between operation performance and future risk are described as follows:

- (1) The remuneration for the directors of this company in performing their duties is determined based on the individual director's level of participation and the value of their contributions while also taking into account the remuneration standards prevalent in the industry. Additionally, if the Company generates profits in a given year, an amount not exceeding 3% of such profits shall be allocated as directors' remuneration in accordance with Article 115 of the Company's Articles of Incorporation. The Company has established a Remuneration Committee composed entirely of independent directors. The Remuneration Committee is responsible for formulating and periodically reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managers. The reasonableness of performance assessments and remuneration is reviewed by both the Remuneration Committee and the Board of Directors.
- (2) The remuneration policy for the General Manager, Deputy General Manager, and managers of equivalent positions is determined in accordance with the Company's "Salary Management Regulations," which outline salaries, bonuses, and employee remuneration. Bonuses are awarded based on the Company's annual operating performance, financial and business conditions, as well as the individual's position, responsibilities, and contributions to the Company. Furthermore, if the Company achieves profits in a given year, no less than 1.5% of pre-tax profits shall be allocated as employee remuneration, as stipulated in Article 115 of the Articles of Incorporation.

The actual amounts of remuneration disbursed to directors and managers for the year 2024 are deliberated by the Remuneration Committee and subsequently submitted to the Board of Directors for final approval.

### III. Corporate Governance Operation Status

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

In 2024 and up to the publication date of the annual report, the Company's Board of Directors held 9 meetings (A). The attendance of the directors is as follows:

Title	Name	Actual attendance (or attendance by proxy) (B)	By Proxy	Attendance rate (%) [B/A]	Notes
Chairman	WU, CHIN-LU	9	-	100.00	Reelected
Chairman	HSU, LIEN-KAI	3	-	100.00	Term expired
Director	WU, CHING-SHU	3	-	100.00	Term expired
Director	PATTERN FINANCIAL MANAGEMENT S.A. Representative: WU, CHING-SHU	6	-	100.00	2024.6.19 newly appointed
Director	LARGE RISE HOLDING LIMITED Representative: HSU, HAO-YUN	6	-	100.00	2024.6.19 newly appointed
Director	HSU, YA-TING	9	-	100.00	Reelected
Director	HSU, HUAI-YUN	9	-	100.00	Reelected
Director	HSU, HAN-YUAN	9	-	100.00	Reelected
Independent Director	YEN, MEI-YING	9	-	100.00	Reelected
Independent Director	YEH, CHIH-MING	9	-	100.00	Reelected
Independent Director	WANG, SHIH MING	6	-	100.00	2024.6.19 newly appointed
Independent Director	CHANG, HORNG-YAN	3	-	100.00	Term expired

Other matters should be recorded:

I. If the operation of the Board of Directors Meeting has any one of the following circumstances, the date of the Board of Directors Meeting, session, proposal content, opinions of all independent directors, and the Company's handling of independent directors' opinions shall be specified:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has set the Audit Committee. Please refer to the operation status of the Audit Committee on the next page for details. No such circumstances are available.

(II) Apart from the matters mentioned above, other board resolution matters on which independent directors have objections or modified opinions and with record or written statements: No such circumstances are available.

II. For the directors' avoidance of proposal with conflict of interest, the name of directors,

proposal contents, reasons for conflict of interest, and participation in voting shall be specified:

Meeting Date	Proposal Contents	Reasons for avoidance of conflict of interests and status of decisions
2024/01/30 the 15th Session of the 6th Term	The Company's distribution of year-end bonuses to managerial officers in 2023	Directors HSU, LIEN-KAI; HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN did not participate in voting due to the principle of conflict of interests. This case was passed unanimously by the rest of the attending directors, as proposed.
	The Company's distribution of annual performance bonuses to managerial officers in 2023	Directors HSU, LIEN-KAI; HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN did not participate in voting due to the principle of conflict of interests. This case was passed unanimously by the rest of the attending directors, as proposed.
2024/08/20 the 2nd Session of the 7th Term	The Company's distribution of managerial officer's remuneration in 2023	Directors HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN recused themselves from voting due to the principle of avoiding conflicts of interest. The proposal was unanimously approved by the remaining attending directors without objection.
2025/01/14 the 4th Session of the 7th Term	The Company's distribution of year-end bonuses to managerial officers in 2024	Directors WU, CHIN-LU; HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN recused themselves from voting due to the principle of avoiding conflicts of interest. The proposal was approved by a majority of the remaining attending directors without objection.
	The Company's distribution of annual performance bonuses to managerial officers in 2024	Directors WU, CHIN-LU; HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN recused themselves from voting due to the principle of avoiding conflicts of interest. The proposal was approved by a majority of the remaining attending directors without objection.
2025/03/11 the 5th Session of the 7th Term	Salary adjustments for the Company's Chairman and managers:	Directors WU, CHIN-LU; HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN recused themselves from voting due to the principle of avoiding conflicts of interest. The proposal was approved by a majority of the remaining attending directors without objection.

III. Listed company shall disclose the evaluation cycle and period, evaluation scope, method, content, etc., evaluated by the Board of Directors itself (or by peer), and the implementation of the Board of Directors evaluation is as follows:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
		Board of Directors performance evaluation	Internal self-evaluation of the Board.	<ol style="list-style-type: none"> <li>1. Participation in the operation of the Company</li> <li>2. Improvement of the quality of the Board of Directors decision-making</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Election and continuing education of the Directors</li> <li>5. Internal control</li> </ol>
		Individual director's performance evaluation	Self-evaluation by individual Board members.	<ol style="list-style-type: none"> <li>1. Alignment of the goals and missions of the Company</li> <li>2. Awareness of the duties of a director</li> <li>3. Participation in the operation of the Company</li> <li>4. Management of internal relationships and communication</li> <li>5. The Director's</li> </ol>

				professionalism and continuing education 6. Internal control
		Functional Committees (audit committee and remuneration committee)	Self-evaluation by functional committees	1. Participation in the operation of the Company 2. Recognition of duties of the functional committees 3. Improvement of the quality of the Audit Committee 4. Composition and appointment of members of the functional committees 5. Internal control
Conducted once every 3 years	2022/09/01~2023/08/31	Board of Directors performance evaluation	Entrust external professional institution for evaluation (review relevant documents, questionnaire, and interview)	1. Composition of the Board of Directors and Professional Development 2. Decision-making quality of the Board of Directors 3. Operational effectiveness of the Board of Directors 4. Internal control and risk management 5. Involvement level of corporate social responsibility

IV. The objective of strengthening the functions of the Board of Directors (such as setting up an Audit Committee, improving information transparency, etc.) in the current and last year and assessment of the execution status:

- (I) The Company has assigned 3 independent directors and set up an Audit Committee and Remuneration Committee to strengthen the competency of the Board of Directors.
- (II) The Company has arranged advance study twice a year for the directors to improve their professionalism and implement corporate governance.
- (III) The Company established the "Board of Directors Performance Evaluation Measures" in 2019 and began conducting annual performance evaluations of the Board of Directors starting in 2020. Since 2023, the performance evaluation of functional committees has been added. Additionally, in 2023, the "Board of Directors Performance Evaluation Measures" were revised to stipulate that every three years, an external professional independent organization or a team of external expert scholars shall conduct a performance evaluation of the Board of Directors. This is aimed at enhancing the sound functioning of the Board of Directors. The first external Board of Directors performance evaluation was conducted in 2023, with the evaluation results reported to the Board of Directors.
- (IV) To implement the corporation governance and boost the Board of Directors efficacy, it had been passed by the Board of Directors in January 2021 to have corporation governance supervisors.
- (V) The Company has formulated the "Regulations Governing Procedure for Board of Directors Meetings," "Audit Committee Charter," "Remuneration Committee Charter," and "Rules Governing the Scope of Powers of Independent Directors" to

comply with and to input the attendance status of Board of Directors Meeting and each committee meeting in company website and MOPS, and disclosed relevant information according to the requirement of laws and decrees to improve information transparency.

(II) Operation status of the Audit Committee or supervisor's participation in the Board of Directors

The Audit Committee of the Company comprises all independent directors responsible for reviewing the fair presentation of company financial statements, appointment and independence and performance (dismissal) of a CPA, effective implementation of company internal control, company's compliance with relevant laws and decrees, and rules, and control of existing or potential risks of the Company, etc., its major powers and authorities are as follows:

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) Matters bearing on the personal interest of the director.
- (5) Material assets or derivatives transaction.
- (6) Material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of an attesting CPA or the remuneration given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) The annual financial report and the financial report of the first, second, and third quarters must be audited and attested by a CPA, which are signed or sealed by the Chairman, managerial officer, and accounting officer.
- (11) Any other material matters so required by the Company or competent authority.

The major matters for examination of the 2024 audit committee include:

- (1) The annual financial report and quarterly financial report, business report, and distribution of net earnings.
- (2) Assess the internal control system design and effectiveness of execution.
- (3) The 2025 audit program.
- (4) Major capital expenditure.
- (5) Major capital loans and endorsement guarantees.
- (6) Evaluate the independence and the competence of CPA.
- (7) The appointment and remuneration of CPA.

In 2024 and up to the publication date of the annual report, the Audit Committee held 8 meetings (A), with the attendance of independent directors as follows:

Title	Name	Actual attendance (or attendance by proxy) (B)	By Proxy	Attendance rate (%) [B/A]	Notes
Convenor	YEN, MEI-YING	8	-	100.00	Reelected

Title	Name	Actual attendance (or attendance by proxy) (B)	By Proxy	Attendance rate (%) [B/A]	Notes
Independent Director	YEH, CHIH-MING	8	-	100.00	Reelected
Independent Director	CHANG, HORNG-YAN	3	-	100.00	Term expired
Independent Director	WANG, SHIH MING	5	-	100.00	2024.6.19. newly elected

Other matters should be recorded:

I. If the operations of the Audit Committee involve any of the following circumstances, the following details shall be specified: the date and session of the Audit Committee meeting, the content of the proposals, any objections, reservations, or significant recommendations from independent directors, the resolution outcomes of the Audit Committee, and the Company's handling of the Audit Committee's opinions.

(I) Matters stipulated in Article 14-5 of the Securities and Exchange Act:

Board of Directors	Proposal contents and subsequent handling	Items listed in Article 14-5 of the Securities and Exchange Act	The resolution item was not passed by the Audit Committee but was resolved with the consent of more than two-thirds (2/3) of all directors.
The 15th Session of the 6th Term 2024.1.30	1. The RMB¥22 million funding proposal of the Company's sub-subsidiary LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. (hereinafter "KUNSHAN LUHAI") sub-subsidiary to loan from XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD (hereinafter "XIAMEN XIAHUI").	✓	-
	2. New endorsement guarantee of LU HAI HOLDING CORP. (hereinafter "the Company")	✓	-
	3. The Company's acquisition of right-of-use assets.	✓	-
	4. Personnel change in the Company's Audit Supervisor.	✓	-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 16th Session of the 6th Term 2024.3.12	1. The application for the purchase of new equipment for the fine machining department of subsidiary XIAMEN XIAHUI.	✓	-
	2. 2023 business report and financial statements of the Company.	✓	-
	3. The Company plans to convert capital reserves into capital and issue new shares.	✓	-
	4. Appointment of CPAs of the Company in 2024, review of 2024 financial statements, and examination of certified remuneration.	✓	-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 17th Session of the 6th Term 2024.5.7	1. Application for purchase of new equipment of the fine machining department of sub-subsidiary XIAMEN XIAHUI.	✓	-
	2. Additional budget for the proposed 100 LTR BANBURY mixer line installation and re-construction of rubber mixing plants of subsidiary PT. LUHAI.	✓	-

	3. Consolidated financial statements for the first quarter of 2024 of LU HAI HOLDING CORP. (hereinafter "the Company").		-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 2nd Session of the 7th Term 2024.8.20	1. Sub-subsidiary XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. photovoltaic power generation.	✓	-
	2. Consolidated financial statements for the second quarter of 2024 of LU HAI HOLDING CORP. (hereinafter "the Company")	✓	-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 3th Session of the 7th Term 2024.11.4	1. Consolidated financial statements for the third quarter of 2024 of LU HAI HOLDING CORP. (hereinafter "the Company")	✓	-
	2. Amendment of the Company's "Internal Control System," "Internal Audit Operating Procedures," "Internal Audit Implementation Rules," and "Internal Control System Self-Assessment Measures."	✓	-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 4th Session of the 7th Term 2025.1.14	1. Cooperation agreement between the subsidiary PT. LUHAI INDUSTRIAL and FINE FORGE/SHIH YEONG INDUSTRY CORP. (hereinafter referred to as FINE FORGE/SHIH YEONG).	✓	-
	2. New endorsement guarantee of LU HAI HOLDING CORP. (hereinafter "the Company")	✓	-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 5th Session of the 7th Term 2025.3.11	1. The Company's 2024 annual business report and Financial Statements.	✓	-
	2. The replacement of the CPA for the Company's Financial Statements and the remuneration for the review and audit certification of the 2025 Financial Statements.	✓	-
	3. Amendment of the Company's "Regulations Governing the Acquisition and Disposal of Assets."	✓	-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		
The 6th Session of the 7th Term 2025.5.6	1. The subsidiary PT. LUHAI INDUSTRIAL intends to form a joint venture with FINE FORGE/SHIH YEONG INDUSTRY CORP. (hereinafter referred to as FINE FORGE/SHIH YEONG).	✓	-
	2. Consolidated financial statements for the first quarter of 2025 of LU HAI HOLDING CORP. (hereinafter "the Company").		-
	Audit Committee resolution result: it is agreed upon and passed by all attending members. The Company's handling of the Audit Committee's opinions: it is agreed upon and passed by all attending directors.		

(II) Apart from the matters mentioned above, other resolution matters were not passed by the Audit Committee but agreed by more than two-thirds of all directors: No such circumstances are available.

II. The execution of independent directors' recusal from voting on matters involving conflicts of interest shall specify the names of the independent directors, the content of the proposals, the reasons for recusal due to conflicts of interest, and their participation in the voting process:

None.

III. Communication circumstances (shall include the major matters, methods, results, etc., of communication regarding the financial and business status of the Company) between and among independent directors, internal audit supervisors, and accountants.

(I) The audit unit of the Company would regularly provide internal examination audit reports to independent directors and attend the Board of Directors Meeting to report the latest audit status.

(II) Independent directors may review the financial and business conditions of the Company at any time. In case of any doubt or suggestion on the Company's operating contents, the independent director may immediately communicate with the head of the relevant unit for review and improvement.

(III) Independent directors and accountants shall convene a regular meeting quarterly, in which the accountants shall report the financial conditions, overall operation, and examination status of the Company to independent directors; apart from regular review of financial statements, independent directors may convene a meeting to communicate with the accountants at any time when necessary.

(III) Corporate governance implementation status and its difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Items	Operation Status		Description abstract	Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
I. Has the Company 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 on the Company's website and the Market Observation Post System (MOPS).	None
II. Shareholding structure and shareholders' rights				None
(I) Has the Company formulated internal operation procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters and implement them according to such procedures?	✓		1. The Company has appointed a dedicated stock affairs agency to handle stock affairs and set a spokesman and deputy spokesman to handle suggestions from shareholders.	
(II) Has the Company mastered the major shareholders actually controlling the Company and the ultimate controller list of major shareholders?	✓		2. The Company has set up the stock affairs unit and mastered the major shareholders actually controlling the Company and the ultimate controller list of major shareholders. It has regularly tracked and understood the changes in shareholding and disclosed them on a monthly basis pursuant to law.	

Evaluation Items	Operation Status			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
(III) Has the Company established and executed the risk control and firewall mechanism with affiliated enterprises?	✓		3. The Company has established the "Regulations Governing Transactions with Related Party Groups" and the "Regulations Governing the Supervision and Management of Subsidiaries." Additionally, the assets and financial responsibilities of each related enterprise remain independent and are managed in accordance with the Company's internal control system.	
(IV) Has the Company formulated internal regulations to prohibit insiders 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.	
III. Board of Directors Composition and Responsibility				None
(I) Has the Board of Directors established a diversity policy, specific management objectives, and implemented their execution?	✓		1. Article 20 of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the Board of Directors should reflect diversity. Management objectives are formulated based on this diversity policy and are effectively implemented. For details on the implementation of the Board of Directors' diversity policy, please refer to the "Diversity and Independence of the Board of Directors" section of this annual report (page 15).	
(II) Apart from setting a Remuneration Committee and Audit Committee pursuant to law, whether the Company is willing to set up other functional committees?	✓		2. The Company has established a "Remuneration Committee" and an "Audit Committee" in accordance with the law. To promote sustainable development, the Company voluntarily established a Sustainability Committee in the third quarter of 2022.	

Evaluation Items	Operation Status			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
(III) Has the Company 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 the Board of Directors, and applies them as the reference for the remuneration, nomination, and reappointment of individual directors?	✓		<p>3. On August 8, 2019, the Company's Board of Directors approved the "Board of Directors Performance Evaluation Measures." Since 2020, internal performance evaluations have been conducted annually in accordance with the evaluation procedures outlined therein. The results of these performance evaluations serve as a reference for the selection or nomination of directors and for determining individual directors' remuneration.</p> <p>The Company completed the Board of Directors performance evaluation in January 2025 and submitted the results to the Board of Directors meeting held on March 11, 2025. This year's evaluation achieved an average score of 90 or above, indicating that the composition and structure of the Board of Directors, as well as the directors' involvement in the Company's operations, are functioning effectively.</p>	
(IV) Has the Company regularly evaluated the independence of CPA?	✓		<p>4. The Company assesses the independence and suitability of its CPAs with reference to Audit Quality Indicators (AQIs), which encompass five key dimensions—professionalism, quality control, independence, supervision, and innovation—along with 13 specific indicators. This assessment was approved by the Board of Directors on March 11, 2025. The Company's CPAs and audit team have not been employed in any capacity by the Company or its related enterprises, do not have close commercial relationships with the Company or its directors and managers, and have no financial interests in the Company or its related enterprises. They have not accepted significant gifts, hospitality, or remuneration beyond audit services, nor have they engaged in trading the Company's stock. The CPAs' rotation is managed according to relevant regulations to ensure their independence.</p>	

Evaluation Items	Operation Status			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons												
	Yes	No	Description abstract													
IV. Has the listed company set 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 providing directors and supervisors necessary materials for business execution, assisting 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 Shareholders' Meeting, etc.)?	✓		<p>By resolution of the Board of Directors on January 30, 2024, the Company appointed TSAI, SHAO-FEN, Manager of the Finance Department, to concurrently serve as the Corporate Governance Officer. She possesses over 3 years of experience in financial management, stock affairs, and meeting-related duties at a publicly listed company.</p> <p>Following are the main job descriptions:</p> <ul style="list-style-type: none"> <li>• Handle matters related to the Board of Directors Meeting and Shareholders' Meeting pursuant to law.</li> <li>• Prepare meeting minutes for the Board of Directors Meeting and Shareholders' Meeting.</li> <li>• Assist directors in assumptions of duty and continuous training records.</li> <li>• Provide directors with the 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>The following is the 2024 business execution status:</p> <ol style="list-style-type: none"> <li>(1) Handle the Board of Directors 6 times pursuant to law, notice meetings, prepare information related to meetings 7 days in advance, and complete meeting minutes for the Board of Directors Meeting 20 days after the meeting.</li> <li>(2) Handle General Shareholders' Meetings pursuant to law and prepare meeting notices, meeting manuals, annual reports, and meeting minutes within the statutory time.</li> <li>(3) Provide directors with the needed materials for executing and assist directors in arranging 6-hour advanced studies every year.</li> <li>(4) Carry out performance evaluations of the Board of Directors and individual directors every year. The 2024 performance evaluation was handed to the Board of Directors on March 11, 2025.</li> </ol> <p>Corporate governance supervisor's training records in 2024:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Host unit</th> <th>Course name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2024/03/26</td> <td>Securities and</td> <td>Practical Training Courses for Directors,</td> <td>12</td> </tr> <tr> <td>2024/03/27</td> <td>Futures Institute</td> <td>Supervisors (Including Independent Directors), and Corporate Governance</td> <td></td> </tr> </tbody> </table>	Date	Host unit	Course name	Hours	2024/03/26	Securities and	Practical Training Courses for Directors,	12	2024/03/27	Futures Institute	Supervisors (Including Independent Directors), and Corporate Governance		None
Date	Host unit	Course name	Hours													
2024/03/26	Securities and	Practical Training Courses for Directors,	12													
2024/03/27	Futures Institute	Supervisors (Including Independent Directors), and Corporate Governance														

Evaluation Items	Operation Status			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
			<p style="text-align: right;">Officers – Taipei Session</p> <hr/> 2024/05/07 Taiwan Corporate Governance Association Strategic Considerations for Corporate Group Restructuring 3	
			<hr/> 2024/11/04 Taiwan Corporate Governance Association Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions 3	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder section on its website, and appropriately addressed significant corporate social responsibility issues of concern to stakeholders?	✓		The Company's website has established a dedicated section for stakeholders, providing separate areas for investor services, customers and suppliers, and employees. Contact information is available on the MOPS and the Company's website, allowing stakeholders to address significant concerns through designated personnel, fax, or email.	None
VI. Has the Company appointed a professional stock affairs agency to handle shareholder meeting affairs?	✓		The Company has appointed a professional stock affairs agency, the "Stock Agent Department, SinoPac Securities," to handle matters related to stock affairs in Taiwan. It has formulated the "Regulations Governing the Administration of Shareholder Services" to regulate relevant affairs.	None
VII. Information disclosure (I) Has the Company set up a website to disclose information on financial business and corporate governance?	✓		1. The Company has established a website: <a href="http://www.luhai.com.tw/">http://www.luhai.com.tw/</a> In accordance with regulations, periodically or as needed discloses information related to its financial performance, business operations, and corporate governance on the MOPS.	None

Evaluation Items	Operation Status			Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
(II) Has the Company adopted other information disclosure methods (such as setting up an English website, designating a dedicated person to be responsible for the collection and disclosure of company information, implementing a spokesman system, and webcasting investors' conferences, etc.)?	✓		2. The Company maintains an English website. Matters related to the Company are addressed by the spokesperson or deputy spokesperson, with the relevant Sales Departments responsible for collecting and disclosing company information. Additionally, information regarding juristic person briefings held or attended in previous years is disclosed on the Company website and the MOPS.	
(III) The Company has set up the website: <a href="http://www.luhai.com.tw/">http://www.luhai.com.tw/</a> [HYPERLINK: <a href="http://www.luhai.com.tw/">http://www.luhai.com.tw/</a> ] and discloses information related to the financial business and corporate governance of the Company at MOPS regularly or irregularly as required.		✓	3. The Company submits its annual financial report within the prescribed deadline and announces and files its Q1, Q2, and Q3 financial reports, as well as monthly operating results, ahead of the required schedule.	To align with the competent authority's "Corporate Governance 3.0 – Sustainable Development Blueprint," the Company has, since 2022, planned to complete the announcement and filing of its annual financial report within 75 days after the end of the fiscal year. The 2024 financial report was completed and filed on March 11, 2025.
VIII. Has the Company had other important information contributing to the understanding of the operation status of corporate governance (including but not limited to rights and interests of the employee, employee caring, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, execution status of risk management policy and risk measurement standards, execution status of customer policy, the				

Evaluation Items	Operation Status		Description abstract	Difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>status in which the Company buys liability insurance for the directors and supervisors, etc.)?</p> <ol style="list-style-type: none"> <li>1. Rights and interests of employees: The Company and each local subsidiary have formulated a system related to employee welfare, according to the laws and decrees of various countries, to safeguard the rights and interests of employees.</li> <li>2. Employee Care: The Company's reinvested subsidiary has established an employee union as a communication channel between employees and the management team. Significant matters concerning employees are discussed through the union to reach a consensus and foster unity.</li> <li>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.</li> <li>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, media, employees, etc.) and respect and safeguard their due legal rights and interests.</li> <li>5. Director training status for 2024: Please refer to the "Director Training in 2024" section of this annual report. (page 36).</li> <li>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 mechanisms. The Company also irregularly reviews these measures to conform to current laws and decrees and meet the requirements of practical management. Upon amendment, the Company will inform employees internally by e-mail and put the latest measures on the Company's internal website for reference by managerial officers and employees at any time.</li> <li>7. The status of the Company's buying liability insurance for the director: The company has bought director liability insurance and announced it at <a href="https://mops.twse.com.tw">mops.twse.com.tw</a>. The period of liability insurance is from June 20, 2024, to June 20, 2025, and the insuring amount is US\$1 million.</li> </ol>				
<p>IX. Please describe the improvement of the corporate governance evaluation result released by the corporate governance center of the Taiwan Stock Exchange Corporation in the last year and propose the prioritized strengthening matters and measures for the unimproved matters. The 10th corporate governance evaluation result of the Company is ranked between 51% and 65%. The matters that have been improved and prioritized strengthening are listed based on the ninth corporate governance evaluation result.</p> <ol style="list-style-type: none"> <li>1. Improved: Referenced the Audit Quality Indicators (AQIs) to evaluate the independence and competence of the CPAs and formulate human rights policy and specific management plan.</li> <li>2. Priority Enhancement Areas: Has the Company established a dedicated (or concurrent) unit to promote sustainable development? Based on the principle of materiality, has it conducted risk assessments related to environmental, social, or governance issues pertinent to the Company's operations, formulated relevant risk management policies or strategies, and ensured that the Board of Directors oversees the progress of sustainable development initiatives? This information is disclosed on the Company website, in the annual report, and in the sustainability report prepared by the Company, which has been submitted to and approved by the Board of Directors.</li> </ol>				

Directors' training records in 2024

Title	Name	Date	Host unit	Course name	Hours
Director	WU, CHIN-LU	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/09/06	Commerce Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Juristic Person Board of Directors Representative	WU, CHING-SHU	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Juristic Person Board of Directors Representative	HSU, HAO-YUN	2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Director	HSU, YA-TING	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Director	HSU, HUAI-YUN	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Director	HSU, HAN-YUAN	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Independent Director	YEN, MEI-YING	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Independent Director	YEH, CHIH-MING	2024/05/07	Taiwan Corporate Governance Association	Strategic Considerations for Corporate Group Restructuring	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3
Independent Director	WANG, SHIH-MING	2024/7/19	National Federation of CPA Associations of the Republic of China	Basic Course 1: The Past and Present of the Carbon Border Adjustment Mechanism (CBAM)	3
		2024/7/19	National Federation of CPA Associations of the Republic of China	Basic Course 2: Understanding Carbon Credit Trading Mechanisms	3
		2024/7/23	National Federation of CPA Associations of the Republic of China	Advanced Course 3: Types and Scope of Carbon Footprint Assessments	3
		2024/11/04	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions	3

(IV) Composition, responsibility, and operation status of the Remuneration Committee

1. Composition of Remuneration Committee

The Company has set the Remuneration Committee by resolution on January 21, 2013, and all independent directors are members of the Remuneration Committee.

Title	Criteria	Professional qualifications and experience	Independence Criteria	Number of other public companies in which concurrently act as Remuneration Committee member
	Name			
Convenor	YEH, CHIH-MING	For information on directors and supervisors, please refer to Page10 ~ Page16.		0
Independent Director	YEN, MEI-YING			0
Independent Director	WANG, SHIH MING			0

2. Responsibilities of the Remuneration Committee

The Remuneration Committee shall faithfully perform the following powers and authorities with the attention of a bona fide manager and submit the recommendations to the Board of Directors for discussion:

- (1) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure of directors and managerial officers.
- (2) Make sure that the Company's remuneration arrangement conforms to relevant laws and decrees and is sufficient to attract outstanding talent.
- (3) With respect to the performance assessment and remuneration of directors, members of the Audit Committee, and managerial officers of the Company, it shall refer to the typical pay levels adopted by peer companies and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
- (4) It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risk that the Company may tolerate.
- (5) Periodically evaluate and prescribe the remuneration of directors and managerial officers. The Remuneration Committee Meeting shall be convened by the convenor at least twice a year, and a meeting may be convened at any time as necessary.

3. Operation status of the Remuneration Committee

- (1) There are 3 members of the Company's Remuneration Committee.
- (2) Term of office of members in this session: from June 19, 2024, to June 18, 2027, as of the publication date of the 2024 annual report, the Remuneration Committee has convened 6 (A) meetings, and members' qualification and attending status are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Notes
Convenor	YEH, CHIH-MING	6	-	100.00%	Reelected

Committee member	YEN, MEI-YING	6	-	100.00%	Reelected
Committee member	CHANG, HORNG-YAN	2	-	100.00%	Term expired
Committee member	WANG, SHIH MING	4	-	100.00%	2024.6.19. newly elected

Other matters should be recorded:

- I. If the Board of Directors refuses to adopt or revise the suggestion of the Remuneration Committee, the date of the board meeting, session, proposal contents, result of board resolution, and handling of the Remuneration Committee's opinion (if the remuneration passed by the Board of Directors is superior to the suggestion of Remuneration Committee, the Differences and reason therefor shall be specified) shall be specified: None.
- II. For the resolution of the Remuneration Committee, if a member opposes or has a qualified opinion with record or written statement, the date of the Remuneration Committee meeting, session, proposal contents, and opinions of all members and handling of members' opinion shall be specified: None.
- III. In 2024, as of the publication date of the annual report, the subjects of discussion are as follows:

Remuneration Committee	Proposal contents and subsequent handling
The Fourth Session of the 9th meeting 2024.1.30	1.The Company's distribution of year-end bonuses to managerial officers in 2023 2.The Company's distribution of annual performance bonuses to managerial officers in 2023 3.The 2023 year-end bonus and performance bonus distribution of assistant manager-level of the subsidiaries.
	Resolution result of Remuneration Committee: It has been agreed upon and passed by all attending members. The Company's Handling of the Remuneration Committee's Opinions: Proposals 1 and 2 were passed with the approval of the remaining attending directors, as directors HSU, LIEN-KAI; HSU HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN abstained from voting due to the principle of conflict of interest recusal. All other proposals were passed with the unanimous approval of all attending directors.
The 10th Session of the 4th Term 2024.3.12	1.The Company's distribution of director and employee's remuneration in 2023.
	Resolution result of Remuneration Committee: It has been agreed upon and passed by all attending members. all attending members. Resolution of Board of Directors: it is agreed upon and passed by all attending directors.
The 1st Session of the 5th Term 2024.8.20	1.The Company's distribution of director's remuneration in 2023 2.The Company's distribution of managerial officer's remuneration in 2023. 3.Amendment of the Company's "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members."
	Resolution result of Remuneration Committee: It has been agreed upon and passed by all attending members. The Company's Handling of the Remuneration Committee's Opinions: Proposal 2 was passed with the approval of the remaining attending directors, as directors WU, CHIN-LU; HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN abstained from voting due to the principle of conflict of interest recusal. All other proposals were passed with the unanimous approval of all attending directors.
The 2nd Session of the 5th Term 2025.1.14	1.The Company's distribution of year-end bonuses to managerial officers in 2024 2.The Company's distribution of annual performance bonuses to managerial officers in 2024 3.The 2024 year-end bonus and performance bonus distribution of assistant manager-level of the subsidiaries
	Resolution result of Remuneration Committee: It has been agreed upon and passed by all attending members. Handling of the Remuneration Committee's Opinions by the Company: For Proposals 1 and 2, Directors WU, CHIN-LU, HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN recused themselves from voting due to the principle of avoiding conflicts of interest. Both

	proposals were approved by a majority of the remaining attending directors, while all attending directors unanimously approved the other proposals.
The 3rd Session of the 5th Term 2025.3.11	<ol style="list-style-type: none"> <li>1. The Company's distribution of director and employee's remuneration in 2024</li> <li>2. Amendment of the Company's allocation ratio for directors remuneration.</li> <li>3. Amendment of the Company's allocation ratio for employees' remuneration.</li> <li>4. Amendment of the allocation ratio for the Company's annual performance bonus.</li> <li>5. Adjust the salaries of the Company's Chairman and managers.</li> </ol> <p>Resolution result of Remuneration Committee: It has been agreed upon and passed by all attending members.</p> <p>Handling of the Remuneration Committee's Opinions by the Company: For proposal 5, directors WU, CHIN-LU, HSU, HAN-YUAN; HSU, YA-TING; and HSU, HUAI-YUN abstained from voting due to the principle of conflict of interest recusal. The remaining attending directors unanimously approved both proposals, while all attending directors approved the other proposals.</p>
The 4rd Session of the 5th Term 2025.5.6	<ol style="list-style-type: none"> <li>1. The proposal for the salary agreement of subsidiary manager HSU, LIEN-KAI.</li> </ol> <p>Resolution result of Remuneration Committee: It has been agreed upon and passed by all attending members.</p>

(V) Performance of Sustainable Development Promotion and its difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
I. Has the Company established a governance framework to promote sustainable development, set up a dedicated (or part-time) unit to advance sustainable development, authorized senior management by the Board of Directors to oversee it, and how does the Board of Directors supervise the process?	✓		<p>The Company established the "Sustainable Development Committee" in the third quarter of 2022, which is the highest-level decision-making center of sustainable development in the Company. The chairman acts as the chairperson of the committee, and the General Manager of the group acts as the deputy chair. Managers from several different fields have jointly promoted various sustainable developments. Five task forces were set up: corporate governance team, customer relation team, supply chain management team, public affairs participation team, and environmental sustainability team.</p> <p>The "Sustainable Development Committee" reports to the Board of Directors on the implementation status and future work plan of sustainable development on a quarterly basis. It reported to the Board of Directors 6 times in 2024.</p>	None
II. Has the Company set up a dedicated (part-time) unit to promote corporate social responsibility, and has the Board of Directors authorized senior management to handle and report the handling status to the Board of Directors?	✓		<ol style="list-style-type: none"> <li>1. The sustainability report has disclosed the sustainable development performance of the main locations between January 2024 and December 2024, with the Company and important subsidiaries as the main focus of the risk assessment boundary.</li> <li>2. The Sustainability Committee, based on the principle of materiality, focuses primarily on significant issues of concern to stakeholders. In accordance with the Company's "Risk Management Policies and Procedures," it conducts risk assessments related to environmental, social, and corporate governance issues tied to the Company's operations, following the processes of risk identification, risk measurement, risk response, and risk reporting and disclosure.</li> <li>3. Key management priorities are determined based on the assessed risk items.</li> </ol>	None

Evaluation Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons																
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			<table border="1"> <thead> <tr> <th>Major issues</th> <th>Risk assessment items</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td rowspan="1">Environmental aspect</td> <td>Environment shock</td> <td> <ol style="list-style-type: none"> <li>1. Implement the ISO14001 environmental management system, formulate environmental policy, and fully execute and maintain the validity of the certificate to make sure the environmental management continues to improve.</li> <li>2. Install a waste gas treatment system and sewage treatment system to actively lower the risk of environmental pollution.</li> <li>3. Regularly check on greenhouse gas emissions in accordance with ISO 14064-1 every year and review the impact on company operation.</li> </ol> </td> </tr> <tr> <td rowspan="2">Social aspect</td> <td>Human rights</td> <td> <ol style="list-style-type: none"> <li>1. Equal employment does not treat them differently due to differences in race, sex, age, religion, and disability.</li> <li>2. Various and smooth communication methods keep caring employees and create harmonious labor relations.</li> </ol> </td> </tr> <tr> <td>Occupational safety and health</td> <td> <ol style="list-style-type: none"> <li>1. Continue to adopt ISO 45001 as our management policy to provide employees with a safe and healthy working environment.</li> <li>2. Subsidiaries regularly hold fire drills and occupational safety education and training every year to cultivate employees' emergency response measure and their safety management ability.</li> </ol> </td> </tr> <tr> <td rowspan="2">Governance aspect</td> <td>Enhancement of directors' competencies</td> <td> <ol style="list-style-type: none"> <li>1. Plan further study courses so that the directors can provide the latest laws and policies.</li> <li>2. Buy liability insurance for the directors to protect them from litigation or remuneration claims.</li> </ol> </td> </tr> <tr> <td>Regulatory Compliance</td> <td>Implementing internal control means making sure the directors, managers, and employees understand and comply with the latest laws and policies.</td> </tr> </tbody> </table>	Major issues	Risk assessment items	Description	Environmental aspect	Environment shock	<ol style="list-style-type: none"> <li>1. Implement the ISO14001 environmental management system, formulate environmental policy, and fully execute and maintain the validity of the certificate to make sure the environmental management continues to improve.</li> <li>2. Install a waste gas treatment system and sewage treatment system to actively lower the risk of environmental pollution.</li> <li>3. Regularly check on greenhouse gas emissions in accordance with ISO 14064-1 every year and review the impact on company operation.</li> </ol>	Social aspect	Human rights	<ol style="list-style-type: none"> <li>1. Equal employment does not treat them differently due to differences in race, sex, age, religion, and disability.</li> <li>2. Various and smooth communication methods keep caring employees and create harmonious labor relations.</li> </ol>	Occupational safety and health	<ol style="list-style-type: none"> <li>1. Continue to adopt ISO 45001 as our management policy to provide employees with a safe and healthy working environment.</li> <li>2. Subsidiaries regularly hold fire drills and occupational safety education and training every year to cultivate employees' emergency response measure and their safety management ability.</li> </ol>	Governance aspect	Enhancement of directors' competencies	<ol style="list-style-type: none"> <li>1. Plan further study courses so that the directors can provide the latest laws and policies.</li> <li>2. Buy liability insurance for the directors to protect them from litigation or remuneration claims.</li> </ol>	Regulatory Compliance	Implementing internal control means making sure the directors, managers, and employees understand and comply with the latest laws and policies.	
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climate issues? (IV) Has the Company conducted statistics on greenhouse gas emissions, water consumption, and total waste weight in the last two years and formulated policies for energy saving, carbon reduction, reduction of greenhouse gas emissions and water consumption, or management of other waste?	✓		<p>4. To effectively manage greenhouse gas emissions, The Company has implemented ISO 14064-1 greenhouse gas inventory verification across the group since 2022, with third-party verification expected to be completed by 2025. Greenhouse gas emissions data for the past two years are listed in the annual report appendix "Climate-Related Information for Listed Companies" (page 50).</p> <p>Water consumption in the recent two years:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Water Consumption (metric tons)</td> <td>135,699.3</td> <td>169,788.1</td> </tr> <tr> <td>Water Usage Intensity (metric tons/NT\$ thousand)</td> <td>0.052</td> <td>0.054</td> </tr> </tbody> </table> <p>Waste output in the last two years:</p> <p style="text-align: right;">Unit: metric ton</p> <table border="1"> <thead> <tr> <th>Hazardous/Non-Hazardous</th> <th>Disposal category</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Hazardous Waste</td> <td>Processed according to categories</td> <td>60.08</td> <td>293.05</td> </tr> <tr> <td rowspan="2">Non-hazardous waste</td> <td>Processed as general industrial waste (incineration/landfill)</td> <td>302.05</td> <td>329.76</td> </tr> <tr> <td>Sale/Recycle and reuse</td> <td>4,983.59</td> <td>5,562.72</td> </tr> </tbody> </table> <p>The company's waste output in 2024 increased compared to 2023 due to XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.'s declaration to the local government for annual statistics, resulting in a significant discrepancy. The Company consistently focuses on energy conservation and carbon reduction, minimizing electricity usage in offices and production units. General industrial waste and hazardous waste are reported annually to the environmental authorities at The Company's location. Compliance with environmental authority requirements is ensured for regulated policies. Annual targets for industrial water and electricity usage are set by the</p>	Item	2023	2024	Water Consumption (metric tons)	135,699.3	169,788.1	Water Usage Intensity (metric tons/NT\$ thousand)	0.052	0.054	Hazardous/Non-Hazardous	Disposal category	2023	2024	Hazardous Waste	Processed according to categories	60.08	293.05	Non-hazardous waste	Processed as general industrial waste (incineration/landfill)	302.05	329.76	Sale/Recycle and reuse	4,983.59	5,562.72	
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			<p>engineering department, with monthly tracking and evaluation of target achievement.</p> <p>Key water-intensive processes across departments have corresponding water-saving goals, which are monitored monthly by the Environmental Safety Committee. Quarterly meetings are held to require underperforming departments to implement improvements. For example, a subsidiary has transitioned from using fuel-fired boilers to electric heating for steam generation, progressively achieving energy savings, carbon reduction, and greenhouse gas emission reductions.</p>	
<p>IV. Issues of Social</p> <p>(I) Has the Company formulated relevant management policies and procedures according to relevant laws and regulations and International Covenants on Human Rights?</p> <p>(II) Has the Company formulated and</p>	<p>✓</p> <p>✓</p>		<p>1. The Company adheres to labor laws and related personnel regulations, endorsing and voluntarily complying with international human rights conventions, including the United Nations Global Compact, the Universal Declaration of Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Personnel management regulations have been established to strengthen workplace gender equality and safety and safeguard employees' legal rights. Specific human rights management measures include: ensuring equal employment opportunities and prohibiting child labor; regularly inspecting and maintaining workplace environments and facilities to provide a safe and healthy working environment; offering periodic employee health checkups; establishing employee grievance mechanisms and channels; and holding quarterly labor-management meetings to facilitate coordination and communication. To promote gender equality in the workplace, The Company periodically conducts training, announcements, and advocacy to prevent workplace harassment, promote equality, and enhance communication. These efforts provide tangible assurances regarding gender equality, prevention of sexual harassment, and elimination of gender discrimination in rights and obligations.</p> <p>2. The Company has established the "Personnel Management Regulations" in accordance with the Labor Standards Act and set up an Employee Welfare</p>	None

Evaluation Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
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<p>implemented rational employee welfare measures (including remuneration, leave, other welfare, etc.) that appropriately reflect the operation performance or achievement of employee remuneration?</p> <p>(III) Has the Company provided employees with a safe and healthy working environment, and has it regularly implemented safety and health education for the employees?</p>	✓		<p>Committee to provide or organize various welfare measures and activities. Welfare measures: physical examination for staff, subsidies for birthdays/marriages/childbirths, education sponsorship for children of employees and statutory annual leave, marriage leave, funeral leave and maternity leave.</p> <p>Value the diversification of the workplace and equal promotion chances. The 2024 average proportion of female staff in the enterprise accounted for 38.3%, and the proportion of female superiors was 29.8%.</p> <p>The Company shares its operational achievements with employees. Pursuant to Article 115(a) of the Articles of Incorporation, if the Company achieves a profit in a given year, it shall allocate no less than 1.5% of pre-tax profits as employee remuneration. Additionally, based on the "Employee Performance Bonus Assessment and Remuneration Distribution Regulations," this is reflected in employee remuneration.</p> <p>3. The Company complies with relevant regulations to provide a safe and healthy working environment for employees, offering regular health checkups, periodic and unscheduled educational training, and appropriate and sufficient protective equipment. Safety and health education is conducted for employees on a regular or unscheduled basis at the Company's production facilities. For example, efforts in production workshop environments (including noise reduction, temperature control, and pollution mitigation) aim to provide employees with a safer and healthier workplace. Regular training on occupational injury prevention, fire safety drills, and periodic health checkups are also provided. On October 17, 2023, the Company established a Fire Safety Management Committee and formulated a fire protection plan, with each committee member assigned specific responsibilities. In that year, zero fire incidents were recorded. Meetings are held biannually in June and December, with fire drills conducted on March 29, 2024, and October 18, 2024, and occupational safety and health training sessions held on June 24, 2024, and November 22, 2024. For new hires, training on company rules and legal compliance is</p>	

Evaluation Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
(IV) Has the Company set an effective occupational ability development training plan for the employees?	✓		<p>provided on their first day. New employee training on company rules and compliance will be conducted on the first day of employment. To foster a workplace that is friendly to gender equality, the Company promotes awareness through announcements and statements, ensuring employees understand their responsibility to prevent unlawful infringements during work and disclosing a dedicated grievance hotline to collectively create a supportive work environment.</p> <p>4. The Company is committed to cultivating various professional talents, primarily through on-the-job training, while encouraging employees to pursue further education. Professional skills required for specific roles can also be enhanced through unscheduled external training to boost career development. In 2024, the Group conducted over 400 training sessions, totaling more than 9,600 training hours and 7,138 participants.</p>	
(V) Regarding issues such as customer health and safety, client privacy, and marketing and labeling of products and services, has the Company complied with relevant laws and international standards, and has it established policies and complaint procedures to protect the rights and interests of consumers or clients?	✓		<p>5. The Company takes responsibility for its manufactured products, ensuring that product labeling and marketing practices adhere to legal regulations and international standards. Product information is provided on the Company's official website, along with communication channels for stakeholders, who can file complaints or engage through designated contacts.</p>	

Evaluation Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
(VI) Has the Company formulated a supplier management policy and asked the supplier to comply with relevant regulations on environmental protection, occupational safety, health, labor rights, etc.? And the implementation status thereof?	✓		6. The Company has established "Supplier Management Regulations," conducting quarterly supplier evaluations. Only suppliers deemed qualified may engage in business with the Company. Evaluation criteria include production returns, batch rejection rates for purchased goods, response to anomalies, customer complaint rates, delivery delays, and cooperation levels. Additionally, the Company opposes the use of minerals (e.g., tantalum (Ta), tin (Sn), gold (Au), tungsten (W), and other conflict minerals) mined under conditions of armed conflict or human rights violations. In 2024, 237 suppliers signed the "Supplier Sustainability Commitment".	
V. Does the Company reference internationally recognized reporting standards or guidelines to compile its sustainability report or other reports disclosing non-financial information? Has the aforementioned report obtained assurance or opinions from a third-party verification entity?	✓		The Company compiles its reports in accordance with the Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board, the "Sustainability Accounting Standards – Auto Parts" published by the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB), the United Nations Sustainable Development Goals (SDGs), the United Nations Global Compact, and the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies" issued by the Taiwan Stock Exchange. The Company's industry is not legally required to obtain third-party assurance. However, it has planned to complete third-party assurance for greenhouse gas data by 2025 and will consider expanding the scope of assurance in the future as needed. Historical sustainability reports are publicly available on the Company's website ( <a href="https://www.luhai.com.tw/ch/angent.asp">https://www.luhai.com.tw/ch/angent.asp</a> ).	None
VI. If the Company has formulated its own Sustainable Development Best Practice Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operation and the different circumstances there between: The Company has established its "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best				

Evaluation Item	Implementation Status		Description abstract	Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
Practice Principles for TWSE/TPEX Listed Companies," managing its economic, environmental, and social risks and impacts per these guidelines, with no significant deviations observed.				
<p>VII. Other important information good for understanding the implementation of sustainable development:  The operational status of various sustainability initiatives is disclosed in the Company's sustainability report, with historical reports publicly available on the Company's website (<a href="https://www.luhai.com.tw/ch/angent.asp">https://www.luhai.com.tw/ch/angent.asp</a>).</p>				

Climate-Related Information for TWSE/TPEX Listed Companies

1 Implementation Status of Climate-Related Information

Item	Implementation Status
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	The Company has established a "Sustainability Committee," chaired by the Chairman, with the General Manager serving as Vice Chair. The committee annually reviews the Company's actions regarding climate change risks and opportunities, assesses implementation progress, and discusses future plans. It reports on execution status and effectiveness to the Board of Directors at least quarterly. The committee oversees five working groups, including the Environmental Sustainability Group, which is responsible for environmental policies, energy conservation and carbon reduction, energy management, waste management, and green manufacturing processes. Additionally, the Company has formulated a "Risk Management Policy and Procedures." It is approved by the Board of Directors, which integrates climate change risk management into its overall risk management framework.
2. Describe how identified climate risks and opportunities impact the Company's business, strategy, and finances (short-term, medium-term, and long-term).	The Company manages these aspects by referencing the TCFD framework. Through preemptive cross-departmental climate data collection and convening Sustainability Committee members, significant climate change risks and opportunities are identified. The short-, medium-, and long-term financial impacts of these risks and opportunities are evaluated, and adjustments to the Company's operational model, strategies, and response measures are developed. Detailed information is provided in the Sustainability Report.
3. Describe the financial impact of extreme climate events and transition actions.	For the financial impact of extreme climate events and transition actions, please refer to the Company's Sustainability Report.
4. Describe how the identification, assessment, and management processes for climate risks are integrated into the overall risk management system.	Considering internal management mechanisms and the lifecycle of its primary products, the Company conducts short-, medium-, and long-term climate change risk assessments. Discussions are aligned with the TCFD framework, addressing transition risks (policy and regulation, technology, market, reputation), physical risks (acute and chronic), and opportunities (resource efficiency, energy sources, products and services, market, resilience) for evaluation and identification.
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and primary financial impacts.	Not applicable.
6. If there is a transition plan to manage climate-related risks,	Not applicable.

describe the plan's content and the metrics and targets used to identify and manage physical and transition risks.	
7. If an internal carbon pricing mechanism is used as a planning tool, explain the basis for setting the price.	Not applicable.
8. If climate-related targets have been set, describe the covered activities, scope of greenhouse gas emissions, timeline, annual progress, and, if applicable, the use of carbon offsets or Renewable Energy Certificates (RECs) to achieve these targets, including the source and amount of carbon reductions or the number of RECs.	Not applicable.
9. Greenhouse gas inventory, assurance status, reduction targets, strategies, and specific action plans (to be detailed in sections 1-1 and 1-2).	Please see the explanation below.

## 1-1 Greenhouse Gas Inventory and Assurance Status for the Past Two Years

### 1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions (metric tons CO <sub>2</sub> e), intensity (metric tons CO <sub>2</sub> e/million NT\$), and data coverage for the past two years.				
According to the TWSE and TPEX Listed Companies Sustainability Roadmap:				
1. The parent company must complete its inventory by 2026.				
2. Subsidiaries included in the Consolidated Financial Report must complete their inventory by 2027.				
Since 2022, the Company has implemented ISO 14064-1 greenhouse gas inventory practices, conducting annual inventories of emissions for both the parent company and subsidiaries in the Consolidated Financial Report to comprehensively track greenhouse gas usage and emissions. The greenhouse gas inventory data for the past two years is compiled based on the operational control approach, encompassing emissions from the Company and all subsidiaries in the Consolidated Financial Report. However, LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. was included in the inventory boundary only in 2023 due to a relocation prompted by government policy. Details are as follows:				
Item	2023		2024	
	Emissions (metric tons CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e/NT\$ million in revenue)	Emissions (metric tons CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e/NT\$ million in revenue)
Scope 1	2,587.0828	/	2,788.5167	/
Scope 2	20,602.2547		17,059.4782	
Scope 3	54,511.9028		89,485.4600	
Total	77,701.2403		29.9723	

### 1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status for the past two years as of the annual report publication date, including assurance scope, institution, standards, and opinions.
According to the TWSE and TPEX Listed Companies Sustainability Roadmap: <ol style="list-style-type: none"> <li>The parent company must complete verification by 2028.</li> <li>Subsidiaries in the Consolidated Financial Report must complete verification by 2029.</li> </ol> The Company and its subsidiaries in the Consolidated Financial Report plan to complete third-party verification by 2025.

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

Describe the baseline year and its data, reduction targets, strategies, specific action plans, and progress toward reduction goals.
To develop greenhouse gas reduction strategies, the Company plans to use the Consolidated Financial Report boundary and obtain third-party verification by 2024, setting 2024 as the baseline year. Measures for greenhouse gas reduction include promoting paperless offices, procuring green products and raw materials, encouraging employees to use personal utensils, replacing equipment, and adopting optimal production methods. Through these actions, the Company aims to progressively reduce emissions, targeting a 3% annual reduction in energy use and carbon emissions.

### (VI) Performance of integrity operation and its difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Items	Operation Status		Description abstract	Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
I. Formulate ethical corporate management policy and scheme (I) Has the Company formulated an integrity operation policy passed by the Board of Directors and explicitly formulated the policy and practice of integrity operation in the regulations and external documents, and the	✓		1. The Company has incorporated provisions to prevent dishonest conduct in its "Code of Good Faith Practices" and "Procedures and Guidelines for Ethical Management," with details disclosed on its website to enhance awareness of ethical management principles among employees, managers, and directors. Additionally, the Sustainability Report discloses the Company's ethical management policies and practices to promote and advocate for integrity.	None

Evaluation Items	Operation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
<p>commitment of the Board of Directors and senior management echelon to actively implement the operation policy?</p> <p>(II) Has the Company established an assessment mechanism for the risk of dishonest behavior, regularly analyzed and assessed the operating activities of higher dishonest behavior risks within the scope of business, formulated the scheme for preventing dishonest behavior accordingly, and at least covered the prevention measures for various behaviors prescribed in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"</p>	✓		<p>2. The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures and Guidelines for Ethical Management" based on principles of integrity, transparency, and accountability. These establish an integrity-based management policy and robust corporate governance and risk control mechanisms to foster a sustainable business environment. The Company also maintains internal control and audit systems executed by the audit unit, focusing on key business activities. Any instances of fraud or inappropriate behavior are addressed immediately per relevant regulations.</p>	

Evaluation Items	Operation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
(III) Has the Company explicitly formulated the operation procedure, behavioral guideline, violation punishment, and complaints system in the scheme of preventing dishonest behavior and regularly reviewed and amended the aforesaid scheme?	✓		3. The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" for compliance and implementation. The Administration Department, tasked with promotion, periodically reviews the Code of Good Faith Practices, with the most recent amendment approved by the Board of Directors on March 12, 2020.	
II. Implementation of ethical corporate management				None
(I) Has the Company assessed the ethical records of contacting objects and explicitly stipulated ethical clauses in the contract signed by and between the Company and trading objects?	✓		1. Before trading with important customers, the Company will conduct a credit investigation to avoid trading with customers with a record of dishonest behaviors.	
(II) Has the Company set a dedicated unit subordinated to the Board of Directors, and regularly (at least once a year) reports to the Board of Directors on the integrity operation policy and scheme of dishonest behavior prevention, and	✓		2. To strengthen ethical management, the Company has designated the Administration Department as the dedicated unit responsible for formulating and overseeing ethical management and prevention programs. All new employees are required to sign the "Employee Integrity and Ethical Conduct Declaration," thereby promoting and reinforcing integrity and ethical values. In 2024, 100% of new employees completed the signing. Execution status is reported to the Board of Directors periodically, with the 2024 report presented on January 14, 2025.	

Evaluation Items	Operation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
<p>supervises the execution status?</p> <p>(III) Has the Company formulated a policy to prevent conflict of interest, provided proper statement channels, and implemented them?</p>	✓		<p>3. The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" to avoid any improper conduct involving conflicts of interest while carrying out their business duties, and a "complaints mailbox" should be set up in the stakeholder section of the Company website. None</p>	
<p>(IV) Has the Company established an effective accounting system and internal control system for implementing integrity operation, and has the internal audit unit drafted a relevant audit plan according to the assessment results of dishonest behavior risks and checked the compliance of the scheme for dishonest behavior prevention accordingly, or appoints accountants to execute the auditing?</p> <p>(V) Has the Company regularly held internal and external educational training on ethical corporate management?</p>	✓		<p>4. The Company has an accounting system for accounting staff to follow, and internal auditors conduct regular and unscheduled audits, reporting results to the Audit Committee and Board of Directors.</p> <p>5. The Company periodically communicates provisions of the Code of Good Faith Practices to directors, managers, employees, and appointees. In the future, internal or external training may be scheduled as needed following Board of Directors meetings.</p>	

Evaluation Items	Operation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
<p>III. Operation Status of the Company's Reporting System</p> <p>(I) Has the Company formulated a specific reporting and rewarding system, established a convenient reporting channel, and assigned appropriate dedicated handling personnel for the object being reported?</p> <p>(II) Has the Company formulated a standard investigation procedure for accepting reporting matters, and should subsequent measures and relevant confidentiality mechanisms be adopted after an investigation?</p> <p>(III) The Company ensures strict confidentiality for all reported cases handled by the dedicated unit, safeguarding whistleblowers' privacy.</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>1. The Company has an accounting system for accounting staff to follow, and internal auditors conduct regular and unscheduled audits, reporting results to the Audit Committee and Board of Directors. The Company's whistleblowing channels, including employee complaints and reports from customers and suppliers, are disclosed on the stakeholder section of its website. The Administration Department serves as the dedicated unit for ethical management, with assigned personnel handling cases. All reports are treated with strict confidentiality to protect whistleblowers' privacy.</p> <p>2. The Company has established an appropriate whistleblowing and reward system in its "Procedures and Guidelines for Ethical Management," along with related procedures and confidentiality mechanisms to ensure whistleblowers are adequately protected. Does the Company take measures to protect whistleblowers from unfair treatment due to reporting?</p> <p>3. In 2024, no instances of violations of corporate ethical management by the Company or its subsidiaries' employees were reported. By the end of 2024, the Company completed the Ethical Management Declaration, using it to communicate ethical management content and company policies to employees, achieving 100% signing completion in 2024.</p>	None
IV. Enhanced information disclosure				None

Evaluation Items	Operation Status			Difference from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description abstract	
Has the Company disclosed the contents of Ethical Corporate Management Best Practice Principles formulated and the promotion effect thereof on the Company website and MOPS?	✓		<ol style="list-style-type: none"> <li>1. The Company has established the "Ethical Corporate Management Best Practice Principles" on its website. In the future, the Company will gradually establish and disclose relevant information on ethical corporate management as necessary.</li> <li>2. The Company has assigned dedicated personnel to be responsible for information collection, and information will be disclosed at MOPS in the future, striving to disclose complete and instant information to the public.</li> <li>3. The Company completed its Ethical Management Declaration by the end of 2024, using the declaration to communicate ethical management content and company policies to employees, achieving 100% signing completion in 2024.</li> </ol>	
V.	If the Company has formulated its own Ethical Corporate Management Best Practice Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operation and the differences: None.			
VI.	Other important information good for understanding the operation status of ethical corporate management of the Company (such as the Company reviews and amends the Ethical Corporate Management Best Practice Principles formulated, etc.): The Company consistently adheres to the principle of integrity in transactions with business partners, promotes its philosophy of ethical operations to these partners, and enhances employee education on the same.			

(VII) Other important information sufficient to enhance the operation status of corporate governance shall be disclosed altogether: None.

(VIII) Execution status of internal control system:

1. Internal Control Statement:

**LU HAI HOLDING CORP.**

**Internal Control System Statement**

Date: March 11, 2025

Regarding the internal control system of the Company for 2024, we hereby declare the following based on the results of our self-assessment:

- I. The Company and its subsidiaries acknowledge that establishing, implementing, and maintaining an internal control system is the responsibility of the Board of Directors and management of the Company and its subsidiaries. The Company and its subsidiaries have established such a system. The purpose of this system is to provide reasonable assurance of achieving objectives related to the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliable, timely, and transparent reporting, and compliance with relevant regulations and laws.
- II. The internal control system has inherent limitations. Regardless of how well-designed an effective internal control system is, it can only provide reasonable assurance of achieving the aforementioned 3 objectives. Furthermore, the effectiveness of the internal control system may change due to evolving environments or circumstances. However, the internal control system of the Company and its subsidiaries includes self-monitoring mechanisms, and corrective actions are taken promptly upon identification of any deficiencies.
- III. The Company and its subsidiaries assess the design and operational effectiveness of the internal control system based on the criteria outlined in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter "Control Regulations"). The criteria adopted by the "Control Regulations" for evaluating the internal control system divide it into five components based on the management control process: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component includes several sub-items. For details on these items, please refer to the provisions of the "Control Regulations."
- IV. The Company and its subsidiaries have adopted the determination items of the internal control system mentioned above to assess the effectiveness of the design and execution of the internal control system.
- V. Based on the results of the aforementioned assessment, the Company and its subsidiaries believe that, as of December 31, 2024, the internal control system (including oversight and management of subsidiaries) — encompassing the understanding of the degree to which operational effectiveness and efficiency objectives are achieved, as well as the reliability, timeliness, transparency, and compliance with relevant regulations and laws in reporting — is effectively designed and implemented, reasonably ensuring the achievement of the aforementioned objectives.
- VI. This declaration will form a key part of the Company's annual report and prospectus and will be made public. Any false statements or omissions in the disclosed content will incur legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved by the Company's Board of Directors on March 11, 2025. Of the 9 attending directors, none expressed objections, and all agreed to the content of this declaration, which is hereby affirmed.

LU HAI HOLDING CORP.

Chairman: WU, CHIN-LU

General Manager: HSU, HSIU-HUA

2. If the accountant is appointed to specifically examine the internal control system, the accountant's examination report shall be disclosed: None.

(IX) In the last year and as of the publication date of the annual report, important resolutions of the General Shareholders' Meeting and Board of Directors Meeting

1. Important Resolutions of the 2024 General Shareholders' Meeting:

Date	Resolution matters	Resolution result and execution status
2024.6.19	1. Ratification of the Company's 2023 Business Report and Financial Statements.	1. The weight of approval accounts for 99.48% of the voting weight of attending shareholders and this case is approved by voting as proposed.
	2. Ratification of the Company's 2023 Profit Distribution Plan.	1. The weight of approval is accounting for 99.48% of the voting weight of attending shareholders. This case is approved by voting as an amendment. 2. Cash dividends to shareholders: NT\$1.00 per share. Ex-dividend date: July 22, 2024. Cash dividends were fully distributed on August 16, 2023.

2. Important resolutions of the Board of Directors Meeting in 2024:

Date	Important resolution matters
2024.1.30	<ol style="list-style-type: none"> <li>1. Foreign currency (US\$and EUR) risk aversion limit of LU HAI HOLDING CORP. (hereinafter "the Company"), sub-subsidiary XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD (hereinafter "XIAMEN XIAHUI"), LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. (hereinafter "KUNSHAN LUHAI") and subsidiary PT. LUHAI INDUSTRIAL (hereinafter "PT. LUHAI").</li> <li>2. The RMB¥22 million funding proposal of the Company's sub-subsidiary LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. (hereinafter "KUNSHAN LUHAI") sub-subsidiary to loan from XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD (hereinafter "XIAMEN XIAHUI").</li> <li>3. New endorsement guarantee of LU HAI HOLDING CORP. (hereinafter "the Company")</li> <li>4. Bank (CTBC Bank) financing limit.</li> <li>5. Bank (Citi Bank) financing limit.</li> <li>6. Bank (Construction Bank) financing limit renewal.</li> <li>7. Bank (ICBC) new financing limit.</li> <li>8. The Company's distribution of year-end bonuses to managerial officers in 2023</li> <li>9. The Company's distribution of annual performance bonuses to managerial officers in 2023</li> <li>10. The 2023 year-end bonus and performance bonus distribution of assistant manager-level of the subsidiaries.</li> <li>11. Formulation of the "Organizational Charter of Sustainable Development Committee" of the Company.</li> <li>12. The Company's acquisition of right-of-use assets.</li> <li>13. Personnel change in the Company's Audit Supervisor.</li> <li>14. Personnel changes in the Company's Corporate Governance Management.</li> </ol>
2024.3.12	<ol style="list-style-type: none"> <li>1. The application for the purchase of new equipment for the fine machining department of subsidiary XIAMEN XIAHUI.</li> <li>2. The Company's Internal Control System Statement in 2023.</li> <li>3. The Company's distribution of director and employee's remuneration in 2023.</li> <li>4. The Company's regular assessment of the independence and competency of the appointed CPA.</li> <li>5. 2023 business report and financial statements of the Company.</li> </ol>

Date	Important resolution matters
	<ol style="list-style-type: none"> <li>6. 2023 earnings distribution of the Company.</li> <li>7. The Company plans to convert capital reserves into capital and issue new shares.</li> <li>8. Business report, financial statements, and draw-up of accumulated deficit of British Cayman Islands Merchant LU HAI HOLDING CORP. (Branch in Taiwan) (hereinafter "The Company's branch in Taiwan").</li> <li>9. Appointment of CPAs of the Company in 2024, review of 2024 financial statements, and examination of certified remuneration.</li> <li>10. Bank (Fubon Bank) financing limit renewal.</li> <li>11. Bank (Shanghai Bank) financing limit renewal.</li> <li>12. Elect the 7th Board of Directors.</li> <li>13. Formulate the nomination of the directors (including independent directors).</li> <li>14. Relevant matters of convening the 2024 General Shareholders' Meeting of the Company.</li> </ol>
2024.5.7	<ol style="list-style-type: none"> <li>1. Application for purchase of new equipment of the fine machining department of sub-subsidiary XIAMEN XIAHUI.</li> <li>2. Additional budget for the proposed 100 LTR BANBURY mixer line installation and re-construction of rubber mixing plants of subsidiary PT. LUHAI.</li> <li>3. Consolidated financial statements for the first quarter of 2024 of LU HAI HOLDING CORP. (hereinafter "the Company").</li> <li>4. Financing Quota with Agricultural Bank and Syndicated Fixed Asset Loan Quota with Agricultural Bank and Xiamen International Trust Co., Ltd.</li> <li>5. List of director (including independent director) candidates nominated by the General Shareholders' Meeting of the Company holding more than one percent of the total outstanding shares.</li> </ol>
2024.6.27	<ol style="list-style-type: none"> <li>1. Election of the Chairman of LU HAI HOLDING CORP.</li> <li>2. Determination of the Base Date for Capital Surplus Conversion to New Share Issuance, Cash Dividend Ex-Dividend Date, and Related Matters.</li> <li>3. Amendment to the Financing Quota with Agricultural Bank and Syndicated Loan Quota with Agricultural Bank and Xiamen International Trust Co., Ltd.</li> <li>4. Appointment of the 5th Remuneration Committee.</li> <li>5. Amendment to the Appointment of Litigation and Non-Litigation Agents.</li> <li>6. Assignment of Directors, Supervisors, and General Manager for Subsidiaries.</li> </ol>
2024.8.20	<ol style="list-style-type: none"> <li>1. Sub-subsidiary XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. photovoltaic power generation.</li> <li>2. Consolidated financial statements for the second quarter of 2024 of LU HAI HOLDING CORP. (hereinafter "the Company")</li> <li>3. Authorization for LU HAI HOLDING CORP (hereinafter "the Company," including British Cayman Islands Merchant LU HAI HOLDING CORP. [Branch in Taiwan] [hereinafter "the Company Taiwan Branch"]), and subsidiaries LU HAI (BVI) INDUSTRIAL CORP. (hereinafter "LU HAI BVI"), ALLPRO INTERNATIONAL CORP. (hereinafter "ALLPRO"), YUANHUI INTERNATIONAL CO., LTD. (hereinafter "YUANHUI"), and LU HAI INDUSTRIAL CORP (hereinafter "LU HAI INDUSTRIAL CORP.") to appoint new representatives to sign various contracts and transaction documents with banks as well as amend the bank seals of the aforementioned companies.</li> <li>4. Renewal of Financing Quota with Cathay United Bank.</li> <li>5. The Company's distribution of director's remuneration in 2023</li> <li>6. The Company's distribution of managerial officer's remuneration in 2023.</li> <li>7. Amendment of the Company's "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members."</li> </ol>
2024.11.4	<ol style="list-style-type: none"> <li>1. Consolidated financial statements for the third quarter of 2024 of LU HAI HOLDING</li> </ol>

Date	Important resolution matters
	<p>CORP. (hereinafter "the Company")</p> <ol style="list-style-type: none"> <li>2. Business plan and budget of the Company in 2025.</li> <li>3. Amendment of the Company's "Internal Control System," "Internal Audit Operating Procedures," "Internal Audit Implementation Rules," and "Internal Control System Self-Assessment Measures."</li> <li>4. Audit plan of the Company in 2025.</li> <li>5. Renewal of the financing quota with China Construction Bank and its syndicated loan quota with Xiamen International Trust Co., Ltd.</li> <li>6. Amendments to the financing quota with Agricultural Bank and its syndicated loan quota with Xiamen International Trust Co., Ltd.</li> <li>7. Amendments to the Company's "Audit Committee Organizational Regulations" and "Rules of Procedure for the Board of Directors."</li> <li>8. Amendments to the Company's "Authority Approval Regulations."</li> <li>9. Amendments to the "Asset Management Regulation" of the Company</li> <li>10. Amendments to the Company's "Information Security Management Regulations."</li> </ol>
2025.1.14	<ol style="list-style-type: none"> <li>1. Cooperation agreement between the subsidiary PT. LUHAI INDUSTRIAL and FINE FORGE/SHIH YEONG INDUSTRY CORP. (hereinafter referred to as FINE FORGE/SHIH YEONG).</li> <li>2. Foreign currency (US\$and EUR) risk aversion limit of LU HAI HOLDING CORP. (hereinafter "the Company"), sub-subsidiary XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD (hereinafter "XIAMEN XIAHUI"), LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. (hereinafter "KUNSHAN LUHAI") and subsidiary PT. LUHAI INDUSTRIAL (hereinafter "PT. LUHAI").</li> <li>3. New endorsement guarantee of LU HAI HOLDING CORP. (hereinafter "the Company")</li> <li>4. Establish a new financing quota with KGI Commercial Bank.</li> <li>5. Renew the financing quota with Mega International Commercial Bank.</li> <li>6. Renew the financing quota with CTBC Bank.</li> <li>7. Renew the financing quota with Citibank.</li> <li>8. Renew the financing quota with the Industrial and Commercial Bank of China and its syndicated loan quota with Xiamen International Trust Co., Ltd.</li> <li>9. The Company's distribution of year-end bonuses to managerial officers in 2024</li> <li>10. The Company's distribution of annual performance bonuses to managerial officers in 2024</li> <li>11. The 2024 year-end bonus and performance bonus distribution of assistant manager-level of the subsidiaries</li> <li>12. Establish the Company's "Sustainability Information Management Regulations" and "Risk Management Policy and Procedures."</li> <li>13. Amendment of the Company's "Corporate Governance Best Practice Principles."</li> </ol>
2025.3.11	<ol style="list-style-type: none"> <li>1. The Company's 2024 Internal Control System Declaration.</li> <li>2. The Company's distribution of director and employee's remuneration in 2024</li> <li>3. The Company's regular assessment of the independence and competency of the appointed CPA.</li> <li>4. 2024 business report and financial statements of the Company</li> <li>5. 2024 earnings distribution of the Company</li> <li>6. Business report, financial statements, and draw-up of accumulated deficit of British Cayman Islands Merchant LU HAI HOLDING CORP. (Branch in Taiwan) (hereinafter "The Company's branch in Taiwan").</li> <li>7. Replace the CPAs for the Company's Financial Statements and determine the remuneration for the review and audit of the 2025 Financial Statements.</li> <li>8. Amendment of the Company's "Regulations on the Acquisition or Disposal of Assets."</li> </ol>

Date	Important resolution matters
	9. Amendment of the Company's allocation ratio for directors remuneration. 10. Amendment of the Company's allocation ratio for employees' remuneration. 11. Amendment of the allocation ratio for the Company's annual performance bonus. 12. Adjust the salaries of the Company's Chairman and managers. 13. Amendments to the "Articles of Incorporation" of the Company 14. Amendment of the Company's "Corporate Governance Best Practice Principles." 15. Amendment of the Company's "Rules of Procedure for Shareholders' Meetings." 16. Relevant matters of convening 2025 General Shareholders' Meeting of the Company
2025.5.6	1. The joint venture proposal between the subsidiary PT. LUHAI INDUSTRIAL and FINE FORGE/SHIH YEONG INDUSTRY CORP. (hereinafter referred to as FINE FORGE/SHIH YEONG). 2. The proposal for the consolidated financial statements of LU HAI HOLDING CORP (hereinafter referred to as the Company) for the first quarter of 2025. 3. The proposal to amend the Company's "Accounting System". 4. The proposal to extend the financing facilities with the Agricultural Bank and the syndicate loan facilities with Xiamen International Trust Co., Ltd. 5. The proposal for the salary agreement of subsidiary manager HSU, LIEN-KAI.

2.1. Resolution result: Any directors involved in a conflict of interest regarding the above proposals will not participate in the discussion and voting. All proposals were unanimously approved by all attending directors without any objections.

2.2. Execution status: Executed according to the resolution result.

(X) In the last year and as of the publication date of the annual report, if a director or supervisor has a different opinion on the important resolution passed in the Board of Directors Meeting and with record and written statement, major contents thereof: None.

#### IV. CPA fee information

##### (I) CPA fee information

Unit: NT\$ thousand

Name of accounting firm	Name of accountant	Accountant audit period	Audit fees	Non-audit fees	Total	Notes
Crowe (TW) CPAs	SHAO, CHAO-PIN HUANG, CHIEN-CHEN	2024	3,290	17(Notes)	3,307	

Note: Non-audit fees primarily consist of certification expenses of NT\$9,000 and business registration expenses of NT\$8,000.

(II) In case of a change of accounting firm and the audit fees paid in the year of change are reduced compared with that in the year before the change, amounts of audit fees before and after change and reasons shall be disclosed: None.

(III) If the audit fees are reduced by more than 10% compared with that in the last year, the reduced amount of audit fees, proportion, and reason shall be disclosed: None.

#### V. Information on CPA Replacement:

##### (I) Regarding the Previous CPA:

Replacement Date:	Approved by the Board of Directors on March 11, 2025.		
Reason and Explanation for Replacement	To maintain the independence of the CPA and fulfill the need for internal rotation mechanisms within the accounting firm.		
Explanation for Termination or Non-Acceptance of Appointment:	Contracting Parties		Accountant
	Status	Appointing Party	
	Actively terminated the appointment	Not Applicable	

	Refuse to accept (continue) the appointment	
Opinions other than unqualified opinions issued in audit reports in the past two years and reasons	No such instances	
Any disagreements with the Issuer	Yes	Accounting principles or practices
		Disclosure of financial reports.
		Scope or steps of the audit.
		Other
	None	V
Description		
Other disclosure items (Items to be disclosed under Article 10, Paragraph 6, Subparagraph 1, Items 4 to 7 of the Regulations)	No such instances	

(II) Regarding the Successor CPA:

Firm Name	Crowe (TW) CPAs
Name of accountant	LIN, MING-SHOU; HUANG, CHIEN-CHEN
Appointment Date	March 11, 2025 (effective from Q1 of 2025)
Consultation Matters and Results Prior to Appointment Regarding Accounting Treatment Methods or Principles for Specific Transactions and Potential Opinions on Financial Reports	Not Applicable
Written Opinion of the Successor CPA on Disagreements with the Previous CPA	Not Applicable

(III) Response from the Previous Accountant Regarding Article 10, Subparagraph 6, Items 1 and 2-3 of the Regulations: Not applicable.

VI. Has any chairman, general manager, or managerial officer been responsible for the financial or accounting affairs of the Company once worked in the affiliated firm or enterprise of the CPA in the last year: None.

VII. In the last year and as of the publication date of the annual report, stock right transfer and changes in a pledge of stock rights in the directors, supervisors, managerial officers, and shareholders with a shareholding ratio over 10%:

(I) Changes in stock rights in the directors, supervisors, managerial officers, and major shareholders:

Unit: share

Title	Name	2024		For the Current Year as of March 29, 2025	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
Chairman	WU, CHIN-LU	61,513	-	-	-
Director	PATTERN FINANCIAL MANAGEMENT S.A. (Representative: WU, CHING-SHU)	196,437	-	-	-
Director	LARGE RISE HOLDING LIMITED(Representative: HSU,	196,437	-	-	-

Title	Name	2024		For the Current Year as of March 29, 2025	
		Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares	Increased (decreased) number of shareholding	Increased (decreased) number of pledged shares
	HAO-YUN)				
Director & XIAMEN XIAHUI General Manager	HSU, YA-TING	72,659	-	-	-
Director & Project VP	HSU, HUAI-YUN	2,828	-	-	-
Director & Special Assistant of Chairman & VP of XIAHUI GM Room	HSU, HAN-YUAN	115,607	-	-	-
Independent Director	YEN, MEI-YING	-	-	-	-
Independent Director	YEH, CHIH-MING	-	-	-	-
Independent Director	WANG, SHIH MING	-	-	-	-
General Manager	HSU, HSIU-HUA	65,776	-	-	-
PT. LUHAI VP	QIU, ZHONG-LIE	479	-	-	-
Assistant Manager of Finance Department	CHANG, SHENG-HUNG	540	-	-	-
Assistant Manager of Sales Dept.	WU, KO-LI	128,541	-	-	-
Manager and Head of Corporate Governance, Finance Department	TSAI, SHAO-FEN	-	-	-	-
Audit Supervisor	TSAI, HSIN-HSIN	-	-	-	-
Major shareholder	DAY LIGHT BUSINESS CO., LTD.	553,847	-	-	-
Major shareholder	GET JOINT BUSINESS CORPORATION	533,847	-	-	-
Chairman (Note 1)	HSU, LIEN-KAI	136,531	-	-	-
Director (Note 1)	WU, CHING-SHU	44,172	-	-	-
Independent Director (Note 1)	CHANG, HORNG-YAN	-	-	-	-

Note 1: Previous board term expired and was dismissed on June 19, 2024.

(II) Shares Trading with Related Parties: None.

(III) Stock Pledge with Related Parties: None.

### VIII. Information on the Top 10 Shareholders by Shareholding Percentage, Their Relationships as Related Parties, or Spouses or Relatives Within 2 Degrees of Kinship:

Date: March 29, 2025; Unit: Shares; %

Name	Shares Held by the Individual		Spouse & Minor Children Shareholding		Total shareholding in the name of other people		Name and relationship between the Company's top ten shareholders, spouse, or relatives within the second degree.		Notes
	shares	%	shares	%	shares	%	Name	Relation	
GET JOINT BUSINESS CORPORATION	11,210,799	10.74	-	-	-	-	-	-	

Name	Shares Held by the Individual		Spouse & Minor Children Shareholding		Total shareholding in the name of other people		Name and relationship between the Company's top ten shareholders, spouse, or relatives within the second degree.		Notes	
	shares	%	shares	%	shares	%	Name	Relation		
(Representative: HSU, CHIN)	708,704	0.68	480,925	0.46	-	-	DAY LIGHT BUSINESS HOLD INVESTMENT GROUP NEWS UP ENTERPRISE KEEP GRACE TECHNOLOGY PATTERN FINANCIAL HSU, SHIH	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree		
DAY LIGHT BUSINESS CO., LTD.	11,210,799	10.74	-	-	-	-	-	-	-	
(Representative: WU, CHIN-LU)	620,486	0.59	348,616	0.33	3,014,154	2.89	GET JOINT BUSINESS HOLD INVESTMENT GROUP NEWS UP ENTERPRISE KEEP GRACE TECHNOLOGY PATTERN FINANCIAL HSU, SHIH	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree		
NEWS UP ENTERPRISE LIMITED	4,192,019	4.02	-	-	-	-	-	-	-	
(Representative: HSU, SHOU)	430,023	0.41	-	-	4,192,019	4.02	GET JOINT BUSINESS DAY LIGHT BUSINESS HOLD INVESTMENT GROUP KEEP GRACE TECHNOLOGY PATTERN FINANCIAL HSU, SHIH	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree		
LARGE RISE HOLDING LIMITED	4,125,190	3.95	-	-	-	-	-	-	-	
(Representative: HSU, LIEN-KAI)	3,259,158	3.12	3,901	-	-	-	-	-	-	
PATTERN FINANCIAL MANAGEMENT S.A.	4,125,190	3.95	-	-	-	-	-	-	-	
(Representative: WU, CHING-SHU)	927,616	0.89	128,120	0.12	4,125,190	3.95	GET JOINT BUSINESS DAY LIGHT BUSINESS HOLD INVESTMENT GROUP NEWS UP ENTERPRISE KEEP GRACE TECHNOLOGY HSU, SHIH	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree		
HOLD INVESTMENT GROUP LTD.	3,341,544	3.20	-	-	-	-	-	-	-	

Name	Shares Held by the Individual		Spouse & Minor Children Shareholding		Total shareholding in the name of other people		Name and relationship between the Company's top ten shareholders, spouse, or relatives within the second degree.		Notes
	shares	%	shares	%	shares	%	Name	Relation	
(Representative: HSU, CHIN)	708,704	0.68	480,925	0.46	-	-	GET JOINT BUSINESS DAY LIGHT BUSINESS NEWS UP ENTERPRISE KEEP GRACE TECHNOLOGY PATTERN FINANCIAL HSU, SHIH	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree	
HSU, LIEN-KAI	3,259,158	3.12	3,901	-	-	-	-	-	
KEEP GRACE TECHNOLOGY LIMITED	3,014,154	2.89	-	-	-	-	-	-	
(Representative: WU, CHIN-LU)	620,486	0.59	348,616	0.33	3,014,154	2.89	GET JOINT BUSINESS DAY LIGHT BUSINESS HOLD INVESTMENT GROUP NEWS UP ENTERPRISE PATTERN FINANCIAL HSU, SHIH	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree	
HSU, SHIH	2,755,656	2.64	-	-	1,071,241	1.03	GET JOINT BUSINESS DAY LIGHT BUSINESS HOLD INVESTMENT GROUP NEWS UP ENTERPRISE KEEP GRACE TECHNOLOGY PATTERN FINANCIAL	Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Representative is a relative within the second-degree Relative within the second-degree	
HSU, HAN-YUAN	2,427,753	2.33	-	-	-	-	NEWS UP ENTERPRISE	First degree relative	

IX. Number of shareholding of the Company, the directors, supervisors, managerial officers of the Company, and the enterprise under the direct or indirect control of the Company in the same reinvestment enterprise, and the consolidated comprehensive shareholding ratio

March 29, 2025 Unit: Thousand shares; %

Reinvestment enterprise	Investment of the Company		Investments in businesses directly or indirectly controlled by the directors, supervisors, or managers		Total Investments	
	shares	%	shares	%	shares	%
LU HAI(BVI) INDUSTRIAL CORP.	8,857	100	-	-	8,857	100
ALLPRO INTERNATIONAL CORP	6,643	100	-	-	6,643	100
YUANHUI INTERNATIONAL CO,LTD.	6,500	100	-	-	6,500	100
LU HAI INDUSTRIAL CORP.	3,000	100	-	-	3,000	100
PT. LUHAI INDUSTRIAL	8,000	100	-	-	8,000	100

XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD	-	100	-	-	-	100
LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD.	-	100	-	-	-	100

## Chapter IV Fundraising Situation

### I. Capital and stock

#### (I) Sources of share capital

##### 1. Stock formation process:

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

Month & Year	Issue price (NT\$)	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Compensation of shares payment with property other than cash	Other
2009/10	10	120,000	1,200,000	42,000	420,000	Share swap	None	-
2009/10	14.8	120,000	1,200,000	54,000	540,000	Cash capital increase	None	-
2010/11	18	120,000	1,200,000	60,100	601,000	Cash capital increase	None	-
2013/12	23.8	120,000	1,200,000	67,614	676,140	Cash capital increase	None	November 13, 2013 Jin-Guan-Zheng-Fa-Zi No. 1020045461
2014/9	10	120,000	1,200,000	70,995	709,947	Transfer surplus to capital increase	None	September 19, 2014, Document No.: Tai-Zheng-Shang-Er-Zi No. 10300194131
2015/4	50	120,000	1,200,000	74,495	744,947	Cash capital increase	None	April 7, 2015, Document No.: Tai-Zheng-Shang-Er-Zi No. 10400057261
2017/6	57.7	120,000	1,200,000	74,515	745,155	Convertible bonds and conversion of new shares	None	-
2017/9	10	120,000	1,200,000	81,965	819,650	Transfer surplus to capital increase	None	-
2019/8	10	120,000	1,200,000	86,063	860,632	Transfer surplus to capital increase	None	-
2020/9	10	120,000	1,200,000	90,366	903,664	Transfer surplus to capital increase	None	-
2021/9	10	120,000	1,200,000	99,403	994,030	Transfer surplus to capital increase	None	-
2024/8	10	120,000	1,200,000	104,373	1,043,731	Capital surplus increase	None	-

##### 2. Capital and shares:

March 29, 2025; Unit: share

Type of shares	Authorized capital			Notes
	Issued shares (Listed Stock)	Unissued shares	Total	
Registered ordinary shares	104,373,163	75,626,837	180,000,000	

##### 3. Summary of relevant information on the reporting system: Not applicable.

#### (II) List of major shareholders

Name, shareholding amount, and proportion of the shareholders with over five percent equity proportion, if less than ten shareholders, the top ten shareholders in equity proportion shall be disclosed:

March 29, 2025; Unit: share

Name of major shareholders	Share	Number of shareholding	Shareholding ratio
GET JOINT BUSINESS CORPORATION		11,210,799	10.74%
DAY LIGHT BUSINESS CO., LTD.		11,210,799	10.74%

Name of major shareholders	Share	Number of shareholding	Shareholding ratio
NEWS UP ENTERPRISE LIMITED		4,192,019	4.02%
LARGE RISE HOLDING LIMITED		4,125,190	3.95%
PATTERN FINANCIAL MANAGEMENT S.A.		4,125,190	3.95%
HOLD INVESTMENT GROUP LTD.		3,341,544	3.20%
HSU, LIEN-KAI		3,259,158	3.12%
KEEP GRACE TECHNOLOGY LIMITED		3,014,154	2.89%
HSU, SHIH		2,755,656	2.64%
HSU, HAN-YUAN		2,427,753	2.33%

### (III) Dividend policy and execution status

#### 1. Dividend policy stipulated in Articles of Incorporation:

115(a) If the Company achieves a profit in a given year, it shall allocate no less than 1.5% of its pre-tax profit as employee remuneration and no more than 3% as director remuneration. Employee remuneration may be distributed in cash or stock, and eligible recipients include employees of subsidiary companies who meet certain conditions, which the Board of Directors may determine. The distribution of director remuneration and employee remuneration must be approved by a resolution passed by a majority of the attending directors at a meeting where at least two-thirds of the directors are present, and it shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, an amount sufficient to offset such losses shall be reserved in advance before allocating employee and director remuneration in accordance with the aforementioned percentages. Directors who concurrently serve as executive officers of the Company may receive both director remuneration and employee remuneration for their respective roles.

115(b) The Company may distribute profits in accordance with a profit distribution proposal prepared by the Board of Directors and approved by the shareholders through an ordinary resolution. The Board of Directors shall prepare the profit distribution proposal as follows: First, the Company's annual net profit shall be used to offset prior years' losses, and 10% of the remaining profit shall be allocated as a legal reserve until the accumulated legal reserve equals the total amount of the Company's paid-in capital. Next, a special reserve shall be set aside as required by the Public Company Act or as mandated by the competent authority; if there is any remaining balance, it may be combined with the accumulated undistributed profits from previous years to form the distributable profits, and the Board of Directors shall then prepare a profit distribution proposal from these distributable profits and submit it to the shareholders' meeting for resolution on the distribution of dividends and bonuses to shareholders.

Article 115(c) The Company is currently positioned in a growth and development phase. Due to the need for capital expenditure, operation expansion, and an integrated financial plan in order to maintain sustainable growth, any balance left over under Article 115(a) and/or (b) may be distributed as Dividends (including cash dividends or stock dividends) or bonuses in accordance with the Statute and the Applicable Public Company Rules, among which the Dividends to be distributed shall not be lower than 10% of the balance left over. The cash Dividends shall not be lower than 10% of the total amount of Dividends distributed to the Members.

2. The proposed dividend distribution for the current year:

The 2024 earnings distribution of the Company has been passed by the resolution of the Board of Directors on March 11, 2025. It is planned to distribute cash dividends to shareholders at NT\$ 1.50000000 per share. This part is still pending the resolution of the General Meeting. The relevant earnings distribution statement is as follows:

Unit: NT\$

Item	Amount	
Net profit after tax for 2024		213,516,167
Minus:		
Allocation of statutory surplus reserve	21,351,617	
Distributable profits for 2024		192,164,550
Plus:		
Beginning undistributed earnings	1,165,863,137	
Accumulated distributable profits as of the end of 2024		1,358,027,687
Distribution item:		
Shareholder Dividend – cash (Notes 1)	156,559,745	
Ending undistributed earnings		1,201,467,942

Note 1: It is proposed to distribute a cash dividend to shareholders of NT\$1.50 per share, with a total cash dividend distribution to shareholders of NT\$156,559,745.

(IV) The impact of the proposed bonus share issuance at this shareholders' meeting on the Company's business performance and earnings per share: Not applicable.

(V) Remuneration of employees, directors, and supervisors:

1. Percentage or scope of remuneration of employees, directors, and supervisors stated in Articles of Incorporation:

Article 115(a) of the Articles of Incorporation stipulates that if the Company achieves a profit in a given year, it shall allocate no less than 1.5% of its pre-tax profit as employee remuneration and no more than 3% as director remuneration. Employee remuneration may be distributed in cash or stock, and eligible recipients include employees of subsidiary companies who meet certain conditions, which the Board of Directors may determine. The distribution of director remuneration and employee remuneration must be approved by a resolution passed by a majority of the attending directors at a meeting where at least two-thirds of the directors are present, and it shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, an amount sufficient to offset such losses shall be reserved in advance before allocating employee and director remuneration in accordance with the aforementioned percentages. Directors who concurrently serve as executive officers of the Company may receive both director remuneration and employee remuneration for their respective roles.

2. Estimation base of employee, director, and supervisor remuneration in this estimation, the shares calculation base for employee's remuneration in stock distribution, and accounting treatment when the actual distribution amount is different from an

estimated figure:

- (1) Estimation base of employee and director's remuneration in this estimation: the 2024 employee and director's remuneration of the Company are subject to the profitability in such year, and it is estimated according to 1.5% of the profitability.
  - (2) Calculation base for stock bonus distribution: No stock bonus is distributed.
  - (3) In case of a difference between the actual distribution amount according to the resolution of the General Meeting and the recorded amount, it will be deemed as a change in accounting estimate, and the difference will be adjusted as the profit and loss of the actual distribution year.
3. Status of remuneration distribution passed by the Board of Directors:
- (1) Date of board resolution: March 11, 2025
  - (2) The amount of employee remuneration and director/supervisor remuneration to be distributed in cash or stock. If there is a difference between the estimated amount recognized as an expense for the year and the actual amount, the difference, its reasons, and the handling method shall be disclosed:
    - A. Proposed remuneration for employees: NT\$ 3,301,796
    - B. Proposed remuneration for directors: NT\$ 3,301,796The employees' remuneration and directors' remuneration proposed to be distributed by the Company in 2024 have no difference from the estimated amount.
  - (3) The amount of employee's remuneration in stock distribution, and the proportion in the net profit after tax in individual financial reports of this period and the total amount of employee's remuneration:

The Company's 2024 earnings distribution did not distribute stock bonuses to employees; therefore, it is not applicable.
4. For the actual distribution status of employee, director, and supervisor remuneration in the last year (including the number of shares distributed, amount, and stock price), if it is different from the recognized employee, director, and supervisor remuneration, the balance, reason, and handling status shall be specified:
- (1) Employees' remuneration: NT\$ 2,808,835, which is no different from the actual distribution.
  - (2) Directors' remuneration: NT\$ 2,808,835, which is no different from the actual distribution.

(VI) Buyback of Common Stock: None.

**II. Status of corporate bond issuance: No outstanding or ongoing corporate bonds.**

**III. Status of preferred stock issuance: None.**

**IV. Status of global depository receipt issuance: None.**

**V. Status of employee stock option issuance: None.**

**VI. Status of restricted employee rights new share issuance: None.**

**VII. Status of issuing new shares for mergers, acquisitions, or acquisition of shares of other companies: None.**

**VIII. Status of the execution of capital utilization plans: None.**

## Chapter V Operational Highlights

### I. Business content

#### (I) Business scope

##### 1. Major contents of operating business

LU HAI Group is the manufacturer specialized in producing all kinds of valves, it has complete product lines and its product quality is deeply trusted by customers. Currently, the valves produced by the Group can be roughly divided into the following four categories according to application use: ①Bicycle class; ②Motorcycle and electric motorcycle class; ③Passenger car, truck and off-the-road vehicles class; ④Accessories and other.

##### 2. Proportion of business

Unit: NT\$ thousand; %

Major products \ Year	2023		2024	
	Sales amount	Proportion of business	Sales amount	Proportion of business
Bicycle class	363,203	14.01	578,225	18.50
Motorcycle and electric motorcycle class	741,767	28.61	821,435	26.27
Passenger car, truck, and off-the-road vehicles class	904,261	34.88	1,060,671	33.93
Accessories and other	583,207	22.50	666,010	21.30
Total	2,592,438	100.00	3,126,341	100.00

##### 3. Current commodity (service) items of the Company

All kinds of valves produced by the Group are a kind of independent valve body device, the air can enter into tubeless tire or tube space when opening it, then it will be closed and sealed automatically to preserve the air to generate air pressure, so as to prevent the air from flowing out from tire or tube. Apart from solid, all other inflatable tires or tubes need to use such device for inflation.

##### 4. New products and services planned to be developed

Apart from the development of new products according to customer's tire design concept and functional requirements, the R&D Team of the Group also continues to invest in projects such as equipment automation, system deployment, and R&D of mold and jig, etc., so as to improve the Group's competitiveness in valve industry.

#### (II) Industry Overview

##### 1. Current status and development of industry:

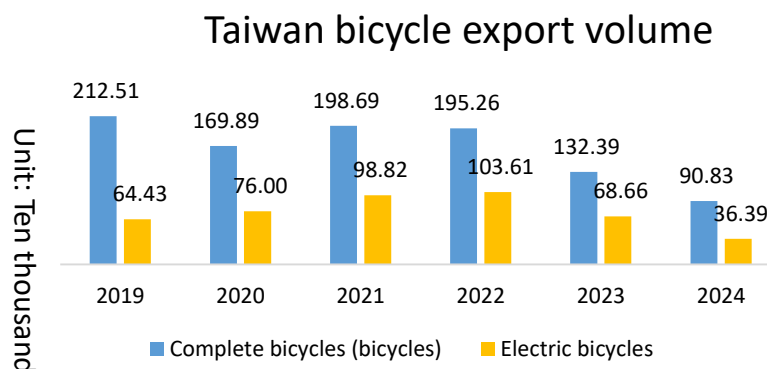
The various tire valves produced by the Group can be broadly categorized by application into the following four types: ①Bicycle class; ②Motorcycle and electric motorcycle class; ③Passenger car, truck and off-the-road vehicles class; ④Accessories and other. Therefore, the revenue composition and the Company's future development are highly correlated with the bicycle industry,

motorcycle and electric motorcycle industry, automobile industry, and TPMS industry. The current status and development of the Group’s industry are explained based on the development of these four industries.

A. Bicycle industry

The bicycle industry is a timeless industry, and with the development of social economies and the improvement of living standards, bicycles have evolved with the times toward diversified uses. With the increasing global environmental challenges and heightened awareness of environmental protection, bicycles serve not only as a means of transportation but also as a vital emblem of low-carbon living and sustainable urban development. In April 2024, the European Union signed the "European Bicycle Declaration," calling on EU member states to actively develop bicycle infrastructure and emphasizing the industry’s core importance to European society and economy, marking a significant step forward for the European bicycle industry; meanwhile, countries in Asia, the Americas, and elsewhere have also introduced policy support to promote green transportation, improve environmental pollution, and achieve energy saving and carbon reduction. Secondly, with continuous technological advancements, the industry is gradually moving toward lightweight, electrification, smart technology, and shared services, driving the growing demand for the electric bicycle market.

According to statistics from the Taiwan Bicycle Exporters’ Association, Taiwan’s bicycle exports in 2024 totaled 908,300 units, affected by global market inventory reduction and a significant decrease in new orders, showing a declining trend in export volume over the past 2 years. Additionally, data from the Department of Statistics of the Ministry of Economic Affairs indicates that while Taiwan’s overall bicycle production has been declining, the average unit price has shown a growing trend.



Data source: Taiwan Bicycle Association; summarized by LU HAI (2025/02)

## Trend of Production Value and Average Unit Price of Taiwan Bicycle in the Last Ten Years

Unit: NT\$

Year	Production quantity (ten thousand)	Production value (one hundred million)	Average unit price (NT\$/bicycle)
2015	383.8	565.3	14,728
2016	269.8	474.1	17,574
2017	201.5	382.3	18,972
2018	193.4	410.8	21,242
2019	192.3	429.3	22,328
2020	158.0	325.3	20,589
2021	177.4	337.9	19,048
2022	180.0	456.4	25,354
2023	124.5	409.8	32,922
2024	84.4	314.6	37,287

Data source: Department of Statistics, Ministry of Economic Affairs

Looking forward to 2025, with the gradual recovery of core markets in Europe, the United States, and China, market inventory levels are steadily decreasing; the Chinese market is entering a transformation phase of reduced volume and increased value, and the optimization and technological upgrades of bicycle products in various countries are driving demand for mid-to-high-end models such as road bikes, sports bikes, and electric bicycles, with potential for continued growth, laying the foundation for growth in 2025.

A report by Grand View Research, Inc. indicates that the global bicycle market size is expected to reach US\$135.02 billion by 2030, with a compound annual growth rate (CAGR) of 9.9% from 2025 to 2030. Meanwhile, a report by market research firm GII predicts that the global electric bicycle market will grow at a CAGR of 12.3% between 2024 and 2028.

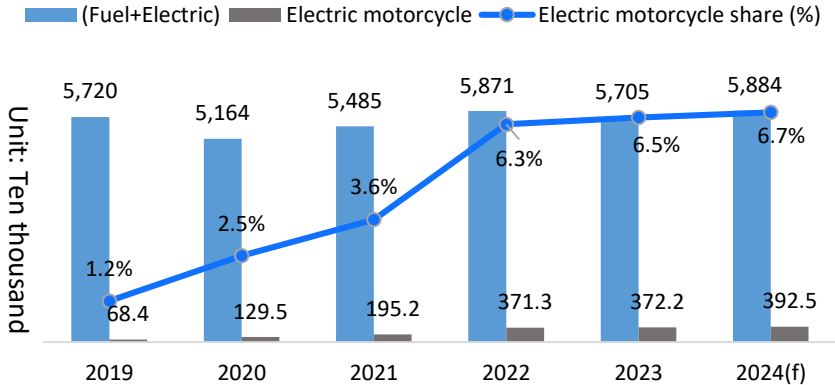
### B. Motorcycle and Electric Motorcycle Industry

Motorcycles are not only one of the important means of transportation in emerging developing countries but also one of the components in the compound and modern means of transportation in the metropolis of developed countries, and their demand will continue to increase in the future. Asia is an important production base for global motorcycles. Apart from that, India, China, and Indonesia are the top 3 in global sales, respectively, together with those in Vietnam, Thailand, Pakistan, Malaysia, Philippines, Taiwan, etc., with the sales volume accounting for nearly 90% worldwide.

With fluctuating fuel prices, environmental concerns, and technological advancements, global net-zero emission policies have encouraged major international manufacturers to shift toward electrification, including brands like Harley-Davidson, BMW Motorrad, Honda, and Kawasaki, driving the industry toward electrification and smart technology. With the rise of electric motorcycles, many countries and cities have set timelines for electric

motorcycle development, supported by subsidies and tax incentives. The growing popularity of electric motorcycles not only helps reduce national carbon emissions for environmental benefits but also allows consumers to enjoy the health benefits of green transportation, boosting market demand. According to data from the Industrial Technology Research Institute’s IEK Consulting, the global electric motorcycle market share in 2023 was 6.5%, reaching 3.722 million units, and is projected to slightly increase to 6.7% in 2024, reaching 3.925 million units; the global motorcycle market is expected to continue growing, with the electric motorcycle market share steadily rising.

### Global fuel and electric motorcycle sales

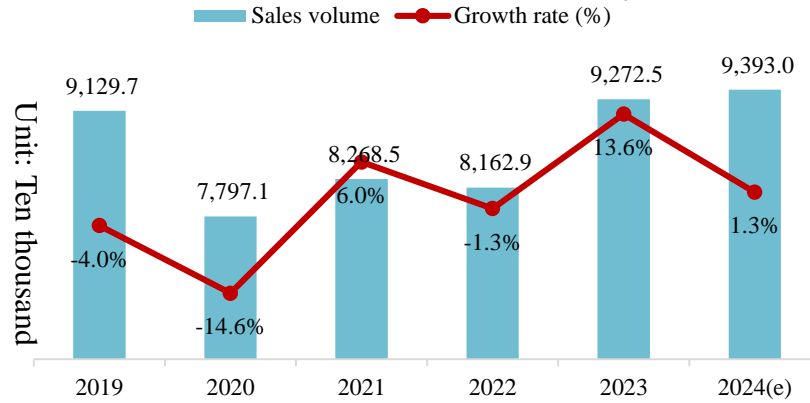


Data source: IEK Consulting (2024/10)

#### C. Automobile industry

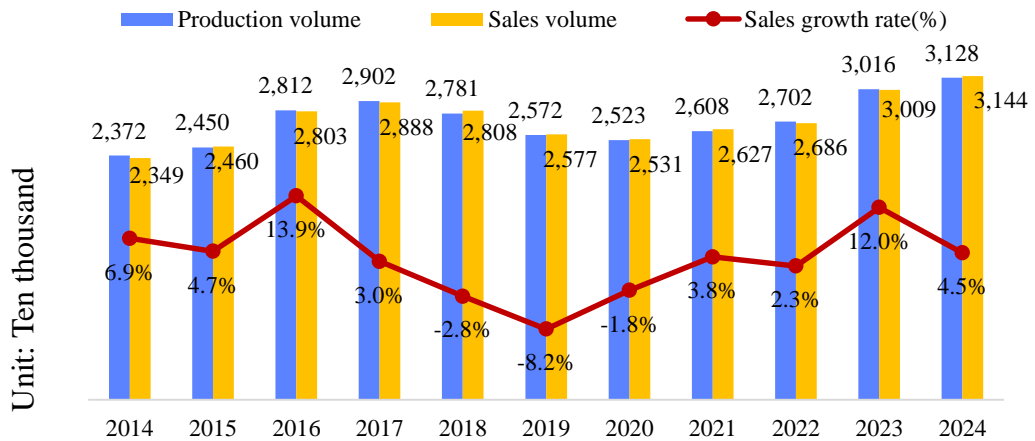
In global vehicle sales for 2024, China retained the top position, followed by the United States, while India, ranking third, saw a downward trend due to its presidential election and unusual weather, and Japan, in fourth place, experienced sales declines due to vehicle testing data issues. Looking back at 2024 sales performance, overall sales are estimated to grow slightly by 1.3%. Still, with the post-pandemic demand peak having passed, coupled with high interest rates suppressing consumer car-buying interest and geopolitical risks, growth momentum has gradually slowed compared to 2023. According to a report by market research firm GII, the automobile market is expected to grow by US\$1,477.6 billion from 2023 to 2028, with a CAGR of 8.64% during the forecast period.

## Global automobile industry



Data source: IEK Consulting (2024/10)

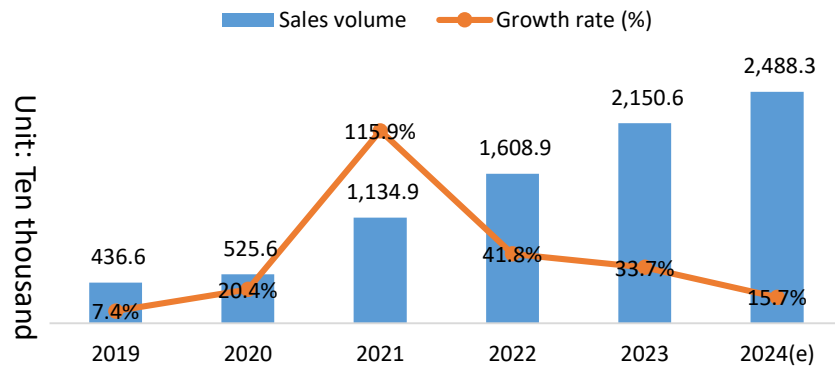
## Overview of Automobile Production and Sales in China Mainland in Recent Years



Data source: China Association of Automobile Manufacturers; summarized by LU HAI (2025/01)

In recent years, with countries setting net-zero carbon reduction goals, more than 20 countries worldwide have established vehicle electrification plans and bans on fuel vehicle sales, with target timelines mostly falling between 2025 and 2050. With policy support and infrastructure development, along with technological upgrades, the automobile industry is moving toward environmental sustainability, smart technology, and autonomous driving. According to Industrial Technology Research Institute data, the global smart/autonomous driving market is projected to grow to 71.9 million units by 2030, with a CAGR of approximately 2.2% from 2023 to 2030.

## Global Electric Passenger Vehicle Sales Forecast



Data source: Marklines (2024/09); IEK Consulting (2024/09)

### D. TPMS Industry

Tire Pressure Monitoring Systems (TPMS), most commonly used in passenger vehicles, are considered one of the three major safety systems for automobiles, providing real-time monitoring of tire temperature and pressure, enhancing vehicle safety, reducing the risk of tire blowouts, and contributing to lower fuel consumption, energy saving, carbon reduction, and extended tire lifespan.

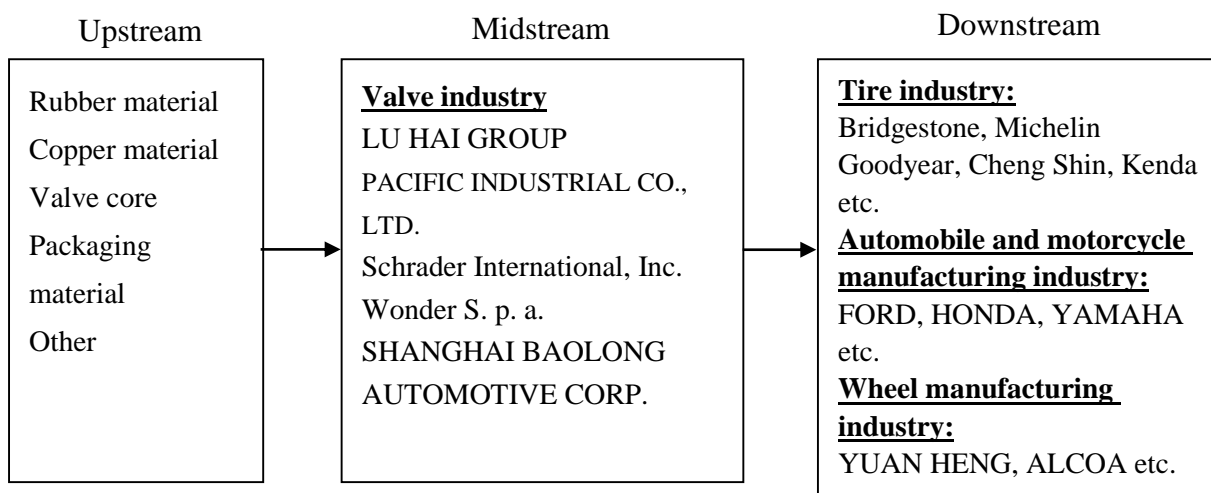
In recent years, the increasing popularity of connected vehicle technology, regulatory pushes, and heightened awareness of vehicle safety have driven growing demand for TPMS. Governments worldwide have progressively legislated TPMS requirements; the United States took the lead in 2005 with legislation mandating TPMS installation in four-wheeled commercial and passenger vehicles by 2007, followed by the European Union, South Korea, Japan, Russia, Taiwan, and mainland China, with India soon to follow, making TPMS a standard feature in new vehicles.

In addition to OEM installations, the aftermarket (AM market) is also a significant sales channel for TPMS; according to AMN Aftermarketnews, the U.S. automotive aftermarket is estimated to grow by 5.9% in 2024, with an average sales growth rate of 4.5% projected from 2025 to 2027. The rising demand in the global automotive parts aftermarket repair market has created growth opportunities for the TPMS industry.

With the rapid development of the industry, supply chain technology will continue to improve, enhancing system monitoring accuracy to meet market demands. Furthermore, as the automobile industry shifts toward Ultra Wideband (UWB) technology and electric vehicles become more widespread, with increasing Bluetooth adoption, new opportunities arise for Bluetooth TPMS, pushing the industry toward smart technology and expanding into other application areas, with demand and market penetration expected to continue growing. According to a report by market research firm GII,

the TPMS market size reached US\$7.4 billion in 2024 and is projected to grow to US\$15.1 billion by 2033, with a growth rate of 7.8% from 2025 to 2033, indicating promising future industry development.

2. Relevance of upstream, midstream, and downstream of industry



3. Various development trends of the product:

The Group focuses on the research and development of process technologies for sealing gases in tire valves, as well as bonding rubber compounds to metal bodies and inner tubes. The equipment and process technologies developed are used in the production of various tire valves, with a comprehensive product line applied to tires in industries such as bicycles, motorcycles, electric motorcycles, automobiles, trucks, and off-road vehicles. Tire valves can be regarded as a century-old industry; except for solid tires, all other tires or inner tubes that require inflation rely on this device for inflation. Due to the significant performance limitations of solid tires, pneumatic tires have achieved near-complete success, making tire valves an essential component of tire products.

TPMS and tire valves are both tire-related, and their sales channels largely overlap. Currently, the major international TPMS suppliers—Sensata Technologies, Inc. (hereinafter "Sensata"), Continental AG, and Pacific Industrial Co., Ltd. (hereinafter "Pacific")—are also tire valve suppliers. The Group is one of the world’s largest tire valve suppliers, with well-established sales channels and customer resources; with the growing awareness of regulations and safety trends, the future growth of TPMS is promising.

The Group’s R&D team consists of senior experts with decades of experience in rubber compounds, metal processing, mechanical design, and automation control industries, who, in line with tire development trends in the bicycle, motorcycle and electric motorcycle, and automobile industries, collaborate with customers on development and performance improvements, while enhancing the automation level of production processes to reduce costs and improve product competitiveness.

4. Competition status:

The global leader Sensata, a U.S. company, has sold its traditional tire valve business to Japan’s Pacific, retaining only its TPMS product development;

meanwhile, Pacific, previously unable to effectively reduce production costs for traditional tire valves, has shifted focus to developing other products within its group and seeking cost-reducing partners; Germany's Continental has seen its main supplier, Baolong, establish a joint venture with the Huff Group. The above developments will inevitably lead to a restructuring of the tire valve industry landscape. As a leading enterprise in the industry, the Group, with its clear advantages in market channels and quality, has the opportunity to secure the most favorable position during this industrial adjustment.

Currently, among the Group's primary competitors in tire valve products, there are no relevant manufacturers among listed or unlisted companies in the domestic market. Customers have widely recognized the Group's professional manufacturing capabilities in tire valve products in the market. In the future, it will place greater emphasis on investments in automation equipment and differentiated customer service to break away from the low-price competition of mainland Chinese tire valve manufacturers.

(III) Technology and research and development overview:

1. Research and development costs input in the last year and as of the publication date of the annual report

Unit: NT\$ thousand

Item \ Year	2024	For the Current Year as of March 31, 2025
Research and development costs	54,213	16,944
Net revenue	3,126,341	804,981
Proportion of research and development costs %	1.73	2.10

2. Technologies or products successfully developed

Year	Products
2008	Part composite valve, light tire valve, improved structure of tire valve, multi-station metalworking combined machine tool, automatic feeder, automatic bending machine
2009	Process technique improvement, change manual tapping into automatic threading, truck valve anti-bending testing machine, one-time bending jig, and special valve.
2010	Vacuum vulcanizing technique, improvement of green copper process, truck valve with deep end hole, O type assembly machine, assembly machine with rubber mat, valve with rubber mat
2011	Automatic pin removal machine, patent for new valve, patent for improved structure of valve, full-automatic valve marking equipment, two-end type truck valve, extension tube, TPMS airtight machine
2012	Air pressure cover technique development, valve core body development, TPMS rubber base valve development, air-conditioning valve, multi-functional airtight machine, stainless steel sandblasting technique
2013	Development of various rubber bases and aluminum valves for TPMS, multi-axis base cutting equipment, hot forging production technique

Year	Products
2014	Coil material technique development, visual inspection tester, vulcanizing mold cover improvement, hot hammer automation development, automatic tapping machine development, aluminum alloy valve body development
2015	Automatic chamfering machine, communal automatic bending machine, communal visual inspection airtight machine, valve automatic sorting machine, hot forging rotary table and change it to one-shot, change manual feeding into automatic feeding by mechanical arm in hot forging, vulcanizing mold improvement, development of TPMS high-speed valve, development of green passivation technique, development of vacuum automatic feeding, development of cost reduction in PVR70 series, green copper technique improvement, development of green copper hollow technique, development of low cost in 87 series
2016	JS2 automatic technique development, development of cut resistance H-SR rubber material, development of tube valve of balance car, development of free cutting copper AR technique, renovation for energy saving in electrothermal vulcanizing machine, change steam vulcanizing machine into electrothermal type, development of various tungsten steel cutting tools in the plant, optimization of aluminum alloy jointing technique
2017	Renovation of visual inspection automatic sorting machine, realization of automatic upending and marking process after grinding, development and production of cutting tools for five-axis CNC sharpening equipment, development of PVR series automatic bottom forming machine, VFR riveting machine development, VFR airtight machine development, ITV punching machine development, valve core airtight machine development, development of copper coil winding machine and pay-off machine, development of automatic stock cutter, development of automatic upender, MH series airtight machine development, development of various German tungsten steel cutting tools
2018	Development of TR4 series full-automatic plugging machine and grinding machine, development of CR202 sandblasting automatic discharging machine, development of PVR70 visual airtight machine and automatic bending machine, development of full-automatic copper powder dumping machine, development of VFR visual image airtight testing machine, dual copper rod synchronous automatic stock cutter, four stations all-in-one machine, two-sided processing machine, green automatic sand blasting machine, research and development on the issue of new anti-rust liquid for truck valve, research and development of the new mold of rubber for wastage reduction in high-speed valve.
2019	Development of disulfide rubber saving mold, development of smoke-free hot header, development of PVR70 series automatic vulcanized disc inserting machine, development of TR4/AR/CR202 series full-automatic grinding machine, development of TR4 automatic sand blasting machine, development of German processor with VFR/CR202 stem, R&D of annealing flow-line equipment, research and development of new punch equipment, automatic connection of body processing line, and research and development of grinding and feeding robot, automatic grinding machine and V002 gaseous core assembly machine.

Year	Products
2020	The EPDM rubber low-cost formula, improvement of PVR70 forging technology, CR202L, AR, TR13 no-clean process for sandblasting, VFR60L new forging technology, optimization of BU specification curing time, improvement of the efficiency of PVR64 curing time, the project of rubber-saving of curing mold, PVR70 bending assembly German machine, high-speed valve automatic airtight machine, project of noise-canceling automatic bending machine, automatic grinding machine of oval specification, PVR64 automatic vulcanized disc inserting machine, CR202L automatic sand blasting machine.
2021	The developments of the TPMS rubber valve formula for project customers, development of the RV series cold forging process, high-speed valves move the mold to inject rubber materials for vulcanization, PVR series full-automatic bending and automatic core assembly integrated machines, development of PVR series full-automatic tightness and core-inspecting integrated machines, high-speed valve integrated machine that full-automatic core assembly, tightness, core-inspecting, and cap assembly, CR202 series full-automatic bending and grinding integrated machines, warm pier and annealing, thread rolling, automatic development of German-machine-connected production lines, and automatic VFR machine for inserting valves and rivets.
2022	Rubber saving process that moves mold to inject rubber for vulcanization, localization B bag of EPDM rubber for cost reduction, blanks of truck valve directly punched to across flats, production line development after vulcanization of truck valve, AR series valve consumption reduction and efficiency increase, PVR64 series valves consumption reduction and efficiency increase, VFR aluminum rubber cushion-type valve and automatic chamfering machine, truck valve automatic marking machine, automatic typewriter, and MH visual airtight machine.
2023	Improvement of valve vulcanization process efficiency, AR sandblasting-free vulcanization process, cost reduction of EPDM auxiliary materials, localization of natural rubber drugs to reduce costs, truck valve vulcanization block rubber saving process, TR1/C4E warm heading cost reduction process, TR4 & TR13 vulcanization mold encryption process, aluminum product valve automatic spraying equipment, truck valve automatic rubber slitting machine, internal mixing double cone screw process, high-speed valve automatic copper sleeve locking copper cap machine, and high-speed valve fully automatic small packaging machine.
2024	The development of fully automated visual inspection equipment for rubber-based tire valves, a fully automated intelligent storage cabinet system, process development for aluminum PVR/AR series products, upgrades and simplification of rubber compounding and natural rubber bonding processes, expansion of transfer molding and injection processes, advancement of the TPMS tire valve project, and fully automated projects (e.g., coating equipment, multi-specification marking machines, high-speed nozzle copper sleeve assembly machines, and dual-station hot forging equipment for truck tire valves).

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

1. Short-term development plan

- (1) In the aspect of marketing strategy
    - A. Provide stable quality and quantity, strengthen after-sales service, and establish a perfect system dedicated to serving existing customers.
    - B. Develop potential customers in the OE automobile market.
    - C. Construct a complete production process for subsidiaries in Indonesia and actively develop Indonesia's domestic market.
    - D. Continuously develop products with high gross profit to ensure the competitive advantage of the Company.
  - (2) In the aspect of production strategy
    - A. Improve procurement efficiency, master the dynamic condition of raw materials, and reduce inventory.
    - B. Strengthen cooperation relationships with suppliers to reduce procurement costs.
    - C. Strengthen production management to reduce production costs and improve product competitiveness.
  - (3) In the aspect of R&D strategy
    - A. Enhance process improvement and further conduct lean management on the production process to reduce wastage and stabilize quality.
    - B. Continue to invest in the update of automation equipment, develop technologies actively, and expand the market of high gross profit products.
  - (4) In the aspect of operation management
    - A. Introduced the MES system to improve production transparency and efficiency.
    - B. Regularly hold educational training inside and outside the plant to improve the quality of manpower in terms of technology research and development, business, and operation management.
  - (5) In the aspect of financial management
    - A. Establish close relationships with contacting financial institutions to master financial market fluctuation and improve the performance of financial use.
    - B. According to the plan on medium- and long-term fund demand, short-term financial planning should be carried out under safe and steady principles.
  - (6) In terms of Sustainable Environment
    - A. Introduce and promote the ISO14064-1 greenhouse gas inventory system to control the carbon emissions of the Group.
    - B. Classification, recycle & reuse of resources, and promote paperless.
2. Long-term development plan
- (1) In the aspect of marketing strategy
    - A. Actively develop the market for niche products to acquire higher profits.
    - B. Seek a possible strategic partner to play a role in the operating efficiency of one plus one, which is greater than two.
    - C. Participate in overseas exhibitions and actively establish cooperation relationships with OE car factories.

- (2) In the aspect of production strategy
  - A. Integrate the procurement power of the Group to acquire reasonable prices to reduce production costs and maintain a long-term, good, and stable cooperation relationship with suppliers.
  - B. Keep close to major customers and markets, and carry out nearby production to shorten delivery time.
  - C. Vertical integration, developing copper smelting and rubber refining businesses, and expanding the self-production rate of large valve cores.
- (3) In the aspect of R&D strategy
  - A. Establish system integration capability to provide consulting and technical services to subsidiaries of the Group and customers.
  - B. Jointly improve products with customers and improve added value and gross profit of products.
- (4) In the aspect of operation management
  - A. Establish a flat organization, thorough & objective management system, and reasonable employee performance appraisal system.
  - B. Construct enterprise electronation, information security system, and thorough knowledge management system.
  - C. Initiate global competition and employee's concept of lifelong learner, and take marching towards an international enterprise as the striving objective.
  - D. Establish high quality, integrity, and innovative corporate culture so as to condense the centripetal force of the management team and employees of the Company.
  - E. Reduce impact on the environment from operating activity, actively introduce energy saving and carbon reduction, and move towards net zero emission.
- (5) In the aspect of financial management
  - A. Regarding working capital, apart from being supplemented by net profit after tax, collocate with loans and cash capital increase from financial institutions to inject funds necessary for future development.
  - B. Properly arrange the company's financial planning to reduce operating risks.
- (6) In terms of Sustainable Environment
  - A. Increase green energy power, green certification, and circular economic products.
  - B. Introduce and promote the ISO14067 product carbon footprint management system.
  - C. In cooperation with Taiwan's 2050 net zero emission pathway and strategy,

## II. Market, production, and marketing overview

### (I) Market analysis

#### 1. Sales (supply) regions of main commodities (services):

Unit: NT\$ thousand

Sales region \ Year	2023		2024	
	Amount	%	Amount	%
China	1,228,901	47.40	1,557,300	49.81
Indonesia	631,163	24.35	725,587	23.21
Other	732,374	28.25	843,454	26.98
Total	2,592,438	100.00	3,126,341	100.00

#### 2. Market share:

The Group is a professional tire valve manufacturer, and currently, no specialized research institutions have conducted studies on the global tire valve industry. According to the "2012-2016 Tire Valve Market In-Depth Research and Future Development Trend Forecast Report" published by Beijing Junyi Huasheng Technology Co., Ltd., China's tire valve industry capacity is approximately 3.4 to 4 billion units; the Group's monthly capacity is about 70 million units, equating to an annual capacity of at least 800 million units, suggesting that the Group accounts for at least 10% of the global tire valve market capacity, making it the world's largest professional tire valve supplier by capacity.

The Tire Valve Core Professional Committee of the China Chemical Equipment Association states that China's tire valve production accounts for about 80% of the global total, with an industry output of approximately 3 to 4 billion units; the Group's output in 2024 was approximately 400 million units, suggesting that the Group accounts for at least 10% of the global tire valve market output, making it the world's largest professional tire valve supplier by production volume.

The news on the China tire valve core website in May 2014 indicated that the tire valve industry had entered into the era of micro growth. According to the estimate based on the annual sales volume of 5 billion items worldwide, by conservative estimate, the sales volume of the Company in 2024 accounted for 9% of the market share.

#### 3. Future market supply and demand condition and growth:

##### (1) Supply and demand aspect

The tire valve market demand is primarily divided into the OE (Original Equipment) market and the AM (Aftermarket) market; as an important safety component of the wheel module, tire valves are exposed to harsh environments, temperature fluctuations, and significant centrifugal forces during high-speed driving, making them prone to wear; they are typically replaced during vehicle inspections or tire replacements to ensure "driving safety," resulting in significantly higher demand in the AM market compared to the OE market.

The U.S.-based Tire Business published the "2024 Global Top 75 Tire Rankings," showing slight changes compared to the 2023 rankings. Michelin, Bridgestone, Goodyear, and Continental remain in the top four

positions. Mainland China’s Sailun Group surpassed Taiwan’s Maxxis Group to take 10th place, while Maxxis dropped to 12th due to revenue impacts from its mainland operations.

In 2023, the total annual sales of the global top 75 tire manufacturers were approximately US\$190.028 billion (with partial data unavailable from some companies), up 1.7% year-over-year, with overall sales growth driven by global economic recovery and an improving industry climate; with the rising adoption of new energy vehicles, demand for tires suited for such vehicles is expected to continue growing in the future.

Global Top Ten Ranking in Tire Industry			
Ranking in 2024	Company/Country	Sales volume of tires in 2023 (US\$100 million)	Sales volume of tires in 2022 (US\$100 million)
1	Michelin/France	275.77	273.50
2	Bridgestone/Japan	254.53	259.80
3	Goodyear/USA	172.62	178.92
4	Continental/German	125.00	124.20
5	Pirelli/Italy	71.89	69.57
6	Sumitomo Rubber Industries/Japan	71.65	71.60
7	Hankook Tire/Korea	66.43	63.10
8	Yokohama Tire / Japan	62.29	57.45
9	ZC Rubber/China	47.72	45.24
10	Sailun Group / China	36.04	32.94

Data source: US Tire Business

(2) Future market growth

As automobile production increases, so will the demand for tires; additionally, the rapid development of electric vehicles will drive tire market growth while also presenting new challenges and opportunities. The Asia-Pacific region is the largest region for global tire production and markets, with mainland China’s tire demand significantly outpacing the global average; generally, tires are replaced every 2 to 3 years, so the AM market in China is expected to grow steadily, with increasing demand for tire replacements. In the long term, demand for tire valves will experience steady growth.

4. Competition niche:

(1) Technology aspect

- A. With key capability in process and mold
- B. Capability of providing output promptly
- C. The degree of automation equipment is ahead of the general industry level

In order to ensure that customers are provided with stable quality and rapid service, the Group continuously increases automation equipment investment and research and development of process improvement. In recent years, the research and development costs have been rising along with the increase in revenue. The achievements

in these process improvements and automation equipment investments will continue to produce benefits in the future, and the errors generated from manual operation and the impact on rising wage costs can be reduced substantially.

- (2) Product aspect
  - A. Rapid delivery
  - B. The product quality is recognized by major international manufacturers
  - C. With an advantage in scale production

The Group has been certified by the world's top three tire manufacturers—Michelin, Bridgestone, and Goodyear—and many of the top 30 global tire manufacturers, including Maxxis and Kenda, are also Group customers, reflecting the international recognition of the Group's product quality; currently, the Group leads globally in both tire valve production volume and quality, with economies of scale that allow flexible production line adjustments to meet customer delivery schedules, ensuring fast delivery and stable quality.

- (3) Management aspect
  - A. Degree of mastering cost and inventory
  - B. The management team has extensive experience, having been deeply engaged in the tire valve industry for over 40 years.

The directors and managerial officers of the company are professionals who have been engaged in the tire valve industry for many years. They are highly sensitive to industry changes and are able to promptly adjust raw materials and cost inventory for strict cost control in response to changes in the upstream, midstream, and downstream sectors of the industry.

- (4) Customer aspect
  - A. Satisfy special specification requirements of the customer
  - B. Complete product lines, convenient to provide one-stop service to customers

The Group has complete product lines, and products have an extensive scope of application to bicycle class, motorcycle, and electric motorcycle class, automobile and truck, and off-the-road vehicle class, satisfying application requirements of different customers and products have various specifications, which is convenient to provide one-stop service to customers, saving procurement management costs of customers.

**5. Favorable and unfavorable factors in the development outlook and countermeasures:**

- (1) Favorable factors
  - A. Legislation trend

With increasing global emphasis on environmental sustainability, energy conservation, and driving safety, advanced countries have successively enacted legislation mandating the installation of Tire Pressure Monitoring Systems (TPMS). For instance, the U.S. passed

legislation in 2005, making TPMS a standard feature by 2007, with over 90% of older U.S. vehicles equipped with TPMS by 2015; the EU and South Korea began mandating TPMS for new vehicles in November 2012 and January 2013, respectively; Taiwan set July 2016 as the deadline for new vehicles to be equipped as standard; mainland China required all newly certified passenger vehicles to install TPMS starting in 2019, with mandatory installation for all in-production passenger vehicles beginning in 2020. Japan and India have also adopted similar legislative processes. In light of this international trend, the tire valves produced by the Group can be integrated with electronic sensors from various developers to form TPMS, capturing demand in the AM market and future OE regulatory requirements.

B. Restructuring of industrial order is favorable to us

Global giants such as the U.S.-based Schrader and Japan's Pacific Industrial Co., Ltd., which originally started in the tire valve industry, have gradually withdrawn from the traditional tire valve market due to their inability to effectively reduce production costs, shifting their focus to developing TPMS tire valves or other products within their groups. In the context of global procurement and industrial shifts, the Group, leveraging its existing customer resource advantages and market reputation, has the opportunity to further increase its product market share during this industrial transition.

C. Full and Complete Product Lines

The Group possesses full and complete product lines respectively applied to the bicycle industry, motorcycle and electric motorcycle industry, automobile industry, and tire pressure monitoring systems. Therefore, the Group has not focused on application to a single industry, and industrial risks are relatively dispersed.

D. The Degree of Automation is Superior to the General Industry Level

The Group's degree of investment in automation equipment is higher than the general industry level, under the trend of rising wages in the Mainland. Due to higher investment in automation equipment, the Group's management efficiency will continue to emerge in the future and widen the gap between the competitors.

(2) Unfavorable factors

A. Declining product gross profit rate

China Mainland increases the basic salary year by year. It implements a social insurance system and housing fund, making the costs of human resources in business management increase continuously, along with the price competition pressure from competitors, which will affect the performance of the gross profit rate of the Company.

Solutions

- a. The rising wages in the mainland dilute the gross profit. The Group will strengthen automation equipment and make the best of labor in the Indonesia plant so as to shorten the manufacturing and

production process, reduce defect rate and cost, and provide products that are more price competitive to customers.

- b. Continue technology development, launch niche products, and conduct market segmentation to maintain a higher gross profit rate.

#### B. Price competition among competitors

In recent years, China's automobile market has been booming, driving rapid growth of relevant industries and supply and demand of components, causing a gradual increase of investment competitors, and the price competition among competitors will impact profitability.

##### Solutions

In response to industrial demand, the Group will focus on the differentiation in product and operation models, actively improve the existing products, and continue to develop niche products to make the differentiation advantage of the Company prominent and make market segmentation so as to improve the overall competitiveness of the Company.

#### C. Fluctuations in prices of raw materials

The major raw materials for the Group's procurement are copper and rubber. The rising prices of raw materials will increase procurement costs and dilute gross profit from sales. The declining prices of raw materials will cause downstream customers to postpone ordering due to the expectation of a price reduction. Hence, the fluctuations in the prices of raw materials will have a considerable impact on the profitability of the Group.

##### Solutions

According to the International Copper Study Group (ICSG), global copper mine production in 2024 is expected to grow by 1.7% to 22.75 million tons. The growth rate in 2024 will be slightly lower than the 2% recorded in 2023, primarily due to the closure of a copper mine in Panama, which reduced copper output by 330,000 tons. For 2025, production is estimated to grow by 3.5% to 23.54 million tons, driven mainly by increased capacity in mines in the Democratic Republic of Congo and Mongolia, as well as the commissioning of copper mines in Russia, with expansions and new operations at medium- and small-scale mines also contributing to the increase.

In the long term, as the world transitions to clean energy, the construction of renewable energy facilities—such as solar and wind power plants, grids, charging infrastructure, and the replacement of new energy vehicles—will consume more copper. S&P Global predicts that from 2021 to 2040, global copper demand will exceed twice the current output of global mines. In the future, copper demand will shift from traditional to green applications; meanwhile, as new copper deposits become harder to find and development costs rise, a supply shortage may emerge in the copper market after the next decade. Thus, under the circumstances of energy transition and

tightening supply, copper prices are expected to rebound.

Rubber trees, which thrive in high-temperature and high-humidity environments, are highly region-specific; Southeast Asia, with its suitable climate, is the world's most important natural rubber-producing region, accounting for over 90% of annual global natural rubber production, with Thailand and Indonesia as the primary producers, making up 60% of the global total. Rubber trees begin producing rubber seven years after planting and can remain productive for 25 to 30 years, though yields decline gradually over time. According to estimates from the Association of Natural Rubber Producing Countries (ANRPC), global natural rubber production in 2024 will increase by 2.8% to 14.291 million tons, while demand is projected to rise by 1.8% to 15.448 million tons. The report notes that by the end of 2024, with an increase in import orders and reduced rainfall, rubber supply in Thailand will rise, and natural rubber inventories in China will begin to grow. Although the industry has seen decent growth, it faces risks from U.S. tariffs, which could impact market stability.

The Group masters market information all the time to reduce the pressure from rising prices of raw materials with a stable procurement quantity, preparing a reasonable and safe inventory for raw materials. It appropriately reflects the sales price of downstream customers upon price fluctuation so as to reduce the impact on operation performance.

## (II) Important use and production process of major products

### 1. Important use of major products:

The Group is a professional manufacturer producing all kinds of valves. The valve is a kind of independent valve body device. Its main function is to let air enter into the tubeless tire or tube space when opening it. Then, it will be closed and sealed automatically to preserve the air and generate air pressure so as to prevent the air from flowing out from the tire or tube.

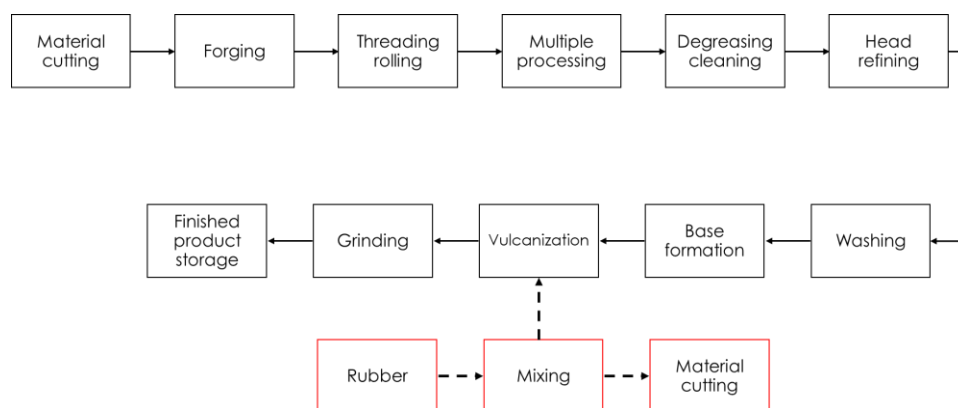
### 2. Production process

The production technique is divided into two parts of the process: namely, the part for metal pieces and the part for rubber pieces.

**Metal parts production process:** Raw materials—copper—are forged to a specific length, then processed through a threading machine for threading and a comprehensive machining center for cutting, followed by a one-time degreasing process; subsequently, a trimming machine removes burrs and performs reaming and other mechanical processes; the processed metal parts are cleaned again (to remove surface oil) before entering the electroplating line for nickel plating; after plating, the parts are treated by a base-forming machine (to remove the coating, enabling the copper to undergo a vulcanization reaction with rubber), and then stored as semi-finished metal parts for later use.

**Rubber parts production process:** Rubber compounds are placed in a mixing machine for processing to achieve the thickness required for the next step; after the mixing machine produces sheets and a period of cooling, a layer of powder is applied to the rubber sheets, which are then cut to specific sizes by a cutting

machine; the cut rubber sheets and metal parts are placed together into a vulcanizing machine, where, through molds and high-temperature steam, the rubber pads are vulcanized and shaped into various rubber-padded tire valve products; finally, they undergo rough grinding, and after passing manual quality inspection, the products are packaged and stored.



### (III) Main raw materials' supply condition

Main raw materials	Main supplier (domestic)	Supply condition
Copper material	DAECHANG, Ningbo Jintian, Ningbo Boway	Good
Rubber material	Exxon Mobil, Sinopec	Good

### (IV) List of main trade creditors and debtors

- Name of the suppliers once accounting for over 10% of total purchases in any year of the last two years and its purchase amount and proportion, and describe the reason for increase or decrease change:

Unit: NT\$ thousand

Item	2023				2024				As of the first quarter of 2025			
	Name	Amount	Proportion of net purchases in the whole year (%)	Relation with the Company	Name	Amount	Proportion of net purchases in the whole year (%)	Relation with the Company	Name	Amount	Proportion of net purchases in the whole year (%)	Relation with the Company
1	Ningbo Jintian	418,725	31.55	None	Ningbo Jintian	560,143	32.64	None	Ningbo Jintian	131,535	30.23	None
2	Other	908,306	68.45	None	Ningbo Boway	201,362	11.74	None	Ningbo Boway	48,863	11.23	None
3					Other	954,401	55.62	None	Other	254,759	58.54	None
	Net purchase	1,327,031	100.00		Net purchase	1,715,906	100.00		Net purchase	435,157	100.00	

Reason for increase or decrease change: Major supply objects of the Group are stable, there is no significant change, and there is no risk of centralized purchasing.

- Name of the customers once accounting for over 10% of total sales in any year of the last two years and its sales amount and proportion, and describe the reason for the increase or decrease change:

Unit: NT\$ thousand

		2023				2024				As of the first quarter of 2025			
Item	Name	Amount	Proportion net sales in the whole year (%)	Relation with the Company	Name	Amount	Proportion net sales in the whole year (%)	Relation with the Company	Name	Amount	Proportion net sales in the whole year (%)	Relation with the Company	
1	Cheng Shin Group	298,539	11.52	None	Cheng Shin Group	419,979	13.43	None	Cheng Shin Group	111,639	13.87	None	
2	Other	2,293,899	88.48	None	Other	2,706,362	86.57	None	Other	693,342	86.13	None	
	Net sales	2,592,438	100.00		Net sales	3,126,341	100.00		Net sales	804,981	100.00		

Reason for increase or decrease change: Major sales objects of the Group are stable, there is no significant change, and there is no risk of centralized sales.

### III. Information of service employees in the last 2 years and as of the publication date of the annual report

Year		2023	2024	As of the end of March 2025
Number of employees	Indirect labor	449	462	466
	Direct labor	680	650	722
	R&D labor	35	33	31
	Sales and Management labor	91	91	90
	Total	1,255	1,236	1,309
Average age		39	40	42
Average length of service		7	7	8
Degree distribution ratio	Doctor degree	-	-	-
	Master degree	0.96%	0.89%	0.76%
	College degree	18.01%	20.15%	19.79%
	Senior high school degree	30.20%	30.74%	31.63%
	Below senior high school degree	50.84%	48.22%	47.82%

### IV. Environmental protection expenditure information

- (I) In the last year and as of the publication date of the annual report, the loss suffered due to environmental pollution (including remuneration and violation of environmental protection regulations according to the inspection results of environmental protection, the date of punishment, punishment number, legal provisions violated, contents of legal provisions violated, and punishment contents shall be listed), and disclosure of estimated amount might occur currently. In the future and the solutions, if it cannot be reasonably estimated, the facts of unable to estimate reasonably shall be described:

In the last year and as of the publication date of the annual report, the Group is free of any dispute regarding environmental pollution. Hence, there is no major

punishment or loss due to polluting the environment.

- (II) Pursuant to laws and decrees, if a pollution facility setting license or pollutant discharge permit shall be applied for, or pollution prevention and control costs shall be paid, or environmental protection dedicated unit and personnel shall be set, description on the application, payment, or setting circumstances thereof:

Region	License	Validity date	Pollution prevention and control costs
XIAMEN XIAHUI	Pollutant discharge permit	2024/04/19~2029/04/18	File Eco tax in accordance with the regulation
PT. LUHAI	Environmental treatment permit	Permanent validity	None

- (III) Investment in major pollution prevention and control equipment and their use and benefits might be generated:

March 31, 2025

Equipment name	Quantity	Date of acquisition	Investment cost	Undepreciated balance	Purpose and Anticipated Potential Benefits
Sewage treatment system	1	2012/08/31	IDR 2,182.7 million	IDR 0 million	Sewage treatment to reduce pollutant discharge.
Dust remover (filter cartridge included)	1	2015/02/04	RMB ¥163,800	RMB¥ 0	Function: Collect fume and dust generated from copper melting and casting and conduct purification treatment to meet emission standards. Benefits: recycle the zinc oxide from the exhaust gas, fume, and dust.
Sewage treatment plant	1	2021/06/30	RMB¥4,272 thousand	RMB ¥3,750.2 thousand	Function: 1. collect and store wastewater generated by each workshop; 2. treat wastewater generated by each workshop. Efficiency: Making the wastewater reach the emission standard.
Smelly waste gas treatment plant	1	2021/12/17	RMB ¥318,000	RMB ¥217,700	Function: Collect the biochemical smelly waste gas from the sewage treatment plant for purification. Efficiency: Making the biochemical system smelly waste gas from sewage treatment plants reach the emission standard.
Vulcanized waste gas purification RN-700 treatment facility	1	2021/12/17	RMB¥2.3 million	RMB ¥1.5723 million	Function: Collecting the waste gas from Manufacturing Department number 2 for purification. Efficiency: Making the vulcanized waste gas from Manufacturing Department number 2 reach the emission standard.
Vulcanized waste gas purification RN1200 treatment	1	2021/12/17	RMB¥3,053 thousand	RMB ¥2.2324 million	Function: Collecting the vulcanization waste gas from Manufacturing Department number 2 for purification. Efficiency: Making the vulcanized waste gas from

Equipment name	Quantity	Date of acquisition	Investment cost	Undepreciated balance	Purpose and Anticipated Potential Benefits
facility					Manufacturing Department number 2 reach the emission standard.
Eco-friendly passivation exhaust gas treatment facility	1	2021/12/17	RMB¥238.9 thousand	RMB ¥163,300	Function: Collecting the purified eco-friendly passivation exhaust gas Efficiency: Making the environmentally friendly passivation waste gas reach the emission standard.
Waste dust gas treatment	1	2021/12/17	RMB¥460.2 thousand	RMB ¥314,400	Function: Collecting the sandblasting and buffing waste gas from Manufacturing Department number 2 for purification. Efficiency: Making the sandblasting and buffing waste gas from Manufacturing Department number 2 reach the emission standard.
Waste dust gas treatment	1	2021/12/17	RMB¥265.4 thousand	RMB ¥181,400	Function: Collect the powder and buff waste gas from Manufacturing Department number 2 for purification. Efficiency: Making the powder and buffing waste gas from Manufacturing Department number 2 reach the emission standard.
Warm Pier Waste Gas Treatment Facility	1	2021/12/20	RMB ¥584,000	RMB ¥399,000	Function: Collecting the warm pier waste gas for purification. Efficiency: 1. Improve workshop environment 2. Making the warm pier waste gas reach the emission standard.
waste gas treatment facility RN100+RN400	1	2021/12/20	RMB¥2,168 thousand	RMB ¥1.4816 million	Function: Collecting the rubber mixing workshop waste gas for purification. Efficiency: Making the rubber mixing workshop waste gas reach the emission standard.
Sewage treatment equipment	1	2021/12/31	RMB¥4,483 thousand	RMB ¥3.0632 million	Function: Deal with wastewater of workshop with sewage treatment plant. Efficiency: Making the wastewater reach the emission standard.
Acid-cleaning Waste Gas Treatment Facility	1	2022/01/01	RMB ¥318,500	RMB ¥217,700	Function: Collecting the acid-cleaning waste gas for purification. Efficiency: 1. Improve workshop environment 2. Making the acid-cleaning waste gas reach the emission standard

## V. Labor relations

- (I) Employee welfare measures, further education, training, and retirement system of the Company and the implementation circumstances thereof, agreement between labor and employer, and management measures for all kinds of employees' rights and

interests

1. Employee welfare measures

- (1) The Company and its affiliated reinvested subsidiaries have formulated management measures and regulations regarding employees, such as remuneration, promotion, award and punishment, leave and social insurance, etc., which comply with relevant local laws and decrees.
- (2) The Company and its affiliated reinvested subsidiaries provide clean and sanitary foods to employees, and reinvested companies provide dormitories to employees and implement level-to-level management.
- (3) Cash gifts for important festivals, birthday cash gifts, education sponsorship for children of employees, subsidies for weddings and funerals, etc., and irregularly held staff traveling to enhance affective interaction among employees.
- (4) Provide employees with health examinations every year, taking care of employees' physical and psychological health through active action.

2. Further education and training circumstance

The Company and affiliated reinvested subsidiaries attach importance to employees' educational training, including orientation training before entry into the plant, in-service training, and external professional training, so as to assist employees in improving professional working knowledge and skills.

3. Retirement system

The Company and its reinvested subsidiaries incorporated in the Republic of China adopt a defined contribution plan under the "Labor Pension Act," whereby pension contributions are made by the Company and its subsidiaries at a rate of 6% of monthly wages, deposited into individual labor pension accounts. For affiliated investment companies outside the Republic of China, contributions are made in accordance with local regulations of the investment countries, with rates as shown in the table below:

	Xiamen City and Nonnative		Kunshan City and nonnative		Indonesia	
	Contribution by enterprise	Personal contribution	Contribution by enterprise	Personal contribution	Contribution by enterprise	Personal contribution
XIAMEN XIAHUI	16%	8%				
KUNSHAN LUHAI			16%	8%		
PT. LUHAI					5.7%	3%

4. Agreement between labor and capital and management measures for all kinds of employees' rights and interests

- (1) The Company and its reinvested subsidiaries have set the Employees' Union as the communication channel between employees and management of the Company, and consensus is reached between the Employees Union and employees for all important matters involving employees to condense centripetal force.
- (2) The Group has formulated an internal control system and various administrative measures, whose contents explicitly stipulate employees' rights and obligations and welfare items, and welfare contents are reviewed regularly to safeguard employees' rights and interests.

- (II) In the last year and as of the publication date of the annual report, the loss suffered due to labor disputes (including the violation of the Labor Standards Act according to labor inspection results, the date of punishment, punishment number, legal provisions violated, contents of legal provisions violated, and punishment contents shall be listed), and disclosure of estimated amount might occur currently. In the future and the solutions, if they cannot be reasonably estimated, the facts of unable to estimate reasonably shall be described: None.

## **VI. Cybersecurity management**

- (I) State the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity.

### **1. Cybersecurity Risk Management Structure**

- (1) The responsible unit for cybersecurity within the Group is the IT Department, which is tasked with coordinating, planning, implementing, and promoting cybersecurity management policies, raising information security awareness, and collecting and improving management, technical, procedural, and product-related aspects of cybersecurity.
- (2) The Group's audit unit conducts annual internal audits under the internal control system to assess the effectiveness of internal controls in cybersecurity operations, tracking improvements to reduce internal cybersecurity risks.

### **2. Cybersecurity Policy**

- (1) Ensure the three key elements of information security: confidentiality, integrity, and availability.
- (2) Comply with the information access scope defined by the functions of each department.
- (3) Maintain the continuous operation of all information service systems.
- (4) Prevent human errors, improper intentions, and illegal use.
- (5) Mitigate the risk of leakage of trade secrets and sensitive data.
- (6) Prevent unauthorized modification or use of data and systems.
- (7) Safeguard the physical security of information equipment and its surrounding environment.
- (8) Conduct regular cybersecurity audits to ensure the effective implementation of information security measures.

### **3. Specific Management Plan and Resources Invested in the Management of Cybersecurity**

- (1) All computers and servers within the Group are equipped with ESET antivirus software and EDR endpoint detection software, with regular operating system updates to prevent system vulnerabilities and enhance security, ensuring reliability and safety in the Group's applications, networks, and management.
- (2) Building a robust cybersecurity defense network is a key objective; for critical hardware, software, and other systems within the Group, maintenance contracts are signed with professional institutions, and designated cybersecurity vendors conduct annual vulnerability scans and disaster recovery drills in collaboration with the Group, implementing improvements for high-risk items identified in the results to enhance

cybersecurity protection quality and ensure the Group's cybersecurity.

- (3) The Group's email services utilize dual-factor authentication and a SPAM system to prevent data breaches and reduce risks from spam and malicious emails.
  - (4) The Group's server rooms, including primary server equipment and power management systems. They require regular maintenance by vendors to ensure disaster prevention, fire safety planning, and uninterruptible power systems in order to safeguard the operational environment.
  - (5) The maintenance vendor will conduct quarterly performance testing on the software and hardware environment and system to prevent and reduce information security risks. Data files and systems are backed up through scheduled automated processes, with multiple versions retained and stored offsite.
  - (6) The use of accounts and passwords for all systems within the Group must adhere to a minimum length of 6 characters and must not repeat historical passwords; professional IT teams at each Group factory strictly manage and maintain account and password administration.
  - (7) The Group employs FortiGate firewalls to categorize and control network usage and service groups within the organization, implementing time-based management and an application mechanism to strengthen network management and flexibility.
  - (8) The Group conducts irregular cybersecurity education and training or online awareness campaigns for all employees annually to enhance cybersecurity awareness and vigilance, reducing the risk of cybersecurity incidents.
  - (9) Establish procedures for cybersecurity incident response and reporting, including assessing the impact and damage of incidents and outlining internal and external notification processes.
- (II) By the last year and as of the publication date of the annual report, the person who suffers from loss due to major information security events, possible influence, and measures, if reasonable estimation cannot be made, shall explain the fact that cannot be estimated reasonably.

The Company did not encounter major information security events till 2024, the day that the annual report was printed; hence, there was no loss from information security.

## VII. Important contracts

Contract nature	Contracting Parties	Contract Start and End Date	Major contents	Restrictions
Credit granting	Mega International Commercial Bank - LU HAI HOLDING	2024/11~2027/11	Medium- and long-term loan, financing amount: US\$5 million, revolving credit facility	-
Credit granting	Cathay United Bank - LU HAI HOLDING	2024/09~2026/09	Medium- and long-term loan, financing amount: US\$4 million, revolving credit facility, drawdown period of 2 years	The total limit is controlled at US\$6 million.
Credit granting	Cathay United Bank - LU HAI HOLDING (Branch in Taiwan)	2024/09~2026/09	Medium- and long-term loan, financing amount: NT\$60 million, revolving credit facility, drawdown period of 2 years (Repayment due by September 2026)	

Contract nature	Contracting Parties	Contract Start and End Date	Major contents	Restrictions
Credit granting	CTBC Bank - LU HAI HOLDING	2025/01~2026/12	Medium- and long-term loan, financing amount: US\$3 million, revolving credit facility (Repayment due by July 2026)	-
Credit granting	CTBC Bank - LU HAI HOLDING (Branch in Taiwan)	2025/01~2026/12	Medium- and long-term loan, financing amount: NT\$70 million, revolving credit facility (Repayment due by March 2027)	-
Credit granting	CTBC Bank - LU HAI HOLDING (Branch in Taiwan)	2023/01~2027/01	Medium- and long-term loan, financing amount: NT\$50 million, non-revolving credit facility, drawdown period until March 2024 (Repayment due by March 2027)	-
Credit granting	Taipei Fubon Bank - LU HAI HOLDING	2024/03~2027/03	Medium- and long-term loan, financing amount: US\$7 million, non-revolving credit facility (Repayment due by March 2027)	-
Credit granting	Far Eastern International Bank - LU HAI HOLDING	2023/11~2025/10	Medium- and long-term loan, financing amount: US\$5 million, revolving credit facility	-
Financial transaction	Far Eastern International Bank - LU HAI HOLDING	2023/11~2025/10	Financial transaction limit (US\$600 thousand for forward exchange, FX swap, and foreign exchange option, respectively, provided the total shall not exceed US\$600 thousand).	-
Credit granting	Taichung Commercial Bank - LU HAI HOLDING	2022/09~2024/09	Medium- and long-term borrowing, a financing limit of US\$3 million, revolving use, and an appropriation period of 2 years. (Repayment due by June 2026)	-
Credit granting	EnTie Commercial Bank - LU HAI HOLDING	2023/09~2025/08	Medium- and long-term loan, financing amount: US\$3 million, revolving credit facility	-
Credit granting	Yuanta Commercial Bank - LU HAI HOLDING	2023/11~2025/11	Medium- and long-term loan, financing amount: US\$2.5 million, revolving credit facility	-
Credit granting	KGI Commercial Bank - LU HAI HOLDING CORP	2025/02~2027/02	Medium- and long-term loan, financing amount: US\$3 million, revolving credit facility (Repayment due by February 2027)	-
Credit granting	KGI Commercial Bank - LU HAI HOLDING CORP Taiwan Branch	2025/02~2027/02	Medium- and long-term loan, financing amount: NT\$60 million, revolving credit facility	-
Credit granting	Agricultural Bank of China Co., Ltd. - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2023/11~2026/11	Medium- and long-term loan, loan amount: RMB¥22 million, prepayment allowed (Repayment due by November 2026)	-
Credit granting	Agricultural Bank of China & Xiamen International Trust - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2023/09~2028/09	Fixed asset loan, loan amount: RMB¥21 million, prepayment allowed, non-revolving credit facility (Repayment due by September 2028)	-
Credit granting	Agricultural Bank of China & Xiamen International Trust - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2024/07~2029/07	Fixed asset loan, loan amount: RMB¥40 million, prepayment allowed, non-revolving credit facility (Repayment due by July 2029)	-
Credit granting	Agricultural Bank of China & Xiamen International Trust - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2024/07~2027/07	Supporting working capital loan, loan amount: RMB¥5 million, prepayment allowed, non-revolving credit facility (Repayment due by July 2027)	-
Credit granting	Agricultural Bank of China & Xiamen International Trust - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2025/01~2028/01	Supply chain loan, loan amount: RMB¥22 million, prepayment allowed, non-revolving credit facility (Repayment due by January 2028)	-

Contract nature	Contracting Parties	Contract Start and End Date	Major contents	Restrictions
Credit granting	Agricultural Bank of China Co., Ltd. - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2025/03~2026/03	Short-term loan (district guaranteed loan), loan amount: RMB¥20 million, prepayment allowed, non-revolving credit facility (Repayment due by March 2026) Guaranteed by Xiamen Jimei District Financing Guarantee Co., Ltd. for 80% of the principal debt.	-
Credit granting	Agricultural Bank of China Co., Ltd. - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2025/03~2026/03	Short-term loan (district guaranteed loan), loan amount: RMB¥5 million, prepayment allowed, non-revolving credit facility. (Repayment due by March 2026) Guaranteed by Xiamen Jimei District Financing Guarantee Co., Ltd. for 80% of the principal debt.	-
Credit granting	China Construction Bank Co., Ltd. - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2023/06~2026/06	Medium- and long-term loan, loan amount: RMB¥20 million, prepayment allowed (Repayment due by June 2026)	-
Credit granting	China Construction Bank Co., Ltd. - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2024/07~2027/07	Medium- and long-term loan, loan amount: RMB¥15 million, prepayment allowed. (Repayment due by July 2027)	-
Credit granting	China Construction Bank Co., Ltd. & Xiamen International Trust Co., Ltd. - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2024/12~2027/12	Supply chain loan: loan amount of RMB¥20 million, prepayment allowed, non-revolving. (Repayment due by December 2027)	-
Credit granting	Industrial and Commercial Bank of China Limited - XIAMEN XIAHUI RUBBER METAL IND. CO., LTD.	2024/09~2026/09	Long- and Medium-Term Loan: Loan amount of US\$3 million, prepayment allowed. (Repayment due by September 2026)	-
Credit granting	CTBC Bank - KUNSHAN LUHAI	2025/01~2025/12	Short-term borrowing, financing limit of US\$2 million.	-
Credit granting	Citi Bank - PT. LUHAI	2025/02~2026/02	Short-term borrowing, financing limit of US\$3 million, revolving use.	-
Financial transaction	Citi Bank - PT. LUHAI	2025/02~2026/02	Financial transaction limit of US\$300 thousand.	-
Credit granting	CTBC Bank - PT. LUHAI	2025/01~2025/12	Short-term borrowing, financing limit of US\$2 million.	-

## Chapter VI Review and Analysis of Financial Condition, Performance, and Risk Matters

### I. Financial status

Unit: NT\$ thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	2,274,356	2,474,788	200,432	8.81%
Financial assets at fair value through profit or loss - noncurrent	764	620	(144)	(18.85%)
Property, plant, and equipment	2,057,421	2,053,784	(3,637)	(0.18%)
Right-of-use assets	158,621	152,854	(5,767)	(3.64%)
Investment property net amount	154,223	180,852	26,629	17.27%
Intangible assets	10,953	13,557	2,604	23.77%
Other assets	74,578	60,450	(14,128)	(18.94%)
Total assets	4,730,916	4,936,905	205,989	4.35%
Current liabilities	925,644	821,749	(103,895)	(11.22%)
Non-current liabilities	777,907	846,437	68,530	8.81%
Total liabilities	1,703,551	1,668,186	(35,365)	(2.08%)
Equity attributable to owners of the parent company	3,027,365	3,268,719	241,354	7.97%
Capital stocks	994,030	1,043,732	49,702	5.00%
Capital surplus	443,701	393,999	(49,702)	(11.20%)
Retained earnings	1,975,517	2,089,630	114,113	5.78%
Other equity	(385,883)	(258,642)	127,241	(32.97%)
Treasury shares	-	-	-	-
Non-controlling interests	-	-	-	-
Total equity	3,027,365	3,268,719	241,354	7.97%
Description of major change items: (if the proportion of increase or decrease change exceeds 20%, and the change amount thereof reaches NT\$10 million)				
1. The decrease in the debit balance of other equity interest is primarily due to exchange rate fluctuations (mainly the depreciation of the NT\$ against the US\$), increasing exchange differences in the translation of foreign financial statements.				

## II. Financial performance

- (I) Main reasons for major changes in operating income, operating net profit, and net profit before tax in the last two years

Unit: NT\$ thousand

Item	Year		Amount of increase (decrease)	Change proportion (%)
	2023	2024		
Operating revenue	2,592,438	3,126,341	533,903	20.59%
Operating gross profit	532,609	692,699	160,090	30.06%
Operating income (loss)	189,488	322,764	133,276	70.33%
Non-operating income and expenses	136,262	23,494	(112,768)	(82.76%)
Pre-tax net profit	325,750	346,258	20,508	6.30%
Net income (loss) from continuing operations	175,028	213,516	38,488	21.99%
Loss from discontinued operations	-	-	-	-
Current net profit	175,028	213,516	38,488	21.99%
Other comprehensive income (loss) for the year, net of income tax	(55,742)	127,241	182,983	(328.27%)
Total comprehensive income (loss) for the year	119,286	340,757	221,471	185.66%
Net profit attributable to the owners of the parent company	175,028	213,516	38,488	21.99%
Net income attributable to non-controlling interests	-	-	-	-
Total comprehensive income attributable to the owners of the parent company	119,286	340,757	221,471	185.66%
Comprehensive income attributable to non-controlling interests	-	-	-	-
Description of major change items: (Items with a change ratio exceeding 20% and an amount of change reaching NT\$10 million)				
1. Operating revenue, operating profit, and operating income increased: This is mainly due to the recovery of the bicycle-related supply chain and the automotive industry in 2024, which added momentum to the Company's operations and drove revenue growth. Additionally, the revenue from high-profit-margin tire valve specifications increased, contributing to higher profits, alongside improved production efficiency from shifting truck valve production to Xiamen and Indonesia, increased output, reduced unallocated fixed overhead, higher profit margins, and an increase in operating profit.				
2. Non-operating income decreased: The Company saw an increase in subsidies in 2024, a reduction in finance costs due to global interest rate cuts and loan adjustments, and a decrease in exchange losses due to the depreciation of the Chinese Yuan against the U.S. Dollar. However, non-operating income significantly decreased due to the recognition of a net relocation compensation gain in 2023.				
3. Net profit from continuing operations, net profit for the period, and net profit attributable to the owners of the parent company increased: See details in points 1 and 2 above, as well				

as a reduction in income tax from the remittance of subsidiary earnings, leading to higher profits in 2024.

4. Other comprehensive income (net of tax) increased: This is primarily due to exchange rate fluctuations (mainly the depreciation of the New Taiwan Dollar against the U.S. Dollar), increasing exchange differences in the translation of foreign financial statements.
5. Total comprehensive income for the period and total comprehensive income attributable to the owners of the parent company increased: See details in points 1 through 4 above.

(II) Expected Sales Quantity and Its Basis

The Company's reinvested subsidiaries determine reasonably achievable sales quantities based on market demand, customer sales, and supply assessments. For related market research analysis and the current status and development of the industry, please refer to the overview of operations.

(III) Possible impact on the Company's future financial affairs and response plan

The market demand for the product application segment of this Group remains in a growth phase. The Company's affiliated investment companies will continuously monitor changes in market demand to enhance the Company's performance. Additionally, the Company will continue to strengthen the operations and cost control of each subsidiary to improve the Group's profitability.

### III. Cash flow

(I) Analysis of cash flow changes in the last year

Unit: %

Item	2024	2023	Increase/ Decrease Amounts	Proportion of increase or decrease
Net cash provided by operating activities	245,177	261,520	(16,343)	(6.25%)
Net cash provided by (used in) investing activities	(136,647)	(227,436)	90,789	(39.92%)
Net cash used in financing activities	(95,108)	(117,375)	22,267	(18.97%)

Data source: the financial statement audited and certified by the accountant.

Analysis of cash flow changes in this year:

Net cash inflow from operating activities decreased: The Company's pre-tax net profit in 2024 increased compared to 2023 (excluding relocation gains), but due to revenue growth, increased inventory preparation, and payment of relocation-related corporate income tax, cash inflow from operating activities decreased.

Net cash outflow from investing activities decreased: This is mainly because the automation equipment for the new plants in Xiamen and Kunshan has been progressively installed, resulting in reduced cash outflow from investing activities in 2024.

Net cash outflow from financing activities decreased: This is primarily due to a reduction in cash dividend distributions in 2024.

(II) Improvement plan for liquidity shortage

The business of the Group is at the stage of profit growth, and the Group appropriates bank loans in due time, and there is no liquidity shortage currently.

(III) Cash liquidity analysis in the coming year

Unit: NT\$ thousand

Cash and cash equivalents, the beginning of the year	Estimated net cash flow from operating activities	Estimated cash outflow (inflow)	Estimated cash surplus (deficit)	Remedial measures for estimated cash surplus (Deficit)	
				Investment plan	Financial plan
1,018,133	380,021	365,037	1,033,117	-	-
Analysis of cash flow changes in the coming Year:					
1. Operating activity: the expected cash inflow to be generated in 2025 is mainly due to the net profit generated after tax.					
2. Expected annual cash outflow (investment and fundraising activities): the cash outflow expected to be generated from the investment activity of the Company in 2025 is mainly due to the automatic equipment expenditure; the cash outflow expected to be generated from the fundraising activity of the Company in 2025 is mainly due to the increase of financing and distribution of cash dividend, it is expected that the investment and fundraising activities will generate cash outflow.					

**IV. The impact of significant capital expenditure on financial affairs in the last year**

The Group's significant capital expenditure items primarily consist of expenditures for plant facilities, production equipment, and testing equipment purchases aimed at increasing automation investments and continuously acquiring machinery in response to market strategy planning. In 2024, capital expenditure amounted to approximately NT\$144,064 thousand, accounting for 4.61% of revenue, with no adverse impact on the Company's financial operations.

**V. Reinvestment Policy of the Recent Year, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year**

(I) Reinvestment Policy of the Company

The Company's reinvestment policy focuses on its core business, with an emphasis on strengthening vertical integration of upstream and downstream operations as the development direction. Related investment plans undergo various analyses to evaluate their benefits to the Group and comply with the internal control system "Investment Cycle" approved by the Board of Directors or shareholders' meeting, as well as the Company's "Regulations Governing the Acquisition or Disposal of Assets."

(II) The main reason for profit or loss from reinvestment in the last year, improvement plan, and investment plan in the coming year

Unit: NT\$ thousand

Invested company	Direct (indirect) shareholding ratio	Investment profit and loss recognized in the last year	Reason for profit or loss	Improvement plan	Investment plan in the coming year
LU HAI (BVI) INDUSTRIAL CORP.	100%	134,277	Mainly due to the recognition of profits from XIAMEN XIAHUI	None	None
ALLPRO INTERNATIONAL CORP.	100%	100,686		None	None

YUANHUI INTERNATIONAL CO., LTD.	100%	(18,218)	The main factors include the recognition of income tax on remitted earnings and losses incurred by LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD.	None	None
LU HAI INDUSTRIAL CORP.	100%	14,510	Mainly due to the recognition of profits from PT. LUHAI	None	None
PT. LUHAI INDUSTRIAL	100%	65,391	Under good operating conditions	None	None
XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD	100%	252,720	Under good operating conditions	None	None
LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD.	100%	(6,819)	Primarily engaged in the production of precision bicycle components, it is still in the early stages of operations.	None	None

## VI. Risk Management

- (I) The impact of interest rate, fluctuation in the exchange rate, and inflation on the Company's profit and loss and future solutions
1. Interest rate change

Unit: NT\$ thousand

	2023		2024	
	Amount	Proportion in net sales	Amount	Proportion in net sales
Interest income	15,933	0.61%	15,994	0.51%
Interest expense	42,428	1.64%	40,624	1.30%

The interest income and interest expense of the Group in the last two years account for a low proportion of net sales of the year, recorded at 0.61%, 0.51%, 1.64%, and 1.30%, respectively, and the impact on profit and loss is still manageable.

Specific Measures of the Company in Response to Interest Rate Changes:

The Group's financial planning adheres to a conservative and prudent principle, prioritizing safety in fund allocation, with investments mainly in short-term deposits, where interest revenue constitutes a small proportion. The Group maintains a sound financial structure and undertakes borrowings to meet the working capital needs arising from business expansion, with interest expenses also constituting a small proportion. The Company and its subsidiaries will comprehensively consider the limits and costs of various funding sources to secure necessary funds while closely monitoring global economic developments and adopting hedging instruments as needed to mitigate the risk of rising interest rates.

## 2. Impact of fluctuation in the exchange rate

Unit: NT\$ thousand

Item	Year	2023	2024
Foreign exchange gain (loss)		(9,993)	(6,497)
Proportion in operating revenue (%)		(0.39%)	(0.21%)

The Group's foreign exchange losses over the past two years were NT\$9,993 thousand and NT\$6,497 thousand, respectively, accounting for only 0.39% and 0.21% of net operating revenue, which is not significant. The Group's collections are primarily in US\$ and RMB, and payments for materials are also mainly in US\$ and RMB, creating a natural hedging effect through offsetting, which reduces the need for currency conversion and minimizes the impact of exchange rate fluctuations.

Specific solutions of the Company in response to fluctuation in exchange rate:

- (1) Financial personnel will collect real-time exchange rate market information at any time and maintain appropriate net foreign exchange positions according to the judgment on the trend of future exchange rates. They will also provide it to business personnel for reference when making an offer.
- (2) Adjust the foreign currency deposit position according to the fluctuation in the exchange rate. When necessary, pre-order or presell forward exchange contracts for hedging purposes or borrow money to reduce the risk of the exchange rate.
- (3) Adopt foreign exchange income and expenditure for automatic hedging, use the offset in the foreign currency receipts and payments generated from export sales and external procurement to reduce the position of net assets in foreign currency.
- (4) Formulate the "Regulations Governing the Acquisition and Disposal of Assets" pursuant to "Regulations Governing the Acquisition and Disposal of Assets by Public Company," and take it as the basis for engaging in derivative transactions, making the exchange loss in daily operation within a manageable scope.

## 3. Impact of inflation

Upon planning the annual business plan, the Group has considered the risk of inflation. The profit and loss of the Group have not been significantly impacted by inflation in the past. In case of rising purchasing costs due to inflation, the Group will also always master the price changes in upstream commodities and reflect them in the cost and offer so as to reduce the impact on the profit and loss of the Company caused by cost fluctuation.

## (II) Policy on engaging in high-risk and highly leveraged investment, granting of loans, endorsement and derivative securities transaction, main reason for profit or loss, and future solutions

1. Based on the steady principle and practical operation philosophy, apart from focusing on the business fields of the Group, the Group has not engaged in high-risk and highly leveraged investments.
2. Over the past 2 years and up to the publication date of the annual report, the Company has not engaged in lending funds or providing endorsements/guarantees to parties other than direct and indirect wholly-owned subsidiaries. Furthermore, the Group has

established the "Procedures for Lending Funds to Others" and "Procedures for Endorsements and Guarantees," and all related operations are cautiously executed after considering risk conditions and relevant regulations.

3. The financial derivatives held by important subsidiaries of the Company are used to avoid the exchange rate risks imposed in operation, financial, and investment activities. However, since they do not conform to the element of hedge accounting, hence they are recognized as the financial assets and liabilities listed in profit and loss according to the change in fair value.

(III) Research and development Plan and expected invested research and development costs

1. Future research and development plan

- (1) Process improvement: improve the degree of automation and reduce production costs.
- (2) New technology development: continue to focus on the research and development of professional fields of valves and obtain patent rights for utility models.

The key points in the current research and development of the Group are to continuously develop dedicated automation equipment, improve equipment production efficiency and product quality, accelerate the introduction and conduct mass production for the completed research and development achievements, complete the transformation of production technique, and expand the overall benefits.

2. Expected invested research and development costs

The Group has gradually allocated R&D expense amounts based on the progress of new product and process development, with R&D expenses of NT\$38,914 thousand and NT\$54,213 thousand in 2023 and 2024, respectively. The Company maintains stable R&D expense expenditure to support future R&D plans and enhance the Group's market competitiveness. The Group has budgeted R&D expenses of NT\$57,067 thousand for 2025.

(IV) The impact of changes in domestic and overseas important policies and laws on the financial affairs of the Company and solutions

The Company is registered in the Cayman Islands and has no substantial economic activities there, and the main places of business include China Mainland, Indonesia, and Taiwan. The Company and its subsidiaries always pay attention to the information of changes in important policies and laws in the locating countries and regions and make preventive preparations through all kinds of channels in advance. Hence, the changes in important policies and laws both at home and abroad have not caused a significant impact on the financial affairs of the Company.

(V) The impact of changes in technology(including Cybersecurity Risk) and industry on the financial affairs of the Company and solutions

The Company and its subsidiaries are engaged in the valve industry, which is a century-old industry and an essential industry in industrial and commercial society. The Group pays close attention to the technological developments and changes in the prices of rubber and copper materials in the industry. It works closely with customers to stay updated on the latest market trends. The Group also continually strengthens its processing

R&D capabilities and actively expands its market application areas. Currently, there have been no significant technological changes (including information security risks) or industry changes that may have a significant impact on the Company's financial business.

Solutions:

1. Understand industry trends, continue to invest in research and development, apply for patents, and improve automation degrees.
  2. Understand customer requirements, provide complete product lines, provide one-stop service, and increase added value.
  3. In terms of cybersecurity, the Company actively deploys data backup mechanisms, conducting regular and irregular backups of critical data at designated locations and offsite while entering maintenance contracts for critical hardware, software, and systems. Annual data recovery drills and tests are performed regularly. Analysis of recent cybersecurity threats indicates that the primary risks stem from hacker attacks and computer viruses; thus, firewall defenses are strengthened, and antivirus software and operating system updates are checked daily and irregularly. The company's cybersecurity initiatives also include blocking external hostile assaults, stopping employees from downloading or using unknown software, improving cybersecurity reporting, and raising employee awareness and understanding of cybersecurity principles.
- (VI) The impact of change in corporate image on corporate crisis management and solutions:  
Ever since its establishment, the Company has had a good corporate image and complied with relevant laws and decrees, actively promotes various quality certifications, and maintains a harmonious labor-capital relationship and local relationship at the same time so as to continuously maintain a good corporate image. In recent years, there have been no circumstances that have affected the corporate image.
- (VII) Expected benefits and possible risk of merger and acquisition and solutions  
As of the publication date of the annual report, the Company does not have any plans to merge and acquire other companies. In case of any merger and acquisition plan in the future, the Company will conduct an assessment prudently and consider the merger synergy so as to ensure the rights and interests of shareholders.
- (VIII) Expected benefits and possible risk of plant expansion and solutions  
To meet future market demands and the Group's strategic planning, the subsidiary XIAMEN XIAHUI RUBBER METAL IND. CO., LTD. acquired new land in 2018 to construct a new plant, which was completed and occupied in 2021, aiming to expand metal processing capacity, seize market opportunities, and achieve synergies in the Group's resource allocation. The subsidiary LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. also secured new land use rights by the end of 2020 and completed its relocation in 2023, with plans to develop precision processing products. The funding for plant expansion is supported by internal funds and bank loans, with the Company's liabilities ratio at only 33.79%, indicating limited potential risk.
- (IX) Risk encountered in centralized purchasing or sales and solutions
1. Risks encountered in centralized purchasing and solutions  
The Group's cost of goods purchased is sourced from a diverse range of suppliers both domestically and internationally, with no reliance on a single supplier for the

overall cost of goods purchased. The proportion of the cost of goods purchased from the largest supplier over the past three years accounted for 33.68%, 31.55%, and 32.64% of the total cost of goods purchased, respectively. The Group will continue to increase its copper material recycling and reuse, reducing dependency on a single supplier while mitigating the impact of copper price fluctuations and minimizing effects on operating performance.

2. Risks encountered in centralized sales and solutions

Regions of customers in sales of the Group include Europe, Africa, America, Asia, etc. In the last three years, the total sales volume of the top ten customers in sales accounted for 55.98%, 54.02%, and 53.50% of the annual net revenue, respectively. The total sales volume of the biggest customer sales accounted for 15.98%, 11.52%, and 13.43% of the annual net revenue, respectively. There is no single customer with a sales proportion over 30%. All customers have been doing business with the Group for years, and they deeply recognize and trust product quality. Both parties are maintaining a long-term and stable sales relationship. Hence, there is no risk of centralized sales.

(X) The impact and risk of massive transfer or change of the stock rights of directors, supervisors, or shareholders with shareholding over ten percent and solutions

As of the publication date of the annual report, there is no massive transfer of stock rights in the directors and substantial shareholders with shareholding over ten percent of the Company; the Company carried out a comprehensive re-election of directors and supervisors in the General Meeting on June 19, 2024, maintaining 9 seats of directors and 3 director member change. However, the shareholdings of substantial shareholders are stable, there has been no significant change in important managerial officers, and management is stable.

(XI) The impact and risk of change in management rights and solutions

As of the publication date of the annual report, the Company has no circumstances for change in management rights.

(XII) Litigation or non-litigation case

The sentenced or pending significant litigation, non-litigation, or administrative litigation involving the Company or the directors, supervisors, General Manager, actual head, and substantial shareholders with a shareholding ratio over ten percent of the Company shall be listed. If the results thereof have a significant impact on shareholders' equity or securities price, the facts in dispute, amount of object, commencement date of litigation, major parties involved in litigation, and handling circumstance as at the publication date of the annual report shall be disclosed: None.

(XIII) Other important risks and solutions:

1. Dividend distribution

As the Company is a holding company, its ability to pay dividends depends on the earnings and distributions of its subsidiaries, as well as the distribution methods and amounts approved by the Board of Directors. Future dividend distributions will be determined based on the Group's overall operating performance, financial condition, cash needs, and applicable laws and regulations. For example, under mainland China law, subsidiaries in mainland China may only distribute and pay

dividends from their net income, which is calculated based on retained earnings under Chinese Generally Accepted Accounting Principles and relevant financial regulations, differing from IFRS.

Additionally, subsidiaries in mainland China must allocate 10% of their annual after-tax net income to a legal reserve that cannot be used for dividend distribution; however, this allocation may cease once the accumulated legal reserve reaches 50% of the company's registered capital. Furthermore, while there are no specific foreign exchange restrictions on dividend payments in mainland China, dividends payable by the Company's mainland China subsidiaries to the Company are subject to a 10% withholding tax upon remittance.

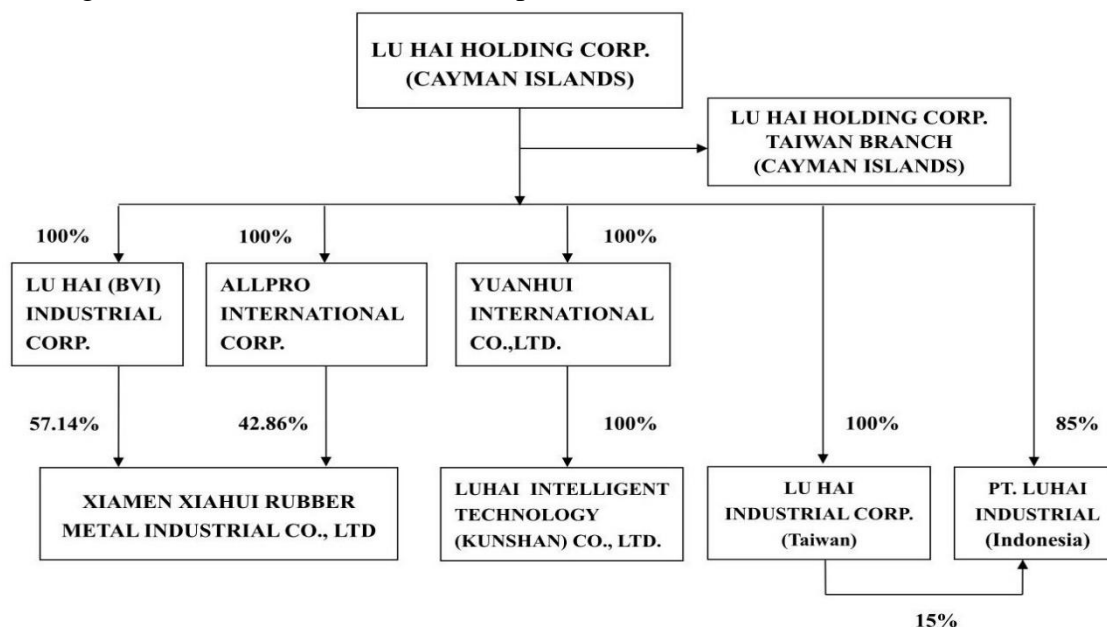
**VII. Other Important Matters: None.**

## Chapter VII Special Recorded Matters

### I. Related Information on Affiliated Enterprises

(I) Consolidated business report of affiliated enterprise

1. Organization chart of affiliated enterprise:



Note: The sub-subsidiary LUHAI RUBBER METAL INDUSTRIAL (KUNSHAN) CO., LTD. was renamed LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. on January 20, 2022, as approved by the Board of Directors.

2. Basic information on affiliated enterprises:

Unit: NT\$ thousand and foreign  
currency in thousand

December 31, 2024

Name of enterprise	Establishment date	Address	Paid-in capital	Main business or production item
LU HAI(BVI) INDUSTRIAL CORP.	1996/11/05	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	290,377 (USD8,857)	Investment holding
ALLPRO INTERNATIONAL CORP.	2000/07/10	Corner Hutson & Eyre Street, Blake Building, Suite 302, Belize City, Belize.	217,791 (USD6,643)	Investment holding
YUANHUI INTERNATIONAL CO., LTD.	2003/01/31	Level 3, Alexander House, 35 Cybercity, Ebene Mauritius.	213,103 (USD6,500)	Investment holding
XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD	1990/05/09	No.118, Guankou South Road, Guankou Town, Jimei District, Xiamen, China.	508,168 (USD15,500)	Production, manufacturing, and sales of valve

LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD.	1997/05/23	No.868 Jimingtang South Road, Huaqiao Town, Kunshan City, Jiangsu Province, P.R.China.	270,280 (USD8,244)	Production and sales of precision processing products
LU HAI INDUSTRIAL CORP.	1983/05/13	No.64, Xingong 5th Rd, Tianzhong, Changhua, Taiwan. (Tianzhong Industrial Park)	30,000	Leasing business
PT. LUHAI INDUSTRIAL	2011/11/08	d/a. Jl. Raya Cikande Rangkasbitung Km. 4.5. Desa Junti. Jawilan. Serang, Indonesia	262,280 (USD8,000)	Production, manufacturing, and sales of valve

Note: Converted based on the exchange rate as of the financial reporting date: US\$1 = NT\$32.785.

3. The same shareholder information is for those presumed to have control and subordinate relationships: None.
4. Information of directors, supervisors, and General Manager of each affiliated enterprise:

Name of enterprise	Title	Name or representative	Shareholding	
			Shares	%
LU HAI(BVI) INDUSTRIAL CORP.	Director	HSU, HO; HSU, SHIH	-	-
ALLPRO INTERNATIONAL CORP.	Director	HSU, SHOU; WU, CHIN-LU	-	-
YUANHUI INTERNATIONAL CO., LTD.	Director	HSU, CHIN; WU, CHING-SHU	-	-
XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD	Chairman	WU, CHIN-LU	-	-
	Director	HSU, HAO-YUN		
	Director	HSU, YA-TING		
	Director	HSU, HUAI-YUN		
	Director	HSU, HAN-YUAN		
	Supervisor	WU, CHING-SHU		
LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD.	Chairman	WU, CHIN-LU	-	-
	Director	WU, CHING-SHU		
	Director	HSU, HAO-YUN		
	Director	HSU, YA-TING		
	Director	HSU, HUAI-YUN		
	Supervisor	HSU, HAN-YUAN		
LU HAI INDUSTRIAL CORP.	Chairman	British Cayman Islands Merchant LU HAI HOLDING CORP. Representative: WU, CHIN-LU	-	-

	Director	British Cayman Islands Merchant LU HAI HOLDING CORP. Representative: HSU, HAO-YUN		
	Director	British Cayman Islands Merchant LU HAI HOLDING CORP. Representative: HSU, YA-TING		
	Director	British Cayman Islands Merchant LU HAI HOLDING CORP. Representative: HSU, HUAI-YUN		
	Director	British Cayman Islands Merchant LU HAI HOLDING CORP. Representative: HSU, HAN-YUAN		
	Supervisor	British Cayman Islands Merchant LU HAI HOLDING CORP. Representative: WU, CHING-SHU		
PT. LUHAI INDUSTRIAL	Chairman	HSU, HSIU-HUA	-	-
	Director	WU, CHIN-LU		
	Director	QIU, ZHONG-LIE		
	Supervisor	WU, CHING-SHU		
	Supervisor	HSU, HAO-YUN		
	Supervisor	HSU, YA-TING		
	Supervisor	HSU, HUAI-YUN		
	Supervisor	HSU, HAN-YUAN		

5. Operation profile of each affiliated enterprise

December 31, 2024 Unit: NT\$ thousand

Name of enterprise	Capital amount	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Net income(loss) (after tax)	Earnings per share (NT\$) (After tax)
LU HAI(BVI) INDUSTRIAL CORP.	290,377	1,225,737	10,408	1,215,329	-	(117)	134,277	15.16
ALLPRO INTERNATIONAL CORP.	217,791	919,330	7,806	911,524	-	(94)	100,686	15.16
YUANHUI INTERNATIONAL CO., LTD.	213,103	658,105	-	658,105	-	(147)	(18,218)	(2.80)
XIAMEN XIAHUI RUBBER METAL INDUSTRIAL CO., LTD	508,168	3,347,926	1,186,546	2,161,380	2,723,984	290,950	256,516	-
LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD.	270,280	709,654	49,638	660,016	62,128	(20,002)	(8,845)	-

LU HAI INDUSTRIAL CORP.	30,000	173,504	1,203	172,301	2,357	1,133	14,510	4.84
PT. LUHAI INDUSTRIAL	262,280	802,786	133,496	669,290	838,998	86,348	65,391	8.17

Note: Converted based on the exchange rates as of the financial reporting date (US\$1 = NT\$32.785, US\$1 = RMB¥7.3024, US\$1 = IDR 16,085) or the average exchange rates for the period (US\$1 = NT\$32.165, US\$1 = RMB¥7.1973, US\$1 = IDR 15,893).

(II) Consolidated Financial Report of Affiliated Enterprises: Foreign companies are exempt from preparing a Consolidated Financial Report of Affiliated Enterprises under Chapter 5 of the preparation guidelines; the Company's Consolidated Financial Report has been disclosed on the MOPS and the Company's official website.

(III) Declaration of the consolidated statement of affiliated enterprise: foreign companies may be exempted from preparation.

(IV) Relationship report: Not applicable.

**II. Execution Status of Private Placement of Securities in the Most Recent Year and Up to the Publication Date of the Annual Report: None.**

**III. Other Necessary Supplementary Explanations: None.**

**IV. In the Most Recent Year and Up to the Publication Date of the Annual Report, Any Matters Specified Under Article 36, Paragraph 3, Subparagraph 2 of This Law That Materially Affect Shareholders' Equity or Securities Prices Shall Be Itemized: None.**

**V. Description of significant differences from the shareholders' equity protection regulations of our country**

The Company has amended the Articles of Incorporation according to the important matters of protecting shareholders' equity listed in the "Checklist for Matters of Protecting Shareholders' Equity of Foreign issuers in the Country of Registration" published by the Stock Exchange. Since some of the important matters of protecting shareholders' equity are not applicable under the laws of Cayman, hence they are not stipulated in the Articles of Incorporation, it is hereby explained the difference as follows (Articles of Incorporation is subject to the English version, and the following Chinese contents are for reference only):

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
Formation and change of company capital			
<p>1. When the Company repurchases its own shares and transfers them to employees at a price lower than the average actual repurchase price, it shall obtain approval at the most recent shareholders' meeting with the attendance of shareholders representing more than half of the total issued shares and the consent of at least two-thirds of the voting rights of attending shareholders. The following matters shall be listed and explained in the reasons for convening the shareholders' meeting and may not be proposed as extemporary motions:</p> <p>(1) The determined transfer price, discount ratio, calculation basis, and reasonableness.</p> <p>(2) Number of shares transferred, purpose, and rationality.</p> <p>(3) Eligibility criteria for employees to subscribe to shares and the number of shares they may subscribe to.</p> <p>(4) Matters affecting shareholders' equity:</p> <p>(a) The potential amount to be expensed and the dilution impact on the company's earnings per share.</p> <p>(b) An explanation of the financial burden on the company resulting from transferring shares to employees at a price below the average actual repurchase price of the shares.</p> <p>2. The accumulated number of shares passed by previous General Meetings and transferred to employees shall not exceed five percent of the total outstanding shares of the Company, and the accumulated number of shares subscribed by one subscribing employee shall not exceed 0.5% of the total outstanding shares of the Company.</p>	<p>Article 14 of "Measures Foreign Issuers' Buyback of Listed Negotiable Securities" promulgated by the Taiwan Stock Exchange.</p>	<p>1. Companies in Cayman may redeem or buy back shares as treasury shares when conforming to certain conditions (Article 37, Article 37A).</p> <p>2. Companies redeeming or buying back treasury shares according to the provisions of Article 37A may transfer them to anyone at any time.</p>	<p>1. The Company has listed relevant provisions in Article 20 of the Articles of Incorporation.</p>
General Meeting's convening procedure and resolution method			
<p>1. The Regular Shareholders' Meeting shall be convened at least once a year and held within six months after the end of each fiscal year. The shareholders' meeting shall be convened by the Board of Directors.</p> <p>2. The Articles of Incorporation may stipulate that shareholders' meetings be held via video conference or other methods announced by</p>	<p>1. Article 170 of the Company Act</p> <p>2. Company Act Article 172-1</p> <p>3. Paragraph 1 and</p>	<p>1. Pursuant to the Companies Act of the Cayman Islands, a General Meeting of every</p>	<p>1. Regarding the request by minority shareholders for the Board of</p>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
<p>the competent authority under the Republic of China Company Act. However, in cases of natural disasters, incidents, or other force majeure events, the competent authority under the Republic of China Company Act may announce that companies, within a specified period, may hold meetings via video conference or other announced methods without such provisions in the Articles of Incorporation.</p> <p>3. If a General Meeting is held via video conferencing, shareholders who participate in the meeting via video conferencing shall be deemed to have attended the meeting in person.</p> <p>4. The Company shall comply with the relevant conditions, operational procedures, and other matters that should be followed when holding a General Meeting via video conferencing and shall comply with the relevant regulations of the Securities and Exchange Act.</p> <p>5. Physical shareholders' meetings convened by the Company shall be held within the territory of the Republic of China. If a physical shareholders' meeting is held outside the Republic of China, it shall be reported to the stock exchange for approval within two days after the resolution of the Board of Directors or the shareholder obtains permission from the competent authority to convene the meeting.</p> <p>6. Shareholders holding more than 1% of the total issued shares may submit proposals for the Regular Shareholders' Meeting in writing or electronically. Except where the proposal is not a matter that can be resolved at the shareholders' meeting, the proposing shareholder holds less than 1% of the shares, the proposal is submitted outside the announced acceptance period, the proposal exceeds 300 words, or more than one proposal is submitted, the Board of Directors shall include it as a proposal. Proposals from shareholders urging the Company to promote public interest or fulfill social responsibilities may still be included as proposals by the Board of Directors.</p> <p>7. Shareholders who have continuously held more than 3% of the total issued shares for over one year may, in writing, specify the proposed</p>	<p>Paragraph 2, Article 173, Article 173-1 of Company Act</p> <p>4. Article 172 of the Company Act, Article 26-1, and Article 43-6 of the Securities and Exchange Act</p>	<p>company, other than an exempted company, shall be held at least once every year. (Article 58).</p> <p>2. Unless otherwise stipulated in the Articles of Incorporation, the convening notice of the General Meeting shall be served to each shareholder 5 days in advance; 3 shareholders shall be competent to convene a General Meeting; it shall be competent for any person elected by the shareholders present to preside the General Meeting (Article 61).</p> <p>3. Unless otherwise stipulated in the Articles of Incorporation, one</p>	<p>Directors to convene a special shareholders' meeting, as the Companies Act of the Cayman Islands has no similar provisions and there is no corresponding competent authority in the Cayman Islands, according to Item 3 of Question 36 in the Taiwan Stock Exchange's "Common Questions and Explanations for Foreign Enterprises Listing in Taiwan" (January 23, 2013 edition), "Foreign enterprises, provided it does not conflict with the laws of their place of registration, shall</p>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
<p>matters and reasons and request the Board of Directors to convene a special shareholders' meeting. If the Board of Directors fails to issue a notice of convocation within 15 days of the request, the shareholder may, upon approval from the competent authority, convene the meeting independently.</p> <p>8. Shareholders who have continuously held more than half of the total issued shares for over three months may independently convene a special shareholders' meeting. The calculation of the shareholding period and number of shares shall be based on the shares held at the time of the stock transfer suspension.</p> <p>9. The following matters shall be stated in the notice of general meetings, with a summary of the material content to be discussed. They shall not be brought up as an Extempore Motion. The summary of the preceding matters may be put on the website(s) designated by the competent authorities or the Company, and the address of such website(s) shall be indicated clearly in the notice:</p> <ol style="list-style-type: none"> <li>(1) Election or dismissal of directors;</li> <li>(2) Alteration to Articles of Incorporation;</li> <li>(3) Capital reduction; and</li> <li>(4) Application for the approval of ceasing its status as a public company; and</li> <li>(5) Dissolution, merger, shares swap, or spun-off of the Company;</li> <li>(6) Entry into, amendment to, or termination of any contract for lease of its business in whole, or the delegation of management, or regular joint operation with others;</li> <li>(7) The transfer of the whole or any material part of its business or assets;</li> <li>(8) Taking over another's whole business or assets, which will have a material effect on the business operation of the Company;</li> <li>(9) Issuing equity-type securities by private placement.</li> <li>(10) Ratification of director's engagement in non-competition action;</li> </ol>		<p>shareholder, being present in person, may convene a General Meeting (Article 57).</p> <p>4. Regarding the proposal of minority shareholders, there are no similar provisions in the Companies Act of the Cayman Islands.</p> <p>5. Regarding the request of minority shareholders to the Board of Directors to convene an extraordinary general meeting, there are no similar provisions in the Companies Act of the Cayman Islands.</p> <p>6. Regarding the matters that shall be listed in the subject of the convocation of a</p>	<p>stipulate in their Articles of Incorporation the right of minority shareholders to request the convening of a special shareholders' meeting, and the part regarding the competent authority for granting permission may be omitted." Thus, Article 42 of the Articles of Incorporation provides that requesting shareholders may convene the meeting independently in accordance with the Public Company Act.</p> <p>2. The Company has included relevant provisions in</p>

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<p>(11) Distribution of the whole or part of the dividends or bonus in the form of new shares;</p> <p>(12) Distribution of statutory surplus reserve or the capital reserve obtained from share premium or receiving bestowal in the form of new shares or cash to existing shareholders.</p>		<p>General Meeting, there are no similar provisions in the Companies Act of the Cayman Islands.</p> <p>7. According to the Companies Act of the Cayman Islands, there are currently no similar provisions regarding holding shareholder meetings via video conference.</p>	<p>Article 39 to Article 43, Article 47, and Article 49 of the Articles of Incorporation.</p> <p>3. The Stock Exchange amended the checklist for shareholders' equity on November 30, 2018, adding that shareholders may propose a motion electronically. A shareholder may propose to urge the Company to promote public interests or fulfill its social responsibilities. Shareholders continuously holding 50% or more of the total number of outstanding shares of a company for 3 months or a</p>

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			<p>longer time may voluntarily convene a shareholders' meeting. Specific motion shall be put on the website(s) designated by competent authorities. The address of such website(s) shall be indicated clearly in the notice, etc., Articles 42 and 47 are amended accordingly, and Article 42-1 is added.</p> <p>4. The Company has amended its Articles of Incorporation to include provisions for video conference meetings under Article 43(a), as well as adding new provisions</p>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
			under Article 43(b) and (c).
<ol style="list-style-type: none"> <li>1. When convening a General Meeting, the Company shall list electronic voting as one of the channels for exercising voting rights.</li> <li>2. If the Company convenes a General Meeting outside the territory of the Republic of China, shareholders in such meeting may exercise their voting rights in writing or electronically. Shareholders exercising voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. However, they shall be deemed to have waived their votes on extemporaneous motions and amendments to original proposals at that shareholders' meeting.</li> <li>3. Shareholders exercising voting rights in writing or electronically shall deliver their expression of intent to the Company two days before the shareholders' meeting; in case of duplicate expressions, the first received shall prevail. However, this does not apply if a prior expression of intent is revoked.</li> <li>4. If a shareholder who has exercised voting rights in writing or electronically wishes to attend the shareholders' meeting in person, they shall, at least two days prior to the shareholders' meeting, revoke their prior expression of intent to exercise voting rights in the same manner as it was exercised. If the revocation is made after this deadline, the voting rights exercised in writing or electronically shall prevail.</li> <li>5. If a shareholder exercises voting right in writing or electronically and entrusts a proxy through a proxy statement to attend the General Meeting, the voting right exercised by the entrusted attending proxy shall prevail.</li> </ol>	<ol style="list-style-type: none"> <li>1. Company Act Article 177-1</li> <li>2. Company Act Article 177-2</li> </ol>	Regarding the adoption of voting in writing or electronically in General Meetings, there are no similar provisions in the Companies Act of the Cayman Islands.	The Company has included relevant provisions in Article 62, Article 63, and Article 69 of the Articles of Incorporation.
<ol style="list-style-type: none"> <li>1. Upon every General Meeting, a shareholder may issue the proxy statement printed by the Company to specify the scope of authorization so as to entrust the proxy to attend the General Meeting.</li> <li>2. Except for the trust enterprise of the Republic of China or the stock</li> </ol>	<ol style="list-style-type: none"> <li>1. Article 177 of the Company Act</li> <li>2. Company Act Article 177-2</li> </ol>	1. Pursuant to Subparagraph a, Paragraph 1, Article 60 of the	The Company has included relevant provisions in Article 43, Article 67(b),

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<p>affairs agency approved by the competent authority in charge of securities of the Republic of China, when more than two shareholders entrust one person, the proxy vote thereof shall not exceed three percent of the voting rights of total outstanding shares. The exceeding voting rights will not be calculated.</p> <p>3. A shareholder may issue one proxy form and appoint only one proxy, which must be delivered to the Company five days before the shareholders' meeting; in case of duplicate proxy forms, the first received shall prevail. However, this does not apply if the prior proxy appointment is revoked.</p> <p>4. After the proxy statement has been served to the Company, if a shareholder intends to attend the General Meeting in person or exercise its voting right in writing or electronically, such shareholder shall serve written notice of canceling the proxy statement to the Company two days before convening the General Meeting. Otherwise, the voting right exercised by the entrusted attending proxy shall prevail.</p> <p>5. When convening a General Meeting outside the territory of the Republic of China, the Company shall entrust a professional stock affairs agency in the territory of the Republic of China to handle the shareholders' voting affairs.</p>		<p>Companies Act of the Cayman Islands, the calculation of the resolution threshold of the General Meeting, if the Company allows the proxy entrusted by a shareholder to attend the General Meeting, the entrusted attendance shall be calculated into the number of voting rights.</p> <p>2. The Companies Act of the Cayman Islands does not impose specific regulations on the use of proxies. A company may adopt the provisions of Table A, specifying relevant regulations regarding the use of proxies at shareholders'</p>	<p>Article 68, Article 70, and Article 71 of the Articles of Incorporation.</p>

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		<p>meetings in its Articles of Incorporation (Article 22, Article 59 of Table A, and Article 60).</p> <p>3. Regarding the restriction on the proxy vote, there are no similar provisions in the Companies Act of the Cayman Islands.</p> <p>4. Regarding the entrustment of a stock affairs agency to handle overseas voting affairs, there are no similar provisions in the Companies Act of the Cayman Islands.</p>	
<p>The following proposals involving significant shareholder equity shall require the attendance of shareholders representing more than two-thirds of the total issued shares and the approval of a majority of the voting rights of attending shareholders. If the total shares represented by attending shareholders do not meet the preceding threshold, the proposal may be passed with the attendance of shareholders representing more than half of the total issued shares and the approval of at least two-thirds of the</p>	<ol style="list-style-type: none"> <li>1. Article 185 of the Company Act</li> <li>2. Article 209 of the Company Act</li> <li>3. Article 227 of the Company Act</li> <li>4. Article 277 of the</li> </ol>	<ol style="list-style-type: none"> <li>1. The Companies Act of the Cayman Islands, under Section 60, defines a Special Resolution as (1) a resolution passed at</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has included relevant provisions in Article 34, Article 64, Article 65, Article 65-1, Article 66, and</li> </ol>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
<p>voting rights of attending shareholders:</p> <ol style="list-style-type: none"> <li>1. The Company enters into, changes, or terminates any contract for the lease of business in whole, or the delegation of management or the regular joint operation with others; transfers the whole or major part of business or property, or is transferred of the whole business or property from other people, and thereby causes significant impact on business operation.</li> <li>2. Amendment to Articles of Incorporation.</li> <li>3. If the amendment to the Articles of Incorporation damages the rights of special shareholders, it shall be otherwise resolved by a special shareholders' meeting.</li> <li>4. Distribution of the whole or part of the dividend or bonus in the form of new shares.</li> <li>5. Resolution on dissolution, merger, or spun-off.</li> <li>6. Share Exchange</li> </ol>	<p>Company Act</p> <ol style="list-style-type: none"> <li>5. Paragraph 1, Article 240 of the Company Act</li> <li>6. Article 316 of the Company Act</li> <li>7. Article 43-6 of the Securities and Exchange Act</li> <li>8. Enterprise Merger and Acquisition Act Article 29</li> </ol>	<p>a shareholders' meeting, where voting is conducted, by a majority of at least two-thirds of the voting rights of shareholders entitled to vote at the meeting, either in person or by proxy (if proxies are permitted), at a shareholders' meeting where the notice specifies that the proposal is to be passed as a special resolution; or (2) as stipulated in the Articles of Incorporation, a special resolution may also be made with the written consent of all shareholders entitled to vote. The Articles of Incorporation may set a higher voting</p>	<p>Article 123 of the Articles of Incorporation.</p> <ol style="list-style-type: none"> <li>2. Explanation Regarding Voting Thresholds for Shareholders' Meeting Proposals: In addition to ordinary resolutions and significant resolutions as required by the Republic of China's Company Act, these Articles of Incorporation also include special resolutions as defined under Section 60 of the Companies Act of the Cayman Islands where required by the Companies Act of the Cayman Islands. This differs from</li> </ol>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
		<p>threshold for special resolutions than required by the Companies Act of the Cayman Islands-based on the importance of the matter.</p> <p>2. According to the provisions of Companies Act of the Cayman Islands, the following matters shall be handled by a special resolution: (1) Change of company name (Article 31); (2) Alteration of Memorandum of Incorporation (Article 10); (3) Alteration of Articles of Incorporation (Article 24); (4) Reduction of share capital (Article 14); (5) Voluntarily</p>	<p>certain matters listed in the Taiwan Stock Exchange's "Checklist for Protecting Shareholders' Equity in the Country of Registration of Foreign Issuers," which require significant resolutions (e.g., amendments to the Articles of Incorporation, dissolution, mergers, etc.). As these differences are based on the provisions of the Companies Act of the Cayman Islands, these Articles of Incorporation separately specify the matters requiring significant</p>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
		<p>dissolution by a special resolution not due to the Company's incapability of repaying mature debts (Article 116(c)); (6) Merger and acquisition according to the provisions of Companies Act of the Cayman Islands (Article 233).</p>	<p>resolutions as per the aforementioned checklist for protecting shareholders' equity and the statutory matters requiring special resolutions under the Companies Act of the Cayman Islands, ensuring no significant impact on the equity of shareholders in the Republic of China.</p> <p>3. Subparagraph b, Paragraph 1, Article 64 of the Articles of Incorporation explicitly stipulates that if the change of Articles of Incorporation damages the rights of special</p>

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			<p>shareholders, it shall be resolved by a special shareholders' meeting.</p> <p>4. Cooperate to amend Article 65 of the Articles of Incorporation and add the application of stock conversion.</p>
<p>The company becomes delisting due to ceasing to exist after a merger, broad transfer, conversion of stock, or spun-off, and the continuous existing, transferred, existing, or newly incorporated company is not a listed (OTC) company, it shall be handled with the consent of shareholders holding more than two-thirds of the total outstanding shares of the company.</p>	<p>Article 18, Article 27, Article 28, Article 29, and Article 35 of the Business Mergers and Acquisitions Act.</p>	<p>There are no similar provisions in the Companies Act of the Cayman Islands.</p>	<p>The Company has listed relevant provisions in Article 65-1 of the Articles of Incorporation.</p>
<p>1. If any of the following matters are resolved at a shareholders' meeting, dissenting shareholders shall have the right to request the Company to purchase their shares:</p> <p>(1) Splitting, merging, acquisition, or conversion of shares of the Company.</p> <p>(2) The Company enters into, amends, or terminates a contract regarding the lease of all or a substantial part of its business, entrustment of operation, or joint operation with another person, or the Company transfers all or a substantial part of its business or assets, which has a significant impact on the Company's operations.</p> <p>2. For the request under the preceding paragraph, shareholders shall submit a written request within 20 days from the date of the</p>	<p>1. Article 317 and Article 186 of the Company Act.</p> <p>2. Enterprise Merger and Acquisition Act Article 12</p>	<p>The provisions of Article 238 of the Companies Act of the Cayman Islands are similar to the regulations in Taiwan.</p>	<p>In accordance with the amendment to Article 77 and the addition of Article 79(c) in the Articles of Incorporation.</p>

Shareholders' equity protection matters	"Company Act" or "Securities and Exchange Act" related laws and decrees	Description of the Companies Act of the Cayman Islands	Provisions of Articles of Incorporation and explanation
<p>shareholders' meeting resolution, specifying the requested purchase price. If an agreement on the purchase price is reached between the shareholder and the Company, the Company shall pay the price within 90 days from the date of the shareholders' meeting resolution. If no agreement is reached, the Company shall, within 90 days from the resolution date, pay the price it deems fair to the shareholders who did not reach an agreement; if the Company fails to make the payment, it shall be deemed to have agreed to the purchase price requested by the shareholders.</p> <p>3. Shareholders voting against or abstaining from voting at the shareholders' meeting may request the Company to purchase all of their shares in accordance with the reasons set forth in paragraph 1, subparagraph 1. If no agreement on the purchase price is reached between the shareholder and the Company within sixty days from the date of the shareholders' meeting resolution, the Company shall, within thirty days after the expiration of this period, apply to the Taiwan Taipei District Court as the court of first instance to determine the price, with all shareholders who did not reach an agreement being the opposite party.</p> <p>4. The shares of shareholders who have waived their voting rights, as mentioned in the preceding paragraph, shall not be counted as the voting rights of the shareholders present at the shareholders' meeting.</p>			
Authority and responsibility of the director			
<p>1. Where all directors of a company are re-elected prior to the expiration of the term of office of existing directors, and in the absence of a resolution that existing directors will not be discharged until the expiry of their present term of office, all existing directors shall be deemed discharged in advance.</p> <p>2. The aforesaid re-election shall be attended by shareholders who represent more than one-half of the total number of issued and outstanding shares.</p>	Company Act Article 199-1	There are no similar provisions in the Companies Act of the Cayman Islands.	The Company has listed relevant provisions in Subparagraph b, Article 89 of the Articles of Incorporation.

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<ol style="list-style-type: none"> <li>1. During the term of office, when the share transfer of a director (excluding independent director) of the Company exceeds one second of the Company shares held at the time of appointment, such director or supervisor will certainly be relieved from duty.</li> <li>2. After the appointment, if the director (excluding independent director) of the Company transfers over one second of the Company shares held at the time of appointment before assumption of duty or transfers over one second of the shareholding within the period of cessation of share transfer before convening the shareholders' meeting, such appointment will lose its effect.</li> </ol>	<p>Article 197 of the Company Act. Article 227 of the Company Act. Article 14-2 of the Securities and Exchange Act.</p>	<p>There are no similar provisions in the Companies Act of the Cayman Islands.</p>	<p>The Company has listed relevant provisions in Paragraph 3 and Paragraph 4, Article 109 of the Articles of Incorporation.</p>

LU HAI HOLDING CORP.

Chairman WU, CHIN-LU