

Stock Code : 4552

Market Observation Post System : <http://mops.twse.com.tw>



Lida Holdings Limited

2025

Annual Report

Printed on April 26, 2026

Website : <http://www.lidaholdings.com>

1. Company Spokesman

Name: Yi-Ping, Chen

Title: General Manager

Tel.: (86)595-87599588

Email: cyp@lida-compressors.com

Deputy Spokesman

Name: Yun-Hsian, Huang

Title: Chief of Financial Tel.: (886)2-2732-8616

Email: fin15@lida-compressors.com

2. Locations of companies and Factories

(1). Headquarters: Lida Holdings Limited

Address: P.O. Box 2775, Artemis House, 67 Fort Street, Grand Cayman,
KY1-1111, Cayman Islands

Tel: (86)595-87599588

(2). British Virgin Islands Subsidiaries

Name: Wellsoon International Limited

Address: 263 Main Street, P.O. Box 2196, Road Town, Tortola, British Virgin
Islands

Tel.: (86)595-87599588

(3). Hong Kong Subsidiary

Name: Lida (HK) Holdings Co., Limited

Address: Room 6, 5/F., Yen Sheng Centre, NO. 64 Hoi Yuen Road, Kwun
Tong, Kowloon, Hong Kong

Tel.: (86)595-87599588

(4). Mainland China Subsidiary

Name: Lida (China) Mechanical and Electrical Co., Ltd.

Address: Quanzhou Taiwanese Investment Zone, Fujian Province, China.

Tel.: (86) 595-87599588

Name: Lida (Jiangxi) Mechanical and Electrical Co., Ltd.

Address: North of Guangxing Road, Jiujiang Economic and
Technological Development Zone, Jiangxi Province, China, Changhang
Public Security, east of the border checkpoint.

Tel: (86)792-8228689

3. Stock Transfer Agency

Name: KGI Securities Co., Ltd. – Stock Agency Department

Tel.: (886)2-2314-8800

Address: 5th Floor, No. 2, Section 1, Chongqing South Road, Taipei City.

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

4. Accountant

Name: KPMG Taiwan

Names of the accounts: Cheng-Yen, Wu and Yi-Jen, Chen

Address: Taipei 101 Tower, 68F, No.7, Sec. 5, Xinyi Road, Taipei City 110615

Website: <https://kpmg.com/tw/zh/home.html>

5. The Company's listed overseas securities: None

6. Company website: <http://www.lidaholdings.com/index.html>

7. Name, title, telephone number and email of domestic litigation/non-litigation agent in R.O.C.

Name: Chien-Leng, Wu Title: Chairman

Tel. (86)595-87599588

Email: andywu@lida-compressors.com

8. List of board members:

Title	Name	Nationality	Major experiences
Chairman	Yi Yuan Enterprises Limited Representative: Chien-Leng, Wu	BVI Taiwan	Chairman of Lida Holdings Limited
Director	Gain Fortune Development Limited Representative: Da- Ping, Huang	BVI China	Deputy chairman of Lida Holdings Limited
Director	Wei-Feng, Jiang	Hong Kong	Director of Trading Dept. of Oriental Partners Ltd
Director	Chi-Fai, Tang	Hong Kong	General manager of Meidakang (Jiangxi) Electrical Appliance Co., Ltd.
Independent Director	Xue-Ren, Shen	Taiwan	Independent of director of TAIWAN LINE TEK ELECTRONIC CO., LTD. Independent of director of TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD
Independent Director	Zuo-Cheng ,Zhang	Taiwan	CPA of Jiaxin Joint Accounting Firm Director of Yusing holdings Independent Director of CONCRAFT holdings
Independent Director	Pai-We, Cheng	Taiwan	Independent director of Wiselink Co., Ltd

Contents

I. Letter to Shareholders.....	6
II. Company Profiles.....	11
1. Company and Group Profile	11
2. A Brief History of the Company	13
3. Risk Factors.....	15
III. Corporate Governance Report	16
1. Information of Directions, Supervisors, General Managers, Deputy General Managers, Assistant General Managers and other Departments and Branch Managers	16
2. Most Recent Remuneration for Directors, Supervisors, General Managers, Deputy General Managers	25
3. Corporate Governance Status.....	31
4. Information on CPA Public Expenses	67
5. Information on Replacement of Certified Public Accountant:	67
6. Information on Service of the Company’s Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliate	67
7. Any Transfer of Equity Interests and/or pledge of or Change in Equity Interests (during the most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of more than 10 Percent during the most Recent Fiscal year or during the Current Fiscal year up to the Date of Publication of the Annual Report.....	68
8. Relationship Information, if among the Company’s 10 Largest Shareholders any one is Related Party or a Relative within the Second Degree of Kinship of another	68
9. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Mangers, and any Companies Controlled either Directly or Indirectly by the Company	68
IV. Capital Raising Activities	69
1. Capital and Shares.....	69
2. Corporate Bonds	73
3. Preferred Shares.....	73
4. Global Depository Receipts (GDR).....	73
5. Employee Stock Warrants.....	73
6. New Restricted Employee Shares.....	73
7. Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	73
8. The Status of Implementation of Capital Allocations Plans	73
V. Operational Highlights	74
1. Business Activities.....	74
2. Market and Sales Overview	86
3. The number of employees employed for the recent 2 fiscal years, and during the current fiscal year as of the date of publication of the annual report, average years of service, average age, and education levels	102
4. Disbursements for Environmental Protection	102
5. Labor Relations.....	103
6. Information security management	105
7. Important contracts	108
VI. A Review and Analysis of the Company’s Financial Position and Financial Performance, and a Listing of Risks	111
1. Financial Positions	111
2. Financial Performance.....	111
3. Cash Flow	112
4. Major Capital Expenditures during the Most Recent Fiscal Year	113
5. Investment Policy for the most Recent Fiscal Years, the Main Reasons for the Profits or Losses, Improvement Plans, and Investment Plans for the coming Year	113
6. Risk Management.....	115
7. Other Important Matters	144
VII. Special Disclosure	145

1.	Information Related to the Company's Affiliates	145
2.	Transaction about the Company's Private Placement of Securities During the most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report.....	145
3.	Other Matters that Require Additional Description : None.	145
4.	Significant Issues in the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report which might Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 3, Article 36 Of The Securities Exchange Law	145
5.	The first publicly listed company should explain significant differences in shareholder protection regulations in our country.	145

Appendix 1 Explanation of significant differences between the Company's Articles of Incorporation and Taiwan's shareholder protection regulations.

I. Letter to Shareholders

Dear Shareholders,

Preface

The company was established in the British Cayman Islands on May 11, 2012. On August 12, 2013, acquired 100% equity from Wellsoon International Limited to complete the restructuring of the group. The main business items of the company and its subsidiaries (hereafter referred to as “the Group”) are the design, manufacture and sales of air compressors.

I. 2025 Annual business results

1. 2025 business plan implementation result

In 2025, Consolidated revenue of LIDA HOLDINGS LIMITED is NT\$3,466,489 thousand, which decreased around 4.56%, compared to the company total revenue of NT\$3,632,150 thousand in 2024. The consolidated net profit in the current period was NT\$240,602 thousand, and the basic earnings per share was NT\$ 2.07.

2. Execution of the budget derivative of operating revenue and expenditure

Currency: Thousand NT\$

Item/Year	2025 Actual	2025 Budget	
Financial income and expenditure	Operating revenue	3,466,489	3,940,672
	Operating gross profit	673,749	770,419
	Operating profit	311,954	304,524
	Non-operating income and expenses	9,502	(18,574)
	Profit before tax	321,456	285,950
	Profit after tax	240,602	218,753
	Earnings per share after tax (NT\$)	2.07	1.89

3. Financial income and expenditure and Profitability analysis

Currency: Thousand NT\$

Item/Year	2025 Actual	2024 Actual	
Financial income and expenditure	Operating revenue	3,466,489	3,632,150
	Operating gross profit	673,749	730,696
	Operating profit	311,954	203,230
	Non-operating income and expenses	9,502	(6,612)

	Profit before tax	321,456	196,618
Profitability	Return on Stockholders' Equity (%)	3.89	2.27
	To paid-in capital (%)	Operating profit	26.89
		Profit before tax	27.71
	Earnings per share after tax (NT\$)	2.07	1.19

4. Research Results

Since 2021, the company has shifted from outsourced R&D to independent research and development. After a series of dedicated efforts in research, design, and testing, it successfully developed products in 2025, including the single-stage compression permanent magnet variable frequency screw compressor, high-speed centrifugal magnetic levitation blower, dryers, and Lida screw vacuum pump.

II. Summary of the 2026 business plan

1. Operation policies and implementation overview

LIDA group specializes in the independent research, development, manufacturing, and sales of high-performance, high-quality, and energy-efficient piston, screw, and scroll air compressors. These products are widely used in various industries, including pharmaceuticals, food processing, mining, chemicals, electronics, power generation, construction materials, automotive, steel, furniture, and machinery manufacturing.

In recent years, under strong policy guidance and support from the Chinese government, and alongside China's transformation into a global powerhouse in mechanical manufacturing, industries have been striving for industrial upgrades to enhance production efficiency and quality. The trend of replacing manual labor with high-performance automated pneumatic equipment and tools has driven the steady growth of China's air compressor industry. The Chinese air compressor market has shown a continuous upward trend, with a compound annual growth rate (CAGR) of approximately 5.34% from 2021 to 2025. By 2025, the market size had reached RMB 72 billion.

However, following a period of booming real estate development, the market began to cool down, particularly in 2024, when it experienced a downturn. Developers faced financial difficulties, leading to the collapse of several well-known real estate companies and an increase in unfinished housing projects. As real estate is interconnected with hundreds of industries,

and many cities rely heavily on it for GDP growth due to a lack of alternative industrial sectors, the downturn in the real estate market has had a significant impact on China's economy.

Meanwhile, the world is struggling between two opposing forces—one advocating for open multilateralism and global democratization, and the other pushing for exclusionary multilateralism and hegemonic anti-globalization. The Russia-Ukraine conflict has triggered a global energy crisis, widening the wealth gap and fueling social discontent. The rise of populism in many countries and the increasingly volatile international political landscape have led to a deteriorating global economy. At the same time, the rapid advancement of artificial intelligence has caused short-term structural unemployment, further weakening consumer spending power.

In response to these challenges, the Lida team must closely monitor market trends and leverage its extensive experience in air compressor production and management. By staying customer-oriented, closely tracking market changes, and adjusting product lines accordingly, the company will focus on talent development, strengthening R&D capabilities, improving product quality, and enhancing value-added services. Through steady and strategic product upgrades and transformations, Lida aims to stabilize its core business while driving innovation, ensuring sustainable and healthy growth. Based on the current economic and export conditions in China, changes in the industry operating environment, market supply and demand competition, as well as the progress of existing customer business in various application sectors and the development of new customers, the Company estimates that product sales volume in 2026 will grow slightly compared with 2025.

2. 2026 Annual Business Plan and Goals include:

- (1) Increase the sales revenue and proportion of high-efficiency, energy-saving screw machines, including single-stage compression permanent magnet variable frequency screw compressors, high-speed centrifugal magnetic levitation blowers, air-cooled low-pressure screw compressors, and Lida screw vacuum pumps. Optimize product structure to enhance profitability;
- (2) Accelerate the development of new products by continuously expanding into diversified application areas, including oil-free screw blowers, refrigeration series screw compressors and vacuum pumps, and dryers. Implement a steady and proactive approach to product upgrades and transformation;
- (3) Continue to expedite the mass production of screw mainframes, expand R&D efforts for different models, and ensure a stable supply and high yield

rate of key components;

(4) Continuously optimize high-quality after-sales services while leveraging the existing mature distributor network and strategic partnerships to expand sales locations;

(5) Further enhance corporate governance, improve the corporate legal governance structure and internal control mechanisms, and uphold corporate social responsibility principles to achieve sustainable business development.

(6) Maximizing the impact of our limited capital, talent, and time by strategically focusing on high-yield customer segments, while concurrently harnessing digital tools to reduce marginal costs and unlock economies of scale.

3. Research and Development

Since its founding, LIDA has been dedicated to the research, development, and manufacturing of air compressors, pursuing a dual approach of independent innovation and technological collaboration, with a primary focus on developing proprietary technologies.

In production, Lida has successfully improved existing efficiency and techniques, achieving a low-cost, high-quality air compressor manufacturing capability. The company has consistently maintained technical development and cooperative relationships with multiple academic and research institutions to advance air compressor technology.

Looking ahead, Lida plans to develop new products, including high-power screw mainframes, vacuum pumps, oil-free screw blowers, and refrigeration series screw compressors. The company will continue to enhance product efficiency, energy savings, noise reduction, weight reduction, and size optimization, offering a diverse range of models to meet the varied needs of the market and customers.

III. The company's development strategy

1. According to the latest demand on air compressors in the market, the company's current products will be proceeded technological transformation and upgraded to meet the new market demand. Meanwhile, combined with the development trend of air compressors, the new type of energy-saving air compressors will be developed and launched.
2. Based on market change under new trend, the current sales system will be adjusted and improved, increase the professional trainings to upgrade sales capability, communicate and connect with distributors much better by holding distributors' meeting according to market situation, and establish a

sales system and sales mechanism in response to the new market demand.

3. Increase the recruit of high-knowledge and high-quality talents, especially R&D talents; since the company will create a R&D center and a certain-scale R&D team in the future. According to the market situation and development trend on the air compressor, the products that can meet the market demands shall be developed in a timely manner and implement product differentiation strategy.

IV. The impacts including the external competitiveness, rules and regulations and macro-economic environment

The application of air compressors is extensive, leading to a highly competitive market with numerous manufacturers. However, since air compressors serve various industries, each large-scale manufacturer develops its own unique, differentiated products. As a result, while competition exists, it is not purely homogeneous.

As a general-purpose air compressor manufacturer, LIDA primarily serves the industrial manufacturing sector. Beyond simply selling products, the company also offers unique solutions tailored to customers' specific needs, providing differentiated products that give Lida a competitive edge in the air compressor industry.

Lida's products meet national industry standards, with excellent energy efficiency ratings and significant energy-saving and consumption-reducing benefits. Additionally, the raw materials used in production are non-toxic, harmless, and free from chemicals and heavy metal contamination, ensuring compliance with environmental regulations. Since 2024, the real estate market has been in a downturn, with several well-known real estate companies facing financial crises, which has negatively impacted related industries. Additionally, global political instability and China's ongoing industrial restructuring and upgrades have led to the bankruptcy of companies that failed to adapt, as well as the relocation of industries, causing a shrinking customer base and significant operational pressures.

Sincerely,

Chairman: Chien-Leng, Wu

II. Company Profiles

1. Company and Group Profile

(1). Date of Establishment and Group Profile

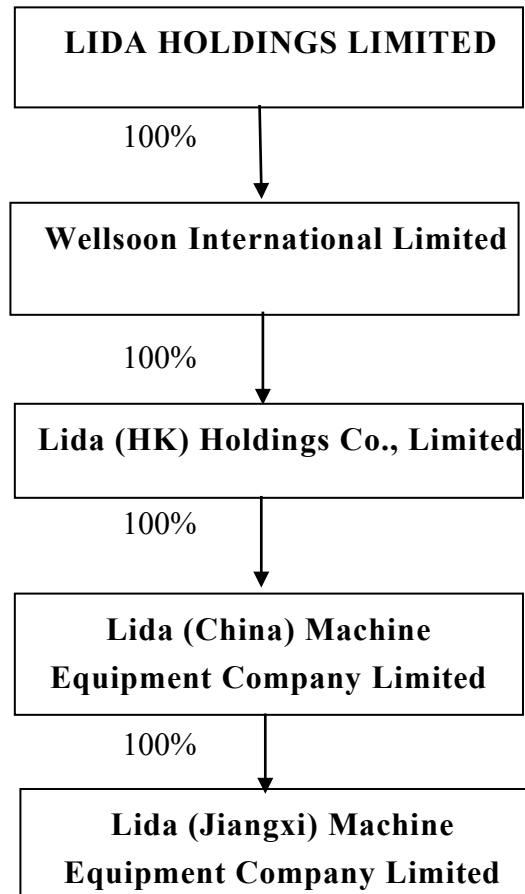
Lida Holdings Limited (hereinafter referred to as “the Company” or “Lida Company”) is a holding company that established in the British Cayman Islands (hereinafter referred to as “Cayman”) on May 11, 2012. Its subsidiaries include Wellsoon International Limited (a holding company) registered in the British Virgin Islands, Lida (Hong Kong) Holdings Co., Ltd. (a holding company) registered in Hong Kong, and Lida (China) Mechanical and Electrical Co., Ltd. and Lida (Jiangxi) Machine Equipment Company Ltd., both registered in Mainland China. The main operating subsidiaries of the Company are Lida (China) Machine Equipment Company Ltd. and Lida (Jiangxi) Mechanical and Electrical Co., Ltd.

The Company’s main businesses are the designs, manufactures and sales of mechanical and electrical products such as air compressors, electric welders and power tools. The products are mainly divided into three categories – piston compressors, screw air compressors and scroll air compressors. We have established an extensive market from the distributors throughout Mainland China. In addition, we also import to other countries through numerous distributors from all over the world.

The Company’s management team has vast experience in the air compressor industry, together with the main brand “Luowei” and along with other own brands selling across Mainland China. The Company has successively won numerous honorary titles such as China Quality Miles Quality Designation Unit and the National Ministry of Agriculture’s National Brand Key Enterprise, Fujian Star Overseas Chinese Enterprise, and China Commodity Trading Center Standardized Management Quality Standard Advance Enterprise. It has also passed the ISO9001 Quality Management System Certification. Our products have received the National General Mechanical

Product Certification, China Compulsory Certification (CCC) while some products received CE, GS, CSA, CUSA certification on quality. Our brand has also won grand titles including China's Well-known Trademark, Fujian's Export Famous Brand, Famous Product Brand of Fujian Province and Fujian's Famous Trademark.

(2) Structure of the Group



2. A Brief History of the Company

Year	Important Events
1993	Started in air compressor industry.
October, 1998	Established domestic-funded enterprise “Fujian Province Quanzhou Lida Machinery Co., Ltd.”.
November, 1997	“Luowei” trademark registration.
October, 1999	“Lida” trademark registration.
March, 2001	Established Sino-foreign equity joint venture “Fujian Province Quanzhou Yida Machine Equipment Company Ltd.”.
June, 2004	“Luowei” received “Famous Product Brand of Fujian Province”.
November, 2006	Reorganization of “Luowei” for “China’s well-known Trademark”.
June, 2009	Established “Lida” (Hong Kong) Holdings Co., Limited.
September, 2009	Established “Wellsoon International Limited” in British Virgin Islands.
December, 2008	Lida received “Famous Product Brand of Fujian Province”.
September, 2010	Lida (Hong Kong) acquired 100% equity interest of Fujian Province Quanzhou Yida Machine Equipment Company Limited in cash; this transaction is a restructuring of the organization within the group.
December, 2010	Changed its name to “Lida (China) Machine Equipment Company Limited”.
February, 2012	Investment in the establishment of “Lida(Jiangxi) Machine Equipment Company Limited”.
May, 2012	Primary listing “Lida Holdings Limited” applied and established in the Cayman islands.
March, 2013	Wellsoon International acquired 100% equity of Lida (Hong Kong) in the form of share swap; this transaction is a restructuring of the organization within the group
August, 2013	Primary listening “Lida Holdings Co., Ltd.” applied 100% equity of Wellsoon International Co., Ltd. with a ratio of 1,551:1.
September, 2013	Lida Holdings Co., Ltd. issued a 5-year secured corporate bond with an equity warrant share capital of USD\$20,000.
February, 2014	The denomination of Lida Holdings Co., Ltd. was changed from USD\$1 to NT\$10. After conversion, the company actually issued 46,554,084 common stocks, with a par value of NT\$10.00 per share and a total share capital of NT\$465,540,840.
May, 2014	Capital surplus to capital increase, the number of shares increased by 29,910,916 shares.
June, 2014	Bonds with attached warrant were converted into share capital, and the number of shares increased by 13,455,000 shares. The total of the converted share capital was NT\$900,000,000.
July, 2014	Jiangxi Lida factory officially opened.
July, 2016	For the initial public offering of cash increase, the number of shares increased by 10,000,000 shares, the total share capital of NT\$1,000,000,000, and was officially listed on the Taiwan Stock Exchange.
February, 2017	Lida Holdings Co., Ltd. started margin trading on February 6, 2017.
June, 2017	Passed the investment plan for producing screw head.

Year	Important Events
May, 2018	Budget was approved for the construction of Quanzhou Lida New Industrial Park plant.
July, 2018	The screw head production plan was officially launched for preliminary mass production.
August, 2018	The build of Lida New Industrial Park plant officially started.
Dec, 2018	Official completion of self-production on spiral machine 30 HP power model and the launch of self-production on 50 HP power model.
June, 2019	Official completion of self-production on spiral machine 50 HP power model and the launch of self-production on 15 and 20 HP power model.
Oct. 2019	Capital increase from earnings by issuing new stocks. The stock dividend was distributed with NT\$1.6 per share. 16,000,000 shares were added. The total capital stock is NT\$1,160,000,000
Nov, 2019	Successful R&D and test run on the star new product, permanent magnet frequency E-type spiral machine and it was officially launched on the market.
Jan, 2020	Official completion of self-production on spiral machine 15 and 20 HP power model and the launch of self-production on 75 HP power model.
June, 2020	Official completion and launch of new low-pressure Variable-frequency screw machine
August, 2021	Completed 10 and 100 hps of screw compressors development and developed 100 hps above production.
September, 2021	Succeeded in developing permanent magnet frequency conversion laser screw compressors and launched in market.
November, 2021	Succeeded in developing permanent magnet frequency conversion laser screw compressors (15HP,30HP,50HP) and launched in market.
December, 2021	Succeeded in developing permanent magnet frequency conversion laser screw compressors (10HP,20HP)and launched in market.
March, 2022	Succeeded in developing permanent magnet frequency conversion laser screw compressors (75HP) and launched in market.
May, 2022	Succeeded in developing direct drive permanent magnet frequency conversion laser screw compressors (10HP 、 15HP 、 20HP 、 30HP 、 50HP) and launched in market.
July, 2023	The new product, a direct-drive permanent magnet variable frequency oil-free screw blower (75HP), has been successfully developed and officially launched.
Oct, 2023	The new product, the C-series permanent magnet variable frequency screw compressor (75HP), has been successfully developed and officially launched.
Feb, 2024	The new Lida Industrial Park facility has officially commenced operations.
Mar, 2024	The single-pole low-voltage permanent magnet variable-frequency screw compressor has been successfully developed and officially launched.
Oct, 2024	The Roway high-speed centrifugal magnetic suspension blower has successfully completed R&D testing and has been officially launched.
Mar, 2025	The proprietary dryer was successfully developed and has entered the market pilot phase. The 50HP Luowei High-Speed Centrifugal Magnetic Levitation Blower was successfully developed and has entered the market pilot phase.
Jun, 2025	The prototype of the Luowei refrigeration compressor was

Year	Important Events
	successfully developed and has entered the market introduction phase.

3. Risk Factors

Please refer to 'VI. Review Analysis and Risk Issues of Financial Status and Operating Results'

III. Corporate Governance Report

1. Information of Directions, Supervisors, General Managers, Deputy General Managers, Assistant General Managers and other Departments and Branch Managers

(1) Information of Directors and Supervisors

i. Information of Directors

Apr 26, 2026

Title	Nationality or Place of Registration	Name	Gender & age	Date First Elected	Elected Date	Term	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relations
Chairman	BVI	Yi Yuan Enterprises Limited		2014.09.28	2023.06.16	3	36,540	31.50	36,540	31.50	—	—	—	—	Oriental Institute of Technology, majored in Electrical Engineering General Manager of Yida Household Appliance Industry Co., Ltd, Quanzhou Deputy General Manager of Lun Dar (holding) Electric Co., Ltd, Taiwan Assistant general manager of Home Appliances Division of Tsann Kuen Enterprise Co., Ltd, Taiwan Technical Manager of Sanyo Electric Co., Ltd, Taiwan	Director of Wellsoon International Limited Director of Lida (HK) Holdings Co., Limited General Manager of Quanzhou Yida House Appliance Industry Co., Ltd Chairman of HKTDC Co., Ltd Chairman of Gain Harvest Development Limited Chairman of Yi Yuan Enterprises Limited	—	—	—
	Taiwan	Representative: Chien-Leng, Wu	Male 61-70				—	—	—	—	—	—	—	—			—	—	—
Director	BVI	Gain Fortune Development Limited		2014.02.19	2023.06.16	3	19,071	16.44	9,571	8.25	—	—	—	—	Huinan High School	Chairman of Lida(China) Machine Equipment Company Limited, Chairman of Lida (Jiangxi) Machine Equipment Company Limited	—	—	—
	China	Representative: Da-Ping, Huang	Male 51-60				—	—	—	—	74	0.06%	—	—			—	—	—
Director	Hong Kong	Wei-Feng, Jiang	Male 41-50	2014.09.28	2023.06.16	3	—	—	—	—	—	—	—	Hong Kong Polytechnic University –Bachelor degree of Global Supply Chain Management American Registered	Oriental Partner Limited Johnny Kong Director of trading department	—	—	—	

Title	Nationality or Place of Registration	Name	Gender & age	Date First Elected	Elected Date	Term	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relations
														Logistician					
Director	Taiwan	Chi-Fai, Tang	Male 51-60	2023.06.16	2023.06.16	3	—	—	—	—	—	—	—	CENTRAL CONNECTICUT STATE UNIVERSITY GRADUATE DIPLOMA OF TOTAL QUALITY MANAGEMENT	General manager of Meidakang (Jiangxi) Electrical Appliance Co., Ltd.	—	—	—	
Independent Director	Taiwan	Xue-Ren, Shen	Male 51-60	2015.03.25	2023.06.16	3	—	—	—	—	—	—	—	Master Degree in Management of Fu Jen Catholic University Investment Assistant general manager of Investment Manager of Chengxin Ventures Co., Limited	Director of Thermaltake Technology Company Director of China Development Financial Independent director of Taiwan Kong King Co., Ltd.	—	—	—	
Independent Director	Taiwan	Zuo-Cheng, Zhang	Male 61-70	2022.11.1	2023.06.16	3	—	—	—	—	—	—	—	Department of Business Administration, National Chengchi University Master of Accounting, University of Colorado Partner of PwC Taiwan United Accounting Firm	CPA of Jiaxin Joint Accounting Firm Director of Yusing holdings Independent Director of CONCRAFT holdings	—	—	—	
Independent Director	Taiwan	Pai-We, Cheng	Female 61-70	2022.11.1	2023.06.16	3	—	—	—	—	—	—	—	Ph.D. in Management, National Kaohsiung University of Science and Technology Master's Program in Financial and Economic Research at Ming Chuan University	Independent director of Wiselink CO., LTD.	—	—	—	

ii. Supervisor: The Company has an Audit Committee, therefore there are no supervisors.

iii. Major shareholders of institutional shareholders :

Apr 26, 2026

Name of Institutional Shareholder	Major Shareholders
Yi Yuan Enterprises Limited	Gain Harvest Development Limited(100%)
Gain Fortune Development Limited	Nina Luo(100%)

iv. Major shareholders of the Company’s major institutional shareholders:

Apr 26, 2026

Name of Institutional Shareholders	Major Shareholders
Gain Harvest Development Limited	Chien-Leng, Wu(33.33%), Mei-Man, Wuchen(33.33%), Tzung-Han, Wu(33.33%)

v. Disclosure of professional qualifications of directors and supervisors and independence of independent directors

Name	Requirement	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of other public listed companies where an individual is concurrently serving as an independent director
Jian-Neng, Wu representative of Yi Yuan Enterprise Co., Ltd.		1. With essential work experience in business management, industry, marketing and company business. 2. Currently the chairman of the company, director of Wilson International Co., Ltd., director of Lida (Hong Kong) Holdings Co., Ltd., vice chairman of Quanzhou Yida Household Appliances Industry Co., Ltd., chairman of Jiakai (Hong Kong) Trading Co., Ltd., Jiaheng Chairman of Development Co., Ltd., Chairman of Yiyuan Enterprise Co., Ltd. 3. Not subject to any of the provisions of Article 30 of the Company Law.	Not applicable	0
Da-Ping, Huang, representative of Defu Development Co., Ltd.		1. With essential work experience in business management, industry, marketing and company business. 2. Currently the chairman of the company, the chairman of Lida (China) Electromechanical Co., Ltd., and the chairman of Lida (Jiangxi) Electromechanical Co., Ltd. 3. Not subject to any of the provisions of Article 30 of the Company Law.	Not applicable	0
Wei-Feng ,Jiang		1. With essential work experience in business management, industry, marketing and company business. 2. Currently the trade director of Xingfeng Food Co., Ltd. 3. Not subject to any of the provisions of Article 30 of the Company Law.	Not applicable	0

Chi-Fai, Tang	<ol style="list-style-type: none"> 1. With essential work experience in accounting, finance, law, corporate governance, and business operations required by the Company. 2. Currently the general manager of Meidakang Jiangxi Electrical Appliance Co., Ltd. 3. Not subject to any of the provisions of Article 30 of the Company Law. 	Not applicable	0
Xue-Ren, Shen	<ol style="list-style-type: none"> 1. With essential work experience in business management, industry, marketing and company business. 2. Current independent director of Taiwan Liangde Electronics Co., Ltd., an independent director of Taiwan Jinshan Electronics Co., Ltd., a director of Thermaltake Technology Co., Ltd., a supervisor of Xianxiang Co., Ltd., and a consultant of Xinye Management Consulting Co., Ltd. 3. Not subject to any of the provisions of Article 30 of the Company Law. 	<ol style="list-style-type: none"> 1. The company's independent directors meet the requirements of independence. 2. Independent directors, their spouses, and their relatives within the second degree have not served as directors, supervisors, or employees of the company, or other related companies; have not held the number of shares of the company; supervisor or employee. 3. No amount of remuneration received for providing business, legal, financial, accounting, and other services to the company or other affiliated companies in recent 2 years. 	3
Zuo-Cheng, Zhang	<ol style="list-style-type: none"> 1. With essential work experience in business management, industry, marketing and company business. 2. CPA of Jiaxin Joint Accounting Firm Director of Yusing holdings Independent Director of CONCRAFT holdings 3. Not subject to any of the provisions of Article 30 of the Company Law. 	<ol style="list-style-type: none"> 1. The company's independent directors meet the requirements of independence. 2. Independent directors, their spouses, and their relatives within the second degree have not served as directors, supervisors or employees of the company or other related companies; have not held the number of shares of the company; supervisor or employee. 3. No amount of remuneration received for providing business, legal, financial, accounting and other services to the company or other affiliated companies in recent 2 years. 	1
Pai-We, Cheng	<ol style="list-style-type: none"> 1. With essential work experience in business management, industry, marketing and company business. 2. Currently the Independent director of Wiselink CO., LTD. 3. Not subject to any of the provisions of Article 30 of the Company Law. 	<ol style="list-style-type: none"> 1. The company's independent directors meet the requirements of independence. 2. Independent directors, their spouses, and their relatives within the second degree have not served as directors, supervisors or employees of the company or other related companies; have not held the number of shares of the company; supervisor or employee. 3. No amount of remuneration received for providing business, legal, financial, accounting and other services to the company or other affiliated companies in recent 2 years. 	1

vi. Diversity and independence of the board of directors :

- (1) Diversity of the board of directors: Describe the diversity policy, goals, and achievements of the board of directors. Diversity policies included but are not limited to director selection criteria, professional qualifications and experience that the board of directors should have, composition or ratio of board members in gender, age, nationality, and cultural, and describe the company's specific goals for the previously disclosed policy and its achievement

Diversity policy of the board of directors: The election of the directors of the company adopts a candidate nomination system. The company claims and respects the strategy of diversification of directors.

In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, it is believed that the diversity policy will help improve the overall performance of the company.

Member of the board

The selection and appointment are all based on the principle of meritocracy, with multiple complementary capabilities across industries, including composition of members with various backgrounds (such as: age, gender, nationality, etc.),

They also have industrial experience and related skills, as well as outstanding capabilities in business judgment, business management, leadership decision-making, and crisis management. To strengthen the role of the board of directors and to achieve the ideal goal of corporate governance, the company's "Corporate Governance Code of Practice" clearly states that the board of directors as a whole should have the following capabilities:

- a. Operation judgment ability
- b. Accounting and financial analysis ability
- c. Operation management ability

- d. Crisis handling ability
- e. Industry knowledge
- f. International market outlook
- g. Leadership ability
- h. Decision-making ability.

Goals of diversity of the board of directors: In addition to the diversity of directors' ability to measure, in terms of gender, there should be at least one female director.

In terms of nationality, under the requirement of more than half of the Taiwanese directors, there must be at least one non-Taiwanese director.

Diversity of the board of directors:

The seven members of the company's board of directors are from various industries such as industry, commerce, financial accounting and investment, and all have rich workplace and academic experiences.

Age distribution: 41-50 years old, 1 person (14%); 51-60 years old, 3 people (33%); 61 years old and above, 3 person (33%). Among them, one is a female director (accounting for 14% of the female directors), and there is one director of Chinese nationality and two directors of Hong Kong nationality (each accounting for 43% of the foreign directors).The company's board of directors has reached a significant result in terms of diversifying its membership.

In the future, the company will keep pursuing diversity in all aspects of the board of directors depending on the operating conditions and development needs.

Our company's Board of Directors consists of seven seats, with one currently held by a female director. While this meets relevant legal requirements, it has yet to reach one-third representation. Due to the nature of the industry, finding suitable

talent in the short term is challenging. Before the board's term expires in 2026 and a new election takes place, we will actively seek talent recommendations through various channels, such as industry and academia, to enhance corporate governance and implement our policy of board diversity.

Item Name	Basic composition								Professional capabilities and industrial experience							
	Nationality	Gender	Employee identity	Age				Seniority as independent director	Operation management	Leadership and decision making	Operation judgment	Emergency handling	International market perspectives	Industrial knowledge	Accounting, Finance	Laws
				30-39	40-49	50-59	Above 60	Below 9 years								
Jian-Neng, Wu representative of Yi Yuan Enterprise Co., Ltd.	Taiwan	Male					V		V	V	V	V	V			
Da-Ping, Huang, representative of Defu Development Co., Ltd.	China	Male			V				V	V	V	V	V			
Wei-Feng, Jiang	Hong Kong	Male		V					V	V	V	V	V			
Chi-Fai, Tang	Hong Kong	Male			V				V	V	V	V	V			
Xue-Ren, Shen	Taiwan	Male			V				V	V	V	V	V		V	V
Zuo-Cheng, Zhang	Taiwan	Male					V	V	V	V	V	V	V		V	V
Pai-We, Cheng	Taiwan	Female					V	V	V	V	V	V	V		V	V

(2) Independence of the board of directors: state the number and proportion of independent directors, explain the independence of the board of directors, and explain whether there is no requirement of Article 26 of the Securities Exchange Law; The matters specified in Items 3 and 4 include stating that there are spouses and relatives within the second degree of relationship between directors, supervisors, or directors and supervisors. Department of the situation. The company has seven directors and three independent directors, accounting for 43% of the total. None of the directors is also a employees or manager, and the board of directors has executive duties and independence of power

All the directors of the company are no spouse or relatives within the second degree of another director. The company has set up an audit committee without supervisors, so there is no securities exchange as Items 3 and 4 of Article 26-3 of the Interim Law.

2. Information of General Managers, Deputy General Managers, Assistant General Managers and other Department and Branch Managers:

Title	Name	Nationality	Gender	Elected Date	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	Ratio	Share	Ratio	Share	Ratio			Title	Name	Relationship
General Manager	Yi-Ping, Chen	China	Male	2014.01.02	—	—	—	—	—	—	Bachelor of Fujian Normal University Deputy general manager of Lida (China) Machine Equipment Company Limited	General manager of Lida (China) Machine Equipment Company Limited General manager of Lida (Jiangxi) Machine Equipment Company Limited Supervisor of Jiujiang Yida Real Estate Co., Ltd. Representative of Midacron (Jiangxi) Electric Co., Ltd.	—	—	—
Chief Financial Officer	Yun-Hsian, Huang	China	Male	2018.03.26	—	—	—	—	—	—	Jimei University School of Finance and Economics Chinese CPA and tax agent Finance director of Tianshou (Fujian) Microfiber Technology Co., Ltd.	CFO of Lida (China) Machine Equipment Company Limited CFO of Lida (Jiangxi) Machine Equipment Company Limited	—	—	—
Senior Manager in Management	Xiao-Ling, Huang	China	Female	2017.03.24	—	—	—	—	—	—	Graduated from Huinan high school	—	—	—	
Sales Manager	Jie-Kun, Jiang	China	Male	2009.08.18	—	—	—	—	—	—	Graduated from Xiujiang high school, Quanzhou Taiwanese Investment Zone	—	—	—	
Technical Director	Dau-Min, Tu	China	Male	2019.07.01	—	—	—	—	—	—	Master of Experimental Mechanics, Nanjing University of Aeronautics and Astronautics	Lida (China) Machine Equipment Co., Ltd. R&D manager	—	—	—
Corporate Governance Officer	Liang-Yu, Chang	Taiwan	Male	2025.01.02	—	—	—	—	—	—	CFO of Aofeng Composites Corp. Manager of KGI Investing Bank Audit of Deloitte CPA	—	—	—	
Audit	Hui-Qian, Wu	China	Female	2023.11.09	—	—	—	—	—	—	Audit of Lida (China) Machine and Lida (Jiangxi) Equipment Company Limited	—	—	—	

2. Most Recent Remuneration for Directors, Supervisors, General Managers, Deputy General Managers

(1) Remunerations of Directors (including independent directors)

Unit: NT\$ thousand, %																					
Title	Name	Directors Compensation								Total Amount and Ratio of Net Profit After Tax (A+B+C+D) (%)	Relevant remuneration received by directors who are also employees								Total Amount and Ratio of Net Profit After Tax (A+B+C+D+E+F+G)		Compensation paid from an invested company other than the Company's subsidiary
		Base Compensation (A)		Severance Pay(B)		Directors Compensation (C)		Allowances (D)			Salary, Bonuses and Allowances(E)		Severance Pay(F)		Employee Compensation(G)						
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement		
		Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock		
Chairman	Yi Yuan Enterprises Limited Representative: Chien-Leng, Wu	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	None	
Director	Gain Fortune Development Limited Representative: Da-Ping, Huang	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	None	
Director	Wei-Feng, Jiang	—	—	—	—	—	43	—	43, 0.02%	—	—	—	—	—	—	—	—	—	43, 0.02%	None	
Director	Chi-Fai, Tang	—	—	—	—	—	43	—	43, 0.02%	—	—	—	—	—	—	—	—	—	43, 0.02%	None	
Independent Director	Xue-Ren, Shen	—	525	—	—	—	43	—	568, 0.24%	—	—	—	—	—	—	—	—	—	568, 0.24%	None	
Independent Director	Zuo-Cheng, Zhang	—	525	—	—	—	43	—	568, 0.24%	—	—	—	—	—	—	—	—	—	568, 0.24%	None	
Independent Director	Pai-We, Cheng	—	525	—	—	—	43	—	568, 0.24%	—	—	—	—	—	—	—	—	—	568, 0.24%	None	

1. Please state the system, policy, standard and structure for the remuneration of independent directors as well as their connection to factors, such as duties, risks and time devoted, and paid amount: The compensation to independent directors consists of the fixed monthly remuneration and transportation fees for attending board meetings. The Company has not yet distributed the directors' remuneration until this year based on the earnings. All independent directors of the Company serve concurrently as members of the audit committee and remuneration committee. Their duties and risks are similar; hence, only "time devoted" is relevant to the remuneration of independent directors.

2. In addition to the table indicated above, please state on the financial statement the remuneration received by Company directors for providing services (such as serving as a consultant with non-employee identity) to all companies in the most recent year: None.

Range of remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of ((A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement
Under NT\$1,000,000	Pai-We, Cheng,Xue-Ren, Shen, Zuo-Cheng, Zhang, Wei-Feng, Jiang, Chien-Leng, Wu, Da-Ping, Huang \ ` Chi-Fai, Tang	Pai-We, Cheng,Xue-Ren, Shen, Zuo-Cheng, Zhang, Wei-Feng, Jiang, Chien-Leng, Wu, Da-Ping, Huang \ ` Chi-Fai, Tang	Pai-We, Cheng,Xue-Ren, Shen, Zuo-Cheng, Zhang, Wei-Feng, Jiang, Chien-Leng, Wu, Da-Ping, Huang \ ` Chi-Fai, Tang	Pai-We, Cheng,Xue-Ren, Shen, Zuo-Cheng, Zhang, Wei-Feng, Jiang, Chien-Leng, Wu, Da-Ping, Huang \ ` Chi-Fai, Tang
NT\$1,000,000 (included)~NT\$5,000,000 (excluded)	-	-	-	-
NT\$5,000,000 (included)~NT\$10,000,000 (excluded)	-	-	-	-
NT\$10,000,000 (included)~NT\$15,000,000 (excluded)	-	-	-	-
NT\$15,000,000 (included)~NT\$30,000,000 (excluded)	-	-	-	-
NT\$30,000,000 (included)~NT\$50,000,000 (excluded)	-	-	-	-
NT\$50,000,000 (included)~NT\$100,000,000 (excluded)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	7	7	7	7

(2) Remunerations of Supervisors: The Company does not have a supervisor; therefore, it is not applicable here.

(3) Remunerations of General Manager and Deputy General Manager

Title	Name	Salary(A)		Severance Pay(B)		Bonus and Allowances(C)		Employee Compensation(D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (note 1)		Compensation paid from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
General Manager	Yi-Ping, Chen	—	2,889	—	604	—	241	—	—	221	—	—	3,955 1.64%	None
CFO	Yun-Hsian, Huang													

(4) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEX listed Company

Title	Name	Salary(A)		Severance Pay(B)		Bonus and Allowances(C)		Employee Compensation(D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (note 1)		Compensation paid from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
General Manager	Yi-Ping, Chen	—	1,681	—	347	—	140	—	—	142	—	—	2,310, 0.96%	None
CFO	Yun-Hsian, Huang	—	1,208	—	257	—	101	—	—	79	—	—	1,645, 0.68%	None
Senior Manager	Siao-Ling, Huang	—	525	—	114	—	44	—	—	94	—	—	777 0.32%	None
R&D Manager	Dao-Ming, Tu	—	2,627	—	-	—	219	—	—	79	—	—	2,925 1.22%	None
Sales Manager	Jie-Kun, Jiang	—	525	—	114	—	1,895	—	—	79	—	—	2,613 1.09%	None

Range of remuneration paid to general managers and deputy general managers	Names of general manager and deputy general manager	
	The Company	All companies in the consolidated financial statement
Under NT\$1,000,000	-	-
NT\$1,000,000(included)~NT\$2,000,000(excluded)	-	Yun-Hsian, Huang
NT\$2,000,000(included)~NT\$3500,000(excluded)	-	Yi Ping, Chen
NT\$3500,000(included)~NT\$5,000,000(excluded)	-	-
NT\$5,000,000(included)~NT\$10,000,000(excluded)	-	-
NT\$10,000,000(included)~NT\$15,000,000(excluded)	-	-
NT\$15,000,000(included)~NT\$30,000,000(excluded)	-	-
NT\$30,000,000(included)~NT\$50,000,000(excluded)	-	-
NT\$50,000,000(included)~NT\$100,000,000(excluded)	-	-
Over NT\$100,000,000	-	-
Total	-	2

Name of the managers distributing employee compensation and allocation

	Title	Name	Stock	Cash	Total	Ratio of total amount to pure profits after tax (%)
Manager	General manager	Yi Ping, Chen	-	473	473	0.20
	Chief Financial Officer	Yun-Hsian, Huang				
	Technical director	Dau-Min, Tu				
	Senior manager in Management	Xiao-Ling, Huang				
	Sales Manager	Jie-Kun, Jiang				

(5) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

- i. Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid the Company and all companies in the consolidated financial statement to net profit after tax:

Unit : NT\$ Thousand

Item	2024				2025			
	Amount (NT\$ thousand)		Ratio of Total Remuneration to Net Income after tax		Amount (NT\$ thousand)		Ratio of Total Remuneration to Net Income after tax	
	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement
Director	1,833	1,833	1.33%	1.33%	1,790	1,790	0.74%	0.74%
General Manager and Deputy General Manager	0	3,987	—	2.89%	0	3,955	—	1.64%
Net income after tax	137,779		1.33%	4.22%	240,602		0.74%	2.38%

In 2025, the total remuneration for directors accounted for 0.74% of the net profit after tax in the consolidated financial report. The total remuneration for the General Manager and Deputy General Managers accounted for 1.64% of the net profit after tax. Compared to 2024, the main reason is the significant increase in net income after tax.

- ii. Remuneration policy, standard and combination, and its connection with combining and setting remuneration, business performance, and relevance to future risks: The independent directors of the Company who also serve as members of the Audit Committee and Remuneration Committee can receive fixed remuneration, and participate in the board of directors to receive attendance fees. The remaining directors do not receive any other remuneration. According to the current Articles of Association, the amount of remuneration for directors shall not be higher than 2% of the pre-tax profit before deducting the distribution of employee and director remuneration in the current year and only be distributed after the review of Remuneration Committee and resolution by the board of directors. No director's remuneration was distributed for 2025. The general manager and deputy general manager are also responsible for the Company's management and

operation. Their remuneration includes (monthly) salary and annual bonus (including employee compensation), of which (month) salary is approved by the Remuneration Committee and the board of directors every year, and annual bonus consists of two items such as year-end bonus and employee remuneration. The year-end bonus is uniformly distributed by the fixed monthly salary based on the standards of management personnel according to the annual year-end bonus distribution policy and regulations. The amount of employee remuneration, in accordance with the current regulations, is based on 0.5% to 3% of the pre-tax profit of the year before deducting the distributed employee remuneration and director remuneration. After confirming the total amount of employee remuneration, the distributable proportion of the general manager and deputy general manager is distributed based on position level and performance evaluation, following the review by the Remuneration Committee and resolution by the board of directors. Therefore, the distribution of employee remuneration is correlated with the Company's operational performance and future risks.

3. Corporate Governance Status

(1) The state of operations of the board of directors

1. The board of directors has held 5 meetings in the fiscal year of 2025; the attendance of directors is shown as below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Chairman	Chien-Leng, Wu	5	0	100%	None
Director	Da-Ping, Huang	3	2	60%	None
Director	Wei-Feng, Jiang	5	0	100%	None
Director	Chi-Fai, Tang	4	1	80%	None
Independent Director	Xue-Ren, Shen	5	0	100%	None
Independent Director	Zuo-Cheng, Zhang	5	0	100%	None
Independent Director	Pai-We, Cheng	4	1	80%	None

Other matters to be recorded

1. During operations of the Board of Directors, the meeting date, period, content, qualified opinion and resolution made by any independent director should be specified.

(1) Matters specified in Article 14.3 of the Taiwan Securities and Exchange Act: None

(2) Other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: None

2. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded: None

3. The self-evaluation (peer review) cycle, period, scope, method and contents pertaining to the board of directors and the implementation status for the board's evaluation:

The Company has established "Rules for Performance Evaluation of Board of Directors" to implement the corporate governance and enhance the effectiveness of the board of directors and functional committee. The evaluation was implemented in the end of 2025 according to the "Rules for Performance Evaluation of Board of Directors" and the result was submitted to the board of directors on March 13, 2026. In 2025, the Company engaged the Taiwan Investor Relations Institute (TIRI) to conduct a board performance evaluation and issue a certification.

Cycle	Duration	Scope	Method	Content	Result
At least once a year	January 1, 2025 to December 31, 2025	Performance Evaluation of the Board of Directors	Members of the Board of Directors Self-assessment of the Board of Directors	1. Devotion in the company's operations. 2. Improve the quality of decision-making of the board of directors. 3. Composition and structure of the board of directors. 4. Election and on-the-job training for directors. 5. Internal control.	The board of directors functions quite well.
At least once a year	January 1, 2025 to December 31, 2025	Performance evaluation of individual directors	Board members self-assessment	1. Master the company's goals and tasks. 2. Responsibilities of directors. 3. Devotion in the company's operations. 4. Internal relationship management and communication. 5. Professional and continuing education of directors. 6. Internal control.	The board of directors functions quite well.

At least once a year	January 1, 2025 to December 31, 2025	Performance evaluation of functional committees	Self-assessment by members of the Audit Committee	a. Degree of participation in the company's operations b. Cognition of Audit Committee's Responsibilities c. Improve the decision-making quality of the audit committee. d. The composition and selection of members of the Audit Committee e. Internal control	Audit Committee functions quite well.
At least once a year	January 1, 2025 to December 31, 2025	Performance evaluation of functional committees	Self-assessment by members of the Remuneration Committee	a. Degree of participation in the company's operations b. Cognition of Remuneration Committee Responsibilities c. Improve the decision-making quality of the Remuneration committee. d. Election of members, and composition of members of the Remuneration Committee e. Internal control	Members of the remuneration functions quite well
At least once a year	January 1, 2025 to December 31, 2025	Performance evaluation of functional committees	Self-assessment by members of the Sustainability Development Committee	a. Degree of participation in the company's operations b. Cognition of Sustainability Development Committee Responsibilities c. Improve the decision-making quality of the Sustainability Development committee. d. Election of members, and composition of members of the Sustainability Development Committee e. Internal control	Members of the Sustainability Development functions quite well

4. Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc.) and conducting performance assessment:

(1) In order to improve the functions of the Board of Directors and establish achievement targets to enhance efficiency, the Company has approved the “Regulations on Board Meetings” as a guideline for the operation of the Board of Directors, and has elected three independent directors through the shareholders’ meeting. The Company has established an audit committee, salary compensation committee and sustainability development committee to further improve the corporate governance structure. The Company has stipulated the “Regulations Governing Procedure for Board of Directors Meetings” as the guidelines for the operation of board meeting, and has elected 3 independent directors through the shareholders’ meeting. The Audit Committee and Remuneration Committee have been established as well to further improve the effectiveness of the board of directors.

(2) The Company has a dedicated spokesperson and deputy spokesperson and has designated people for collection and disclosure of information. The Company also has planned to establish a public information network reporting operation system to ensure that information that may affect the decision-making of shareholders and stakeholders can be promptly disclosed. The Company’s 7 directors (including 3 independent directors) have all conformed to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies” and completed the continuing education hours.

The continuing education hours and lecture content have been disclosed on the Market Observation Post System.

- (3) In order to strengthen the efficiency of the board of directors' operations, the Company has established the "Rules for Performance Evaluation of Board of Directors". The evaluation was implemented in the end of 2025 according to the "Rules for Performance Evaluation of Board of Directors" and the result was submitted to the board of directors on March 13, 2026. The "Rules for Performance Evaluation of Board of Directors" approved by the board of directors on December 20, 2022 stipulates that an external evaluation should be conducted at least once every three years. The Company has appointed Taiwan Investor Relations Institute in 2025 to conduct an external evaluation and has issued the performance evaluation certificate and the external evaluation report on January 9, 2026.
- (4) The Company follows the relevant regulations of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" to announce the material information on the Market Observation Post System after the board meeting, ensuring the public which engage in the investment can access the information timely.
- (5) As of December 31, 2025, among the three independent directors, except for Independent Director Shen Xue-ren, who is serving his fourth consecutive term, the other two independent directors have not served more than three consecutive terms

- (2) The state of operations of the audit committee or the state of participation in board meetings by the supervisors : The Audit Committee has held 5 meetings in the fiscal year of 2025; the attendance of directors is as shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Independent Director	Xue-Ren, Shen	5	0	100%	None
Independent Director	Zuo-Cheng, Zhang	5	0	100%	None
Independent Director	Pai-We, Cheng	4	1	80%	None

Other matters to be recorded:

1.If any of the following situations occurs in the operation of the audit committee, the audit committee meeting date, period, content of proposals, the objective opinions, reservations or major proposals of independent directors, the audit committee's resolutions, and the Company's approval of the audit committee's resolution, shall all be stated. Handling of comments:

2.(1) Matters listed in Article 14-5 of the Securities and Exchange Act: None.

Date	Proposal content	Resolution result	Company's resolution of Audit Committee's opinions
The 12 th meeting of the Fifth committee, March 14 th , 2025	1 The Company's Annual Operation Report and Consolidated Financial Statements for the year 2024. 2 The Company's Proposal for the Distribution of Earnings for the year 2024. 3 Proposal for the 2024 Earnings Distribution Plan. 4 Proposal for the Amendments to the Memorandum and Articles of Association of the Company. 5 Proposal for the Evaluation of the Independence and Competence of the Newly Appointed Certifying Accountant. 6 Proposal for the Ratification of the Subsidiary's Bank Financing Limit.	Approved by all present members unanimously	Already implemented according to the resolution
The 13 th meeting of the Fifth committee, May 13 th , 2025	1 The Company's Consolidated Financial Statements for the First Quarter of 2025 of the Company. 2 Proposal for the Earnings Distribution of the Subsidiary	Approved by all present members unanimously	Already implemented according to the resolution
The 14 th meeting of the Fifth committee, Aug 21 th , 2025	1 The Company's consolidated financial statements for the first half of 2025. 2 The distribution of profits of the Company's subsidiaries 3 Proposal for the Subsidiary's Bank Financing Limit 4 Proposal to Amend the Company's " Financing Cycle 5 Proposal for the approval of the Company's 2024 Sustainability Report.	Approved by all present members unanimously	Already implemented according to the resolution
The 15 th meeting of the Fifth committee, Nov 12 th , 2025	1 the Company's consolidated financial statements for the third Quarter of 2025. 2 Proposal to Establish the General Principles for the Company's Pre-Approval Policy on Non-Assurance Services	Approved by all present members unanimously	Already implemented according to the resolution
The 16 th meeting of the Fifth committee, Dec 30 th , 2025	1 Establishment of the Company's "Audit Plan for the Year 2026." 2 Proposal for the Subsidiary's Bank Financing Limit.	Approved by all present members unanimously	Already implemented according to the resolution

(2) Other resolutions that have not been approved by the Audit Committee, but approved by more than two-thirds of all directors: None.

2. When having independent directors avoid personal interests in reviewing proposals, the names of independent directors, content of the proposal, reasons for recusal of interests, and participation in the proposal should all be stated: None.

3. How independent directors communicate with internal audit supervisors and accountants should be explained (should include major events, methods and results of communication on the company's financial and business conditions):

(1) Communication between independent directors and internal audit supervisor:

A. The monthly audit report completed by internal auditors according to the audit plan shall be delivered to

- independent directors for review by email or in person before the end of the following month.
- B. Internal auditors shall regularly summarize internal audit reports to the Audit Committee on a quarterly basis.
- C. Independent directors communicate and discuss the company's internal audit implementation status and internal control operation with internal auditors through telephone, email or face-to-face from time to time.
- D. Should an unexpected incident arises, it will also be reported to the independent directors immediately.
- E. There is no special situation in 2025 The communication between the independent directors of the company and the audit supervisor is good, and the independent directors have no objections. A summary of previous communications is as follows:

Date	Communication key points	Communication Result
March 14, 2025	Audit report	Independent directors have no objection. Report to the Board of Directors after reporting to the Audit Committee.
May 13, 2025	Audit report	Independent directors have no objection. Report to the Board of Directors after reporting to the Audit Committee.
August 21, 2025	Audit report	Independent directors have no objection. Report to the Board of Directors after reporting to the Audit Committee.
November 12, 2025	Audit report	Independent directors have no objection. Report to the Board of Directors after reporting to the Audit Committee.
December 30, 2025	Set up 2026 annual audit plan and audit report	Independent directors have no objection. Report to the Board of Directors after reporting to the Audit Committee.

(2) Communication between independent directors and accountants :

- A. Accountants will attend the audit committee and report the financial statement review (check) results and other matters to the independent directors Communication matters required by relevant laws and regulations.
- B. If there is any unexpected incident, it should be reported to the independent directors immediately.
- C. No special situation occurred in 2025. The company's independent directors and certified accountants maintained good communication with each other, and the independent directors have no opinions. The following table summarizes the previous communication situations:

Date	Communication keypoints	Communication Result
March 14, 2025	1. The accountants explain the audit results of the 2024 consolidated financial report and discuss the audit findings. 2. The accountant discusses and communicates with the questions asked by the audit committee and participants.	Independent directors have no objection. After the 2024 consolidated financial report is approved by the audit committee, it will be submitted to the board of directors for resolution.
May 13, 2025	1. Accountants explain the results of the review of the consolidated financial report for the first quarter of 2025, and discuss the findings of the review. 2. The accountant discusses and communicates with the questions asked by the audit committee and participants.	Independent directors have no objection. The consolidated financial report for the first quarter of 2025 is approved by the audit committee, it will be submitted to the board of directors for resolution.
August 21, 2025	1. Accountants explain the results of the review of the consolidated financial report for the second quarter of 2025, and discuss the findings of the review. 2. The accountant discusses and communicates with the questions asked by the audit committee and participants.	Independent directors have no objection. The consolidated financial report for the second quarter of 2025 is approved by the audit committee, it will be submitted to the board of directors for resolution.
November 12, 2025	1. Accountants explain the results of the review of the consolidated financial report for the third quarter of 2025, and discuss the findings of the review. 2. The accountant discusses the questions asked by the audit committee and communicates with participants.	Independent directors have no objection. The consolidated financial report for the third quarter of 2025 is approved by the audit committee, it will be submitted to the board of directors for resolution.

(3) The state of the Company’s implementation of corporate governance, any discrepancy of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for any such departure:

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has based on the “Corporate Governance Best-Practice Principles” through the board of directors and adhered to the principle of safeguarding shareholders’ rights and strengthening the functions of the board of directors. Respect the interests of stakeholders and improve the transparent information. The Company has also set up relevant corporate governance regulation such as “Rules of the Board of Directors”, “Organization Rules for the Compensation Remuneration Committee”, “Directors Election Measures”, “Administrative Measures for the Prevention of Internal Transactions”, “Internal Audit Management Measures”, “Ethical Code of Conduct”, “Code of Integrity” and “Corporate The Code of Practice for Social Responsibility”, the Board of Directors also follows the responsibilities assigned by shareholders to help the Company’s operations and effectively supervise the management functions of each department. After the public release in the future, the company will disclose the Company’s major information in accordance with relevant laws and regulations, and periodically disclose financial and non-financial information.	No difference
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has appointed a dedicated shareholders service agency to handle the shareholding matters in Taiwan and a spokesperson for shareholders’ proposals. The relevant internal operating procedures will be set up to deal with shareholders’ suggestions, doubts, disputes and litigation matters.	No difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company monitors the directors, general manager and shareholders who hold more than 5% of the shares.	No difference
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The Company has established a relevant control mechanism in accordance with the Company’s internal control system and the management of related persons.	No difference
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established an Insider Trading Policy to prohibit insiders from using market undisclosed information to buy or sell securities.	No difference
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board developed a diversified policy, concrete management goal and implemented for the composition of its members?	✓		(1) The composition of the board of directors of the Company is based on its own operations, operation patterns, and development needs. It is composed of corporate leaders, business management experts, investment experts, legal experts and financial accounting experts.	No difference
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2) The Company currently has a compensation committee and an audit committee and sustainability development committee at present. Other functional committees will be established according to actual needs in the future.	No difference
(3) Has the Company established performance evaluation regulations for the board of directors as well as evaluation methods, and conducted performance evaluation annually and submitted the performance evaluation results to the board of directors for reference in determining the salary, remuneration and nomination	✓		(3) In 2020, the Company had established rules and procedures for the Board of Directors’ performance assessment to evaluate performance and had submitted the performance assessment result to Board of Directors and upload to public declaration system. The results of the 2025 Board of Directors performance evaluation have been reported to the Board and uploaded to the public disclosure	No difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>of individual directors for re-election?</p> <p>(4) Does the Company regularly evaluate the independence of CPAs?</p>	✓		<p>system</p> <p>(4) The Audit Committee conducts an annual evaluation of the independence of the certifying accountant and reports the results to the Board of Directors. On March 14, 2025, during the eighth meeting of the sixth Board of Directors, the company reviewed the audit quality indicators (AQIs) of the accounting firm and the accountant review checklist. The review included an assessment of independence requirements, operational independence, and competence. Following this evaluation, the Board approved the proposal on the independence and competence of the company's certifying accountant</p>	No difference
<p>4 Has the TWSE/TPEX-listed company set up a dedicated (or concurrent) corporate governance unit or appointed personnel responsible for handling matters related to corporate governance (including but not limited to providing the required information for directors and supervisors to carry out their business, handling matters related to corporate registration as well as changes in corporate registration, and taking the minutes of meetings)?</p>	✓		<p>A Corporate Governance Officer has been appointed to handle matters related to the meetings of the Board of Directors and Shareholders, company registration and changes in registration, and the preparation of minutes for Board and Shareholder meetings.</p>	No difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
5. Does the Company establish communication channels and dedicate section for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	✓		The Company maintains good communication channels with its correspondents, suppliers and other stakeholders and has designated people to handle matters of the Company’s external relations and with stakeholders. The Company has set up a stakeholder area on its website to properly respond any concerns there might appear. The most recent communication with stakeholders was reported to the Board of Directors on December 30, 2025.	No difference
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholders service agency in Taiwan to handle shareholder affairs and matters related to the shareholders’ meetings.	No difference
7. Disclosure of information				
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company has set up a corporate website and will continue disclose information related to the Company.	No difference
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	✓		(2) The Company has designated people to handle information on collection and disclosure, and implement a spokesperson system.	No difference
(3) Did the Company announce and declare its annual financial statement within two months at the end of the accounting year as well as its Q1, Q2 and Q3 financial statements and monthly operational status prior to the deadline specified in the regulation?		✓	(3) The Company did not announce and declare its annual financial statement within two months after the end of the accounting year. However, the Company announced its Q1, Q2, Q3 financial statements and monthly business reports in advance and within the deadline specified in the regulation.	The company's 2024 and 2025 financial report was announced and filed within the required period of 75 days after the end of the fiscal year.

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>(1) Interests and rights of employees: The employee handbook and the Company’s welfare policy are clearly stated in accordance with the law with employees’ rights, obligations and benefits in order to safeguard their rights and interests.</p> <p>(2) Care for employees: Social insurance is provided according to the relevant regulations of the local government to ensure employees’ welfare. Regularly organize gatherings and recreation and other activities in order to balance their physical and mental health.</p> <p>(3) Investor relations: Keep smooth communication channels with investors, suppliers and stakeholders and maintain their legitimate rights and interests.</p> <p>(4) Supplier relationship: The Company maintains good relations with suppliers at all times and have established Supplier Manager Policy.</p> <p>(5) Relationship with stakeholders: Stakeholders communicate with the Company and give proposals to protect their legal rights and interests.</p> <p>(6) Continuing education opportunities for directors and supervisors: The directors of the Company have all participated in corporate governance related courses, and there are no supervisors.</p> <p>(7) Implementation of risk management policy and risk measurement standards: Various internal regulations are created for risk management and evaluation, and are carried out to prevent and reduce any possible risks.</p> <p>(8) Implementation of customer policies: There is a specific department for handling customer enquiries and complaints.</p> <p>(9) Liability insurance for the Company’s directors and supervisors:</p>	No difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			Liability insurance is covered for directors.	
9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explains the amendments or propose the priority measurements to the items which have not been improved (unnecessary for the excluded companies):	✓		Following the 2025 Corporate Governance Evaluation, the Company conducted a comprehensive review to enhance information transparency, strengthen board architecture, and practice ESG-driven corporate social responsibility. Notably, we have issued our Sustainability Report this year, and are on track to finalize the report and execute carbon emission assurance workflows within the legally mandated timeframe.	No difference

(4) If the Company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

1. Information of committee members of the Compensation

Title	Requirement Name	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of other public listed companies where an individual is concurrently serving as an independent director
Convener Independent Director	Zuo-Cheng, Zhang	Note 1	1. The salary committee of the company meets the requirements of independence. 2. The remuneration committee member, his spouse, and his relatives within the second degree have not served as directors, supervisors or employees of the company or other related companies; have not held shares of the company; have not served as directors, supervisor, or employee of companies that have specific relationship with the company. 3. No amount of remuneration received for providing business, legal, financial, accounting, and other services to the company or other affiliated companies in recent 2 years.	1

Independent Director	Xue-Ren, Shen	Note 1	1. The salary committee of the company meets the requirements of independence. 2. The remuneration committee member, his spouse, and his relatives within the second degree have not served as directors, supervisors or employees of the company or other related companies; have not held the number of shares of the company; have not served as directors, supervisor or employee of companies with a specific relationship with the company. 3. No amount of remuneration received for providing business, legal, financial, accounting and other services to the company or other affiliated companies in recent 2 years.	3
Independent Director	Pai-We, Cheng	Note 1	1. The salary committee of the company meets the requirements of independence. 2. The remuneration committee member, his spouse, and his relatives within the second degree have not served as directors, supervisors or employees of the company or other related companies; have not held the number of shares of the company; have not served as directors, supervisor or employee of companies with a specific relationship with the company. 3. No amount of remuneration received for providing business, legal, financial, accounting and other services to the company or other affiliated companies in recent 2 years.	1

Note 1: The members of the company's remuneration committee are all independent directors. For their professional qualifications and experience, please refer to the relevant contents of Directors and Supervisors Information (1) on page 7.

- (1) Responsibilities of the Remuneration Committee: The Remuneration Committee will faithfully perform the following duties with the attention of a good manager, and submit its recommendations to the board of directors for discussion
- (2) Formulate and regularly review the policies, systems, standards and structures for performance evaluation and salary remuneration of directors and managers.
- (3) Regularly evaluate and determine the remuneration of directors and managers. The Salary and Remuneration Committee shall be convened by the convener at least twice a year, and may be held at any time as needed.

ii. Operation status of the Compensation Committee

A. There are 3 members in the Company's Compensation Committee.

B. Current Term: From June 16, 2023 to June 15, 2026.

The Compensation Committee held 3 meetings in the recent year up to the date of printing of the annual report, the qualifications and attendance of the committee are shown as follows:

Title	Name	In-Person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Convener	Zuo-Cheng, Zhang	3	0	100%	None
Independent director	Xue-Ren, Shen	3	0	100%	None
Independent director	Pai-We, Cheng	3	0	100%	None
Other mentionable items:					
<p>1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.</p> <p>2. Resolutions of the remuneration committee objected by members or expressed reservation and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinions should be specified: None.</p>					

C. Proposals and resolutions

Date convey	Proposals	Resolution	The Company's opinion
2025/03/14	The company's 2024 employee remuneration and director remuneration distribution plan	The proposal was acknowledged by the chairperson in the presence of all members and approved with no dissenting opinion.	The proposal has been implemented according to the resolution.
	The company's 2024 employee performance appraisal case	The proposal was acknowledged by the chairperson in the presence of all members and approved with no dissenting opinion.	The proposal has been implemented according to the resolution.
2025/11/12	The company's 2024 employee remuneration distribution plan	The proposal was acknowledged by the chairperson in the presence of all members and approved with no dissenting opinion.	The proposal has been implemented according to the resolution.
2025/12/30	Proposal to submit the Fixed Monthly Salary for	The proposal was acknowledged by	The proposal has been

	Management Personnel for the Year 2026 to the Company.	the chairperson in the presence of all members and approved with no dissenting opinion.	implemented according to the resolution.
	Review Policy and Procedures for distribution of the Year-end Bonus to employees of the Group for the Year 2025.	The proposal was acknowledged by the chairperson in the presence of all members and approved with no dissenting opinion.	The proposal has been implemented according to the resolution.
	Proposal to Submit the Year-end Bonus Distribution for Management Personnel of the Company for the Year 2025.	The proposal was acknowledged by the chairperson in the presence of all members and approved with no dissenting opinion.	The proposal has been implemented according to the resolution.

(5)The state of the company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
1. Does the Company establish a governance structure to achieve sustainable development, and set up a dedicated (part-time) unit to promoted sustainable development, which is authorized by the Board of Directors to handle senior management, and supervised by the board of directors?	✓		<p>On November 12, 2025, the Board of Directors approved the establishment of the Sustainability Development Committee. The Group General Manager's Office serves concurrently as the governance unit responsible for promoting sustainable development. This unit is managed directly by the Chairman and collaborates with senior executives from various departments to review the Company's core operational capabilities, formulate mid-to long-term sustainable development plans, and drive related initiatives in conjunction with human resources, production, and other units.</p> <p>By the end of each year, the Company shall report its sustainable development achievements and future work plans to the Sustainability Development Committee and the Board of Directors. A total of two meetings were held in 2025, and the proposals included: (1) Approval of the Company's 2024 Sustainability Report; (2) Identification of sustainability material topics and formulation of corresponding action plans; (3) Execution status of the Company's sustainable development initiatives in 2025; (4) Stakeholder communication status of the Company in 2025; (5) Risk management operations of the Company in 2025; (6) Materiality analysis for the Company's 2025 Sustainability Report.</p>	No major discrepancy.

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Description							
			The Board of Directors regularly receives reports from the management team (including ESG reports) and requires the management to propose company strategies. The Board must assess the potential success of these strategies, frequently review their progress, and urge the management team to make adjustments when necessary.							
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations according to the principle of materiality, and formulate relevant risk management policies or strategies?	✓		<p>The Company and its subsidiaries follow the overall operational guidelines and policies to identify various risks in the areas of environment, society, and corporate governance. A comprehensive risk identification mechanism is established to timely discover and identify risks through risk assessment, risk monitoring, and risk warning systems. Corresponding contingency plans and countermeasures for potential risks are formulated in advance to minimize any risks that could impact the sustainable development of the Company.</p> <p>Based on the assessment of risks, the following risk management policies or strategies are formulated:</p> <table border="1"> <thead> <tr> <th>Major issues</th> <th>Risk assessment items</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and management</td> <td>1. Through the implementation of process safety management and institutionalized management cycles, the company effectively reduces pollution emissions and mitigates environmental</td> </tr> </tbody> </table>	Major issues	Risk assessment items	Remarks	Environment	Environmental impact and management	1. Through the implementation of process safety management and institutionalized management cycles, the company effectively reduces pollution emissions and mitigates environmental	No major discrepancy.
Major issues	Risk assessment items	Remarks								
Environment	Environmental impact and management	1. Through the implementation of process safety management and institutionalized management cycles, the company effectively reduces pollution emissions and mitigates environmental								

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
				<p>impacts.</p> <p>2. The company has implemented ISO 14001 environmental and energy management verification and regularly obtains certifications.</p> <p>3. Annual planning includes an internal audit plan to ensure compliance with relevant environmental regulations and to inspect operations to ensure compliance with regulations.</p>
			<p>Society</p> <p>Workplace safety</p>	<p>The Company promotes the concept of environmental protection and 6S (sorting, straightening, sweeping, standardizing, sustaining, safety) and continuously implements it in various daily management tasks. Additionally, safety management training is provided to employees and supervisors, with annual activities such as disaster prevention drills, first aid training, and occupational</p>

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Description													
			<table border="1"> <tr> <td></td> <td></td> <td>safety seminars organized for the staff.</td> </tr> <tr> <td></td> <td>Product safety</td> <td>The air compressor products produced by the Company is categorized as industrial machinery. Their marketing and labeling adhere to local government regulations, and we have established a customer complaint handling procedure to provide customers with a sound complaint channel.</td> </tr> <tr> <td>Corporate Governance</td> <td>Social, Economic, and Legal Compliance</td> <td>By establishing a governance structure and implementing internal control mechanisms, we ensure that all personnel and operations of the Company adhere strictly to relevant legal regulations.</td> </tr> <tr> <td></td> <td>Enhancing Director's Functions</td> <td> <ol style="list-style-type: none"> The Company plans relevant training topics for directors, providing them with updates on the latest laws, regulations, institutional developments, and policies on an annual basis. The Company obtains directors' liability insurance </td> </tr> </table>			safety seminars organized for the staff.		Product safety	The air compressor products produced by the Company is categorized as industrial machinery. Their marketing and labeling adhere to local government regulations, and we have established a customer complaint handling procedure to provide customers with a sound complaint channel.	Corporate Governance	Social, Economic, and Legal Compliance	By establishing a governance structure and implementing internal control mechanisms, we ensure that all personnel and operations of the Company adhere strictly to relevant legal regulations.		Enhancing Director's Functions	<ol style="list-style-type: none"> The Company plans relevant training topics for directors, providing them with updates on the latest laws, regulations, institutional developments, and policies on an annual basis. The Company obtains directors' liability insurance 	
		safety seminars organized for the staff.														
	Product safety	The air compressor products produced by the Company is categorized as industrial machinery. Their marketing and labeling adhere to local government regulations, and we have established a customer complaint handling procedure to provide customers with a sound complaint channel.														
Corporate Governance	Social, Economic, and Legal Compliance	By establishing a governance structure and implementing internal control mechanisms, we ensure that all personnel and operations of the Company adhere strictly to relevant legal regulations.														
	Enhancing Director's Functions	<ol style="list-style-type: none"> The Company plans relevant training topics for directors, providing them with updates on the latest laws, regulations, institutional developments, and policies on an annual basis. The Company obtains directors' liability insurance 														

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			<p>for directors to safeguard them in cases of litigation or claims.</p> <p>Stakeholder Communication</p> <ol style="list-style-type: none"> To avoid misunderstandings and mitigate operational or litigation risks arising from differences in positions between stakeholders and the Company, we analyze important stakeholders and their key concerns annually. We establish various communication channels to actively engage in dialogue and reduce confrontation and misunderstandings. This includes setting up an investor mailbox handled by a spokesperson responsible for responding to inquiries. 	
<p>3. Environmental issues</p> <p>(1) Does the Company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	<p>✓</p> <p>✓</p>		<p>Each plant of the Company has encouraged and implemented 6S (organizing, rectification, cleaning, literacy, safety), complied to the local environmental protection regulations and introduced ISO14001 environmental management system certification.</p> <p>The company has implemented the ISO 50001 Energy Management System certification and will continue to obtain certification regularly.</p> <p>In the air compressor industry, there is no specific practice</p>	<p>No major discrepancy.</p> <p>No major discrepancy.</p>

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(3) Does the Company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues?	✓		<p>of recycling materials. The Company focuses on strict control of the production process to minimize raw material consumption. Additionally, for waste generated during the production process, such as iron parts, those that can be reused are fully utilized, while others are collected, stored, and sold for appropriate disposal. In terms of water and electricity consumption during production, the Company aims to reduce usage by improving production efficiency and adjusting the product line (shifting from piston machines to screw machines). For water and electricity usage in office areas, the Company implements the following measures:</p> <ol style="list-style-type: none"> 1. Encouraging employees to develop habits of turning off lights and shutting down devices when not in use. 2. Promoting video conferencing to reduce energy consumption associated with staff commuting. 3. Using fans instead of air conditioning whenever possible during the summer. <p>The issue of climate change has become the main trend of the world; energy saving and carbon reduction have become a problem that all enterprises shall face with. New models have been developed. The original main products have been upgraded from piston to screw type of compressors with higher efficiency. There have been certain achievements. We will continue to develop energy-saving products to cope with future risks and opportunities.</p>	No major discrepancy.

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(4) Does the Company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?	✓		(1) After examining the company's greenhouse gas emissions were 4,428 metric tons of CO2e in 2024, the greenhouse gas emissions were 4,345 metric tons of CO2e in 2025, the total water consumption was 182,570 metric tons in 2024, and the total water consumption was 187,350 metric tons in 2025. The remaining material produced by the company is steel, which can be reusable. (2) The main energy used in the Company's production is electricity, which is not an energy-consuming industry. The production process does not generate a large amount of waste water. They are mainly domestic water and waste, and the amount is limited. However, the use of air-conditioning and lighting is controlled by management unit of the Company, including 1. continuously promoting energy-saving and water-saving concepts among employees to reduce water and electricity consumption 2. Avoiding unnecessary use of air conditioning in office areas, and when it is necessary, setting the air conditioning to an appropriate temperature. 3. Encouraging employees to turn off lights, air conditioning, and computers when leaving work, with penalties for non-compliance.	No major discrepancy.
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The company abides by the laws and regulations of each its location, and follows internationally recognized human rights norms and principles including "United Nations Universal Declaration of Human Rights", "The United Nations Global Compact" and the "Declaration of Fundamental Principles and Rights at Work" of the International Labor Organization. International human rights conventions to formulate the approach of Company's "human rights policy".	No major discrepancy.

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	✓		<p>(1) Employee welfare measures and implementation</p> <p>1. Employee welfare measures</p> <p>(1) The company trains and promotes staffs' development and promotion.</p> <p>(2) The excellent employees are appraised and commended every year.</p> <p>(3) Give certain awards to those with outstanding work performance, thereby encouraging the enthusiasm of employees.</p> <p>(4) The Company pays social insurance regularly for employees.</p> <p>(5) There are living and entertainment facilities such as staff dormitories, basketball courts, temporary childcare places, and staff welfare clubs in the factory to provide a comfortable and pleasant working and living environment.</p> <p>2. Further study and training status</p> <p>The Company conducts induction training for all employees, including factory regulations, environmental protection, 6S (organizing, rectification, cleaning, literacy, safety) concept advocacy, etc. Carry out professional training regularly for employees to improve their personal ability and enhance their overall quality; invite dealers with excellent performance to share sales skills and after-sales service experience to improve the service quality of each dealer. Provide internal or external professional training opportunities for full-time employees to improve individual qualities and work skills.</p> <p>3. Retirement system and implementation</p> <p>The main operating of Company's location is in China. According to the relevant laws and regulations of China, the Company makes monthly contributions and pays five types of social insurance</p>	No major discrepancy.

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>funds including endowment insurance for employees to the local social security bureau. As employees reach the legal retirement age, they can apply for pension from the social security bureau. According to the regulations of the local government, the Company shall handle the retirement procedures for employees who have reached retirement procedures.</p> <p>4. The agreement between labors and Company, various measures to protect the rights and interests of employees. The Company has upheld great importance of the rights and interests to employees, communicated with employees actively, and strove for humanized management. Employees can express their opinions through meeting, email or mailbox at any time. The communication channels are smooth between labor and management.</p> <p>(2)Performance of enterprise or achievements are reflected appropriately in the remuneration of employees.</p> <p>1. The Company allocates 0.5% to 3% of the annual profit as employee remuneration each year. The Company's employee remuneration accounts for 2025 and 2024 are NT\$1,607 thousand and NT\$1,111 thousand.</p> <p>(1) The Company promotes the concept of environmental protection, 6S (sorting, rectification, cleaning, literacy, safety) and continues to fulfill it in daily management; in addition, it provides safety management training for on-the-job employees and supervisors.</p> <p>(2) The number of cases, employees and the ratio to the total number of employees in the current year, and related improvement measures: No such situation.</p>	No major discrepancy.

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(4) Does the Company provide its employees with career development and training sessions?	✓		(1) The Company conducts induction training for all employees, including factory regulations, environmental protection, 6S (organizing, rectification, cleaning, literacy, safety) concept advocacy, etc. Carry out technical and safety management training for employees and supervisors with combination of employees' individual career development plan to improve their personal ability and enhance their overall quality; invite dealers with excellent performance to share sales skills and after-sales service experience to improve the service quality of each dealer. Provide internal or external professional training opportunities for full-time employees to improve individual qualities and work skills.	No major discrepancy.
(5) Does the Company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulates relevant policies and procedures to protect consumer rights and handling complaints?	✓		(2) The Company launches various education and training in accordance with the annual education and training plan. The air compressor products produced by the Company are classified as industrial machinery; marketing and labeling are in accordance with the local government's regulations, establish customers complaint procedures, which have provided customers with a complete complaint channel.	No major discrepancy.
(6) Does the Company formulate and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights?	✓		(1) The Company has formulated supplier management policies to ensure that the material procurement can meet the requirements of variety, specifications, quality, price, delivery time and green environmental protection, as well as environmental/HSF standards. Suppliers shall comply with national laws and regulations in terms of human rights, and shall not hire child labors or violate relevant laws and regulations on freedom of association and collective negotiation, and must comply with	No major discrepancy.

Promotion Item	Implementation Status			Difference from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			Labor Standards Act. (2) The company conducts supplier evaluation every year.	
5. Does the Company compile corporate social responsibility reports or reports that disclose the Company's non-financial information based on international CSR compiling standard or guidelines? Is the report accredited from accreditation agency or third-party verification organization?		✓	The Company has completed the preparation of the 2024 Sustainability Report, which was approved by the Board of Directors on August 21, 2025.	Subsequently, an independent third-party verification agency will be engaged to conduct report assurance procedures within the timeframe regulated by relevant laws.
6. If the Company makes its own corporate social responsibilities principles according to the "Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies", please state the differences: The Company established its Sustainable Development Practice Code during the board meeting on December 26, 2023. The Company has completed the preparation of the 2024 Sustainability Report, and will subsequently engage an independent third-party verification agency to conduct the report assurance within the regulatory timeline.				
7. Any other important information that helps to understand the conduct of corporate social responsibility: The date of the most recent report to the Company's board of directors on the execution of sustainable development was December 30, 2025.				

(6) The discrepancy and reasons for the implementation of integrity management, and the difference from the integrity management code of listed OTC companies.

Evaluation Items	Implementation Status			Deviation from "the Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
1. Setting business integrity policies and programs (1) Has the Company established an ethical management policy approved by the board of directors, as well as regulations and external documents? Are the board of directors and senior	✓		(1) The Company has established the "Ethical Corporate Management Best Practice Principles". Its board of directors is committed to gradually implement this ethical management policy and have considered the current status and regulations of the Company.	No major discrepancy.

Evaluation Items	Implementation Status			Deviation from “the Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>management committed to implement this management policy?</p> <p>(2) Has the Company established operational procedures, code of conduct, violation penalties and complaint systems as prevention programs against unethical behavior and does it implement, review and revise these programs regularly?</p> <p>(3) Has the Company established a risk assessment system for unethical behavior? Does it regularly analyze and assess business activities with higher risks of unethical behavior within its business scope, establish prevention programs against unethical behavior, and cover all provisions stipulated in Article 7 (2) of the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies?</p>	<p>✓</p> <p>✓</p>		<p>(2) In addition to announcing its ethical management policy internally, the Company disseminates information when appropriate during external activities such as product launches to help suppliers, customers or other relevant agencies and personnel understand the Company’s ethical management concept and regulations. It also reviews the appropriateness of the policy regularly.</p> <p>(3) The Company has gradually developed an evaluation system for the prevention program against unethical behavior. Unethical behavior especially if illegal should be reported by the Company to judicial and legal agencies/authorities. If public agencies or public servants are involved, the Company should notify the government’s Agency Against Corruption.</p>	<p>No major discrepancy.</p> <p>No major discrepancy.</p>
<p>2. Implementation of integrity management</p> <p>(1) Does the Company assess the integrity record of its business partners and set a code of conduct on integrity as part of the contract with its business partners?</p> <p>(2) Has the Company set up a dedicated corporate integrity promotion unit under the board of directors, which reports the ethical management policy and prevention programs against unethical behavior, as well as the supervision and</p>	<p>✓</p> <p>✓</p>		<p>(1) Before establishing a business relationship, the Company shall first evaluate the legality and ethical management policies of agencies, suppliers, customers or other businesses to ensure fairness and transparency of business management.</p> <p>(2) In maintaining ethical management, the board has established various organizations and channels, such as the Audit Committee, Remuneration Committee, and Internal Audit to ensure ethical</p>	<p>No major discrepancy.</p> <p>No major discrepancy.</p>

Evaluation Items	Implementation Status			Deviation from “the Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
implementation status ?			<p>disclosure and stable business operations.</p> <p>Furthermore, the company has established the "Integrity Management Task Force," composed of unit managers coordinated by the General Manager. Based on the responsibilities and scopes of each unit, this task force is responsible for assisting the Board of Directors and management in formulating and supervising the implementation of integrity management policies and preventive measures to ensure the implementation of integrity management guidelines. This dedicated unit reported its execution status to the Board of Directors on December 30, 2025.</p> <p>The Company's implementation of integrity management policies in 2025 includes:</p> <p>A. Education and training on compliance: The Integrity Management Task Force and the Legal Department periodically provide education and training to all employees. In 2025, the theme was "Discussing integrity management, corporate governance, and sustainable management principles and practical examples." It compiled integrity management</p>	

Evaluation Items	Implementation Status			Deviation from “the Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			<p>guidelines and important internal information processing norms and promoted matters that employees should pay attention to when performing their duties.</p> <p>B. Whistleblowing system and whistleblower protection: Specific whistleblowing procedures and management systems are established in the "Corporate Governance Practices" and "Integrity Management Guidelines" to actively prevent dishonest behavior. Internal and external personnel are encouraged to report dishonest or improper behavior. Additionally, the company's website's stakeholder section provides effective communication channels for employees, shareholders, stakeholders, and external parties, and discloses the reporting channels. In 2025, no external whistleblowing cases were received.</p>	
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for announcements, and implemented these policies?	✓		(3) Company directors should implement a high degree of self-regulation. Managerial officers should provide guidance on business execution to Company personnel if there is any conflict of interest.	No major discrepancy.
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management? Has the internal audit unit proposed relevant audit plans in accordance with the evaluation results on the risks of unethical behavior and conducted	✓		(4) To implement ethical management, the Company has adopted an effective accounting system and internal control system to support internal operations. There are also internal audit personnel to conduct corresponding audits.	No major discrepancy.

Evaluation Items	Implementation Status			Deviation from “the Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
<p>compliance audit in line with the prevention programs against unethical behavior or entrusted the audit work to accountants?</p> <p>(5) Does the Company hold regular internal and external trainings on business integrity?</p>	✓		(5) The Company will plan education/training courses on ethical management, to be held regularly to instill related concepts in employees.	No major discrepancy.
<p>3. Management reporting system</p> <p>(1) Has the Company set up a specific reporting and reward system as well as convenient reporting channel? Has the Company assigned appropriate personnel to investigate exported cases?</p> <p>(2) Has the Company set up standard investigation procedures, subsequent measures after completion of investigation, and a related confidentiality mechanism for reported cases?</p> <p>(3) Does the Company take measures to protect whistleblowers from being mistreated?</p>	✓		(1) The Company has established regulations for its complaint management system, including reward content as well as transparent and smooth complaint channels. If there are complaints and appeals, the management department and audit department will conduct corresponding investigations and corrective action.	No major discrepancy.
	✓		(2) The Company has established regulations for its complaint management system, including a standard operating program for investigating complaints and a relevant confidentiality system.	No major discrepancy.
	✓		(3) Currently, the officers of the management department and audit department are responsible for receiving appeals and complaints. Moreover, the Company has adopted confidentiality and protection measures for whistleblowers.	No major discrepancy.
<p>4. Strengthening of information disclosure</p> <p>Does the Company disclose the contents and effectiveness of its Code of Practice for Business Integrity on its website and MOPS?</p>	✓		The Company has a corporate website, in which a dedicated section will be setup in the future depending on the need to disclose relevant information regarding corporate management. The Company has created an English website and assigned a staff to handle the collection and disclosure of company information on the website, etc.	No major discrepancy.
<p>5. If the Company has its own Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”, please describe the difference between the two: The Company has established and gradually implemented its “Ethical Corporate Management Best Practice Principles”. There is no major discrepancy between the two principles.</p>				

Evaluation Items	Implementation Status		Description	Deviation from “the Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
6. Other important information that will help understand the Company’s integrity management: (if the Company reviews and amends its established code of conduct, etc.): The Company has approved the “Ethical Corporate Management Best Practice Principles” on Jan. 2, 2014 during the board meeting. The recent date for reporting the operation of integrity management to the Board of Directors of the Company is December 30, 2025.				

(7) Other significant information that will provide a better understanding of the state of the Company implementation of corporate governance may also be disclosed:

1. Continuing Education for Directors and Executives in the fiscal year: All directors and managerial officer of the Company have completed the required continuing education hours and the records have been uploaded to the Market Observation Post System.

Below is the on-the-job training undertaken by the directors and supervisors

Title	Name	Date of appointment	Beginning date of the term	Date of course		Host organization	Course title	Duration (hours)	Accumulated hours of the year
				Beginning	End				
Director	Chi-Fai, Tang	Jun. 16, 2023	Jun. 16, 2023	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	
Legal representative of Corporate director	Da-Ping, Huang	Jun. 16, 2023	Feb. 19, 2024	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	
Director	Wei-Feng, Jiang	Jun. 16, 2003	Sep. 28, 2004	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	
Independent director	Pai-We, Cheng	112/06/16 Jun. 16, 2023	Jun. 1, 2010	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	
Independent Director	Xue-Ren, Shen	Jun. 16, 2023	Mar. 25, 2015	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	

				2025	2025	Institute	Trilateral Relations (Part II)		
Independent Director	Zuo-Cheng, Zhang	Jun. 16, 2023	Nov. 11, 2022	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	
				Jul. 4, 2025	Jul. 4, 2025	National Federation of Certified Public Accountants Associations of the R.O.C.	Analysis of differences between EAS and the latest FSC-endorsed IFRSs.	3.0	6.0
				Jul. 4, 2025	Jul. 4, 2025		Judicial Practice and Anti-Money Laundering Compliance	3.0	
Legal representative of Corporate Director	Jian-Neng, Wu	Jun. 16, 2023	Sep. 28, 2004	Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part I)	3.0	6.0
				Jun. 18, 2025	Jun. 18, 2025	Taiwan Investor Relations Institute	Taiwan's Future Amidst the Evolving US-China-Taiwan Trilateral Relations (Part II)	3.0	

2. Regarding the qualifications of personnel in finance, accounting, and auditing, and their attainment of relevant licenses domestically and internationally :

Within the group, a total of one individuals in the General Manager's Office, Finance Department, and Audit Department have obtained domestic and international Certified Public Accountant (CPA) licenses ◦

(8) The implementation of the internal control system shall disclose the following:

A. Internal Control Statement.

Lida Holdings Co., Ltd.
Statement of Internal Control System

Date: 3/13/2026

Based on the findings of a self-assessment, Lida Holdings Co., Ltd states the following with regard to its internal control system during the year 2025:

1. The Company's board of directors and managements are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purpose is: i. to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets); ii. The report has reliability, timeliness, transparency; iii. It is compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. Control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2025, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.

7. This Statement was approved by the board of directors in their meeting held on March 13, 2026, with none of the six attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Lida Holdings Co., Ltd.

Chairman: Chien-Leng, Wu

CEO: Yi-Ping, Chen

B. The party which hires an accountant to audit the Company's internal control system and disclose the audit report made by accountants: None.

(9) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

i. Important resolutions made by the board of directors' Meeting during the current fiscal year and up to the date of printing of the annual report:

Date	Important Resolution during Board Meeting
2025/03/14	<ol style="list-style-type: none"> 1. The Company's 2024 business report and consolidated financial statements 2. Prepare the Company's 2024 "Internal Control Statement" 3. The Company's 2024 employee remuneration and director remuneration distribution plan 4. The Company's 2024 profit distribution plan 5. Proposal for the Amendments to the Memorandum and Articles of Association of the Company. 6. Proposal for the Evaluation of the Independence and Competence of the Newly Appointed Certifying Accountant. 7. Proposal for the Ratification of the Subsidiary's Bank Financing Limit. 8. Proposal on details of convening the 2025 ordinary shareholders meeting of the company, including the date, venue and reason
2025/05/13	<ol style="list-style-type: none"> 1. The Company's Consolidated Financial Statement for the first quarter of 2025 2. Distribution of profits of subsidiaries.
2025/08/21	<ol style="list-style-type: none"> 1. The Company's consolidated financial statement for the upper half of 2025 2. Distribution of profits of subsidiaries 3. Proposal to set criteria for cash dividend Ex-dividend Date, suspension of Transfer period, and related matters of the Company 4. Proposal for the Ratification of the Subsidiary's Bank Financing Limit 5. Proposal to Amend the Company's "Financial Cycle" 6. Proposal for the approval of the Company's 2024 Sustainability Report.
2025/11/12	<ol style="list-style-type: none"> 1. The Company's consolidated financial statement for the third quarter of 2025 2. Allocation of Employees' compensation for the year of 2024 3. Proposal to Establish General Principles for the Company's Pre-Approval Policy for Non-Assurance Services 4. Proposal for the establishment of the Sustainability Development Committee and the appointment of committee members.
2025/12/30	<ol style="list-style-type: none"> 1. Plans for the Company's 2026 budget 2. The Company's 2026 Audit plan 3. Proposal on the Monthly salary for management personnel of the Company for the year 2026 4. Review the policy and methods for distributing annual bonuses for employees of the Group for the year 2025 5. Submit the proposal for distribution of the Company's annual bonuses for management personnel for the year 2025 6. Proposal for the Ratification of the Subsidiary's Bank Financing Limit.
2026/03/13	<ol style="list-style-type: none"> 1. The Company's business report and consolidate financial report for the year 2025 2. Drafting the Company's "Internal Control Statement" for the year 2025. 3. Distribution of the Company's remunerations for employees and directors for the year 2025 4. Distribution of the Company's profit of the year 2025 5. Proposal to Amend the Company's Memorandum and Articles of Association 6. Proposal for the Evaluation of the Company's Certified Public Accountant's Independence and Qualifications 7. Proposal for the retroactive ratification of the additional capital expenditure budget for road repairs and landscape greening for the fiscal year 2025. 8. Proposal for the re-election of the Company's 7th term of Directors (including Independent Directors). 9. Proposal for the release of the restriction on competitive activities for the newly

	<p>elected Directors and their representatives.</p> <p>10. Determining the date, venue, and agenda of the Company's 2026 annual shareholders' meeting</p>
--	---

ii. Important resolutions made by the Shareholders Meeting during the current fiscal year and as of the date of printing of the annual report

Date	Important Resolution during Shareholders' Meeting	Implementation
2025/6/18	The Company's Business report and financial statements for the year 2024	According to the decision based on voting of shareholders, the number of votes in favor is 79,993,512, representing 99.07% of the votes represented by the shareholders present, exceeding two-thirds of the votes represented by the shareholders present. The resolution has been passed.
	Distribution of the Company's profits for the year 2024	According to the voting results, the number of votes in favor is 80,103,786, representing 99.20% of the votes represented by the shareholders present, exceeding half of the votes represented by the shareholders present. The resolution is passed. A cash dividend of NT\$1 per share is distributed, with Oct. 28 set as the ex-dividend date. The distribution has been completed on Nov. 28.

(10) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

4. Information on CPA Public Expenses

(1) CPA fee brackets

Unit: NT\$ thousand

CPA Firm	Name of CPAs	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Cheng-Yen, Wu	2025 Q1-Q4	6,199	—	6,199	
	Yi-Jen, Chen					

(2) The non-audit fee paid to certified CPA, certified Officer of CPA and affiliated companies' accounts for over 1/4 to audit fee: None.

(3) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None.

(4) If the audit fee is reduced by more than 10% compared to the previous year: None.

5. Information on Replacement of Certified Public Accountant: None

6. Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliate
None.

7. Any Transfer of Equity Interests and/or pledge of or Change in Equity Interests (during the most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of more than 10 Percent during the most Recent Fiscal year or during the Current Fiscal year up to the Date of Publication of the Annual Report : None.

https://mops.twse.com.tw/mops/#/web/query6_1

https://mopsov.twse.com.tw/mops/web/STAMAK03_1

8. Relationship Information, if among the Company's 10 Largest Shareholders any one is Related Party or a Relative within the Second Degree of Kinship of another

Date: Apr 26, 2026 Unit: Share%

Name	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Relationships among the top 10 Shareholders, anyone who is a related party, spouse, or second-degree kinship of another: Name and relation		Remarks
	Share	%	Share	%	Share	%	Name	Relation	
Yi Yuan Enterprises Limited	36,540,000	31.50	-	-	-	-	-	-	-
Gain Fortune Development Limited	9,570,557	8.25	73,778	0.06%	-	-	-	-	-
Liang E-yun	2,400,000	2.07	-	-	-	-	-	-	-
Huang Cheng-yuan	1,014,000	0.87	-	-	-	-	-	-	-
Chen Yu-min	855,000	0.74	792,000	0.68	-	-	Lai, Kuo-Chen	Spouse	-
					-	-	Lai, Yu-Tsun	Son	-
					-	-	Lai, Yuan-Yi	Son	-
Cheng Chia-hui	800,000	0.69	-	-	-	-	-	-	-
Lai, Kuo-Chen	792,000	0.68	855,000	0.74	-	-	Lai, Kuo-Chen	Spouse	-
					-	-	Lai, Yu-Tsun	Son	-
					-	-	Lai, Yuan-Yi	Son	-
Lai, Yu-Tsun	648,000	0.56	-	-	-	-	Chen Yu-min	Parents	-
Lai, Yuan-Yi	643,000	0.55	-	-	-	-	Lai, Kuo-Chen		-
Chen Si-tsang	620,000	0.53	-	-	-	-	-	-	-

9. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Managers, and any Companies Controlled either Directly or Indirectly by the Company

Apr 26, 2026 ; Unit: Thousand, %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	(%)	Shares	(%)	Shares	(%)
Wellsoon International Limited	10	100	—	—	10	100
Lida (HK) Holdings Co., Limited			201,669	100	201,669	100
Lida (China) Machine Equipment Company Limited			—	100	—	100

Lida (Jiangxi) Machine Equipment Company Limited			—	100	—	100
--	--	--	---	-----	---	-----

Note: The Company is a limited company, so there are no shares.

IV. Capital Raising Activities

1. Capital and Shares

(1) Sources of capital

i. Type of stock

Apr 26, 2026 Unit: 1,000 shares

Type of stock	Authorized capital			Remarks
	Issued Shares	U-issued Shares	Total	
Registered common stock	116,000	34,000	150,000	company stock

ii. The formation of capital

Unit: thousand Shares, NT\$ thousand

Year/ month	Par Value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increased by assets other than cash	Other
2014/02	10	150,000	1,500,000	46,554	465,541	Conversion of stock	—	—
2014/05	10	150,000	1,500,000	76,545	765,450	Increase in the capital surplus	—	—
2014/06	45.98	150,000	1,500,000	90,000	900,000	Conversion of bond of warrant to common stock	—	—
2016/07	96	150,000	1,500,000	100,000	100,000	Primary listing for cash replenishment	—	—
2019/10	10	150,000	1,500,000	116,000	1,160,000	Capital increase by earnings	—	—

iii. General information about the reporting system: None.

(2) List of Major Shareholders

Apr 26, 2026

Name	Shareholding	%
Yi Yuan Enterprises Limited	36,540,000	31.50
Gain Fortune Development Limited	19,070,557	16.44
Liang E-yun	2,400,000	2.07
Huang Cheng-yuan	1,014,000	0.87
Chen Yu-min	855,000	0.74
Cheng Chia-hui	800,000	0.69
Lai, Kuo-Chen	792,000	0.68
Lai, Yu-Tsun	648,000	0.56
Lai, Yuan-Yi	643,000	0.55
Chen Si-tsang	620,000	0.53
Total	53,882,557	46.44

(3) Company's dividend policy and implementation thereof

i. Dividend Policy provided in the Articles of Incorporation

- A. The Company is currently at a growth stage, the dividends of the Company can be distributed to the shareholders of the Company in cash or/and in the form of shares, and the dividends of the Company should be considered for the Company's capital expenditure, future business expansion plans, financial planning and others according to necessity.
- B. During the period of listing, except for the provisions of the Cayman Act and listed company at stock exchange market and over the counter market policy which have different regulations, if the Company is at profit in the current year, the board of directors should be attended by more than two-thirds of the directors and more than half of the directors present to approve to distribute 0.5%-3% remuneration to employees of the Company in cash or/and in the form of shares. The board of directors should be attended by more than two-thirds of the directors and more than half of the directors present to approve to distribute no more than 2% compensation to directors. But the Company shall pay its losses (including adjusting undistributed surplus) first and some of the surplus shall be reserved before distributing to employees and directors as mentioned in order to make up for the losses. The distribution of the compensation for the employees and directors shall be reported to the shareholders' meeting. Except for the different regulations of listed companies at stock exchange market and over the counter market, the board of directors shall not issue any shares. The term "profit" used in the item refers to the pre-tax benefit that has not been deducted from the compensation of employees and the compensation of directors.
- C. During the period of listing, except for the different provisions of

the Cayman Act and listed company at stock exchange market and over the counter market policy which have different regulations, or different regulations attached to the right of shares, when the Company has a surplus at the end of fiscal year, the Company will pay for all relevant taxes in accordance with the law, make up for the losses, (including the loss of the previous year and adjust the undistributed surplus amount, if any) special surplus reserve (if any). If there is a surplus still, it shall be distributed (including the rotated of the special surplus), the board of directors can distribute no more than 10% of the surplus, plus all or part of the undistributed surplus of the previous year's shareholders' meeting of the Company. Dividends/bonuses are paid to shareholders according their shareholding ratio, and the amount of cash dividends/bonuses shall not be less than 10% of the total dividends/bonuses paid.

- D. During the period of listing, except for other resolutions of the shareholders meeting, the distribution of employees and directors compensation, as well as dividends, bonuses or other benefits to shareholders, shall paid in New Taiwan dollars.
- E. Any dividends, bonuses or other payables relating to the shares paid to the board of directors shall deduct any amount due to be paid to the Company.
- F. Any dividends, bonuses or other share-related payables may be wired to a bank account designated by the shareholders, or post checks or money order directly to their registration address, or to the person or address specified by the holder in writing. In the case of joint shareholding, any holder may effectively receive dividends, bonuses or other share-related payables.
- G. except for the different provisions of the Cayman Act and listed company at stock exchange market and over the counter market policy which have different regulations, any special surplus reserve will be rotated to the Company's undistributed surplus.

ii. Distribution of dividends at this fiscal year: The Company has proposed

the 2025 distribution of earnings on March 13, 2026. The cash dividend per share is NT\$ 0.6 which is to be submitted at the shareholders' meeting.

(4) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholder' meeting: None

(5) Compensation of employees, directors, and supervisors

i. Ratio or scope of compensation for employees, directors and supervisors, as set forth in the Company's Articles of Incorporation: See (6) i. Company's dividend policy and implementation thereof.

ii. The estimated amount of compensation for employees, directors and supervisors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy between the actual distributed amount and compensation for employee stock dividend and estimated figure: No difference.

iii. Information on the amount of compensation for distribution and calculation of earnings per share as approved by the Board of Directors:

A. The compensation of employees, directors and supervisors is distributed in the form of cash dividend or stock dividend. If there is any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed: No difference.

B. The amount of stock dividend and ratio of the total net profit after-tax and individual employee compensation or separate financial report for the current period: None.

iv. The actual distribution of compensation for employees, directors and supervisors in the previous fiscal year (including number of shares, monetary amount, stock price, shares distributed) and any discrepancy between the actual distributed amount and amount of compensation for employees, directors, or supervisors. The

discrepancy, cause, and response shall be stated: No difference.

(6) Share repurchases: None

(7) Others: None

2. Corporate Bonds

None.

3. Preferred Shares

None.

4. Global Depository Receipts (GDR)

None.

5. Employee Stock Warrants

None.

6. New Restricted Employee Shares

None.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

8. The Status of Implementation of Capital Allocations Plans

None.

V. Operational Highlights

1. Business Activities

(1) Scopes of the business

- i. The main operational categories of the Company: The Company's main business is design electromechanical products such as air compressors, electric welders and power tools.
- ii. The sales proportion of the main products of the business

Unit: NT\$ thousand, %

Main Products	2024		2025	
	Sales Amount	Ratio	Sales Amount	Ratio
Piston type	1,042,284	28.70	986,328	28.45
Screw type	2,076,702	57.18	2,060,967	59.45
Scroll type	136,302	3.75	127,372	3.67
Others	376,862	10.37	291,822	8.42
Total	3,632,150	100.00	3,466,489	100.00

iii. The Company's currently offered products

Main Products	Applications
Piston Air Compressors	The price is relatively cheaper than the ones with more aspects. Customers include individuals and small and medium enterprises. They are mainly used at home for decoration purpose, small-scale companies and transportation industries.
Screw Air Compressors	They are suitable for large high-end enterprises, such as large-scale industrial, pharmaceutical, chemical, textile and food processing industries, mainly to factories and manufacturing industry as a bulk demand, especially the need for long term continuous stable operation to build more business. So far, various main application products have completed such as F variable frequency, F+ variable frequency, two-stage permanent magnet variable frequency, E-series permanent magnet variable frequency and low-pressure screw variable frequency in terms of time sequence.
Scroll Air Compressors	They are of high efficiency, high reliability, low noises, light weight and there is no need for maintenance. It is widely used in high-end or precision industries such as electronics industry, pharmaceutical, food and textile industries.
Oil-free screw air compressors	The Company has adopted high-efficiency dedicated screw air compressor units with smaller running clearances to reduce leakage

	and improve energy efficiency. The use of high-efficiency permanent magnet motors provides excellent safety with high overload capacity, high efficiency, and high power. These motors are classified as IE4 super energy-saving type, offering superior energy efficiency and a wider speed control range.
Vacuum pump	A device or equipment that utilizes mechanical, physical, chemical, or physicochemical methods to evacuate air from a evacuated container and achieve a vacuum. It has the capability to create a high level of vacuum. By adjusting the flow rate, the system maintains a constant vacuum level, reducing energy consumption and waste. It incorporates an independent cooling airflow system and a fully enclosed, soundproof casing to achieve an exceptional silent operation

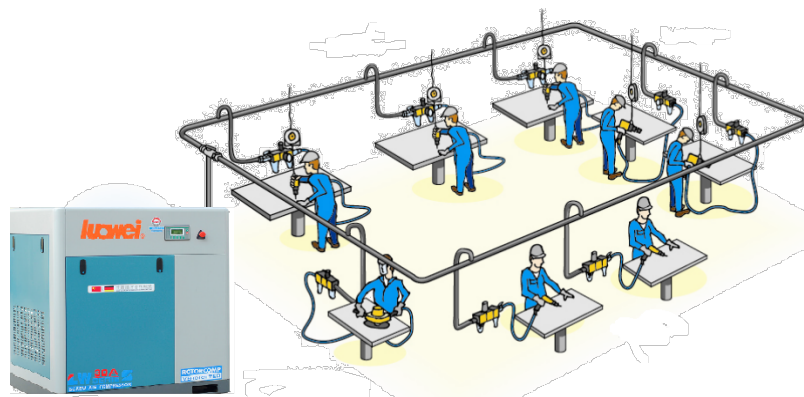
iv. New products (services) in developing and planning

Project	Main functions and applications
Screw head of Compressor	The head is one of the key components for screw air compressor. Sales for crew air compressors have been growing every year, therefore, self-research and produce the heads of the screw compressor can reduce the cost of the production in the long run, and effectively control the supply stability and improve the product quality to reach the goal of self-made component.
Other Types Oil Scroll Compressor	They have unique qualities such as high efficiency, reliable, low noses, light weight and relatively small in size. To develop various models will be able to offer high-end customers more suitable choices.
Oil Free Screw Compressor	The unique trait of the oil free screw compressors is irreplaceable. The oil-free screw is used to supply the compressed gas to the outside, and the host load is not greatly reduced due to the pressure loss caused by the oil-free equipment, therefore energy efficiency is achieved.
Low Pressure Screw Compressor	The dual separation system effectively ensures separating oil, and the system pressure difference is minimal. Nearly zero pressure loss achieves the ultimate energy saving. It is highly suitable for the textile and household glass industries.
Three-stage compression variable frequency	Fully-enclosed permanent magnet motors with high overload capability, high efficiency, and high power. Three-stage compressor engine is applied for high engine displacement, low noise and high reliability. Highly efficient Oil and gas separation system to ensure low oil content.

(2) Industry Overview

i. Industry status and development

Air compressors are the power source of pneumatic technology (full term is pressurized air transmission and control technology) Pneumatic technology is powered by compressed air from air compressors, the air is compressed and stored in the air storage tank, and through the storage tank the air transforms as smooth gases before releasing. Then the control element that adjusts the frequency and rate of air going in and out converts the contained energy into kinetic energy which becomes the basic foundation of production control and automated production. The advantages of such technology are the speed and it is highly efficient, clean and safe, low cost and easy maintenance. It is also widely used in various machinery and production lines. The key components for automated mechanical equipment are as follows:







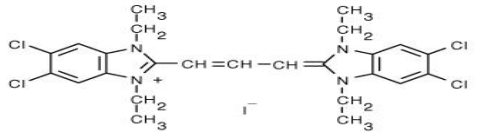
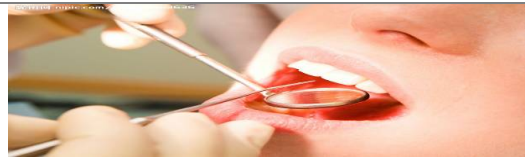






Various industries are facing competitive pressure due to Globalization, plus the cost of labors in various countries keeps rising, a transformation of business is accelerated to increase the ratio of automated production to lower the dependence on human labor which is the only way to upgrade the enterprise. Air compressor is a key component of pneumatic technology. Pneumatic technology plays a crucial role in large-scale system development such as factory automatic and robotic production. It is widely used in various industries such as manufacturing, construction and decoration, textile and garment, food, pharmaceutical, medicine, transportation, chemical

and petrochemical, mining and metallurgy industries (the application areas of each industry are briefly describe in the following table). The demand of the downstream industry has driven the rapid development of air compressor industry, and according to the industry report which cited China General Machinery Industry Association, the global air compressor market in 2025 is over 25 billion US dollars. The size of China's air compressor market accounts for approximately 35% of the global market. In recent years, it has shown a steady and continues growth.

From a global perspective, developed nations such as Sweden, Germany, United States and Japan prevail in technique and lead the market in air compressors. As international manufacturing industry varies, above compressor key players gradually shift their focus on developing and making types of more value-added compressors with higher technical difficulty. Screw type compressors are much more eco-efficient than piston type compressors and they are more widely applied on a global scale because of high reliability and user-friendliness.

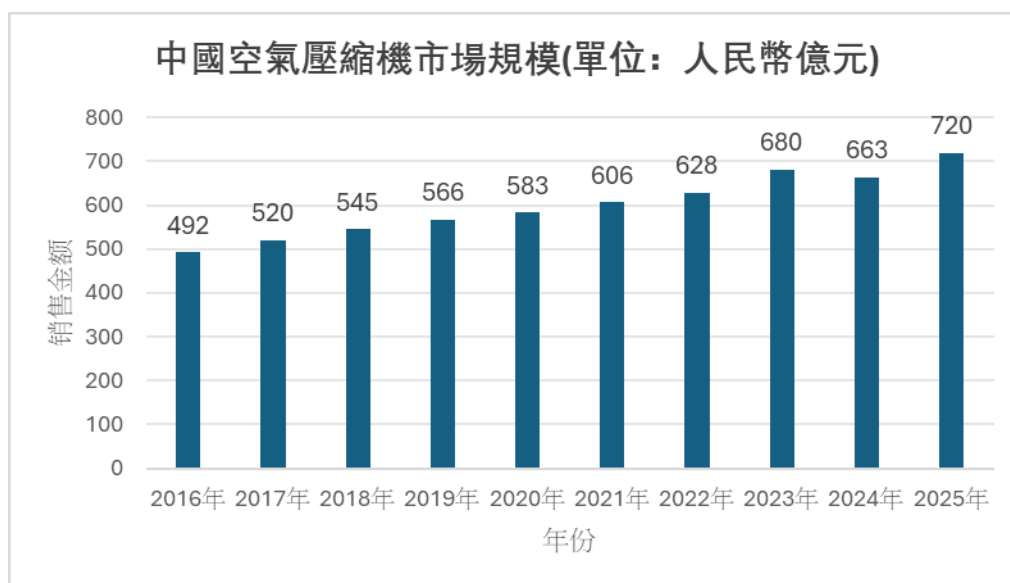
Application of air compressor in various industries

<p style="text-align: center;">Manufacturing</p>  <p>Application areas: automated production equipment (driver of all kinds of pneumatic machinery), lifting and handling, cleaning and dust removing, spray painting, vacuum packaging, cutting and welding.</p>	<p style="text-align: center;">Car/motorbike/bicycle repair</p>  <p>Application areas: cleaning and dust removing, tire inflation, surface treatment, dismantling and installing, lifting and handling, spray painting, road rescue</p>
<p style="text-align: center;">Construction and Decoration</p>  <p>Application areas: drilling, concrete conveying or spraying, ventilation systems, dismantling and installing, repairing and decorating, painting</p>	<p style="text-align: center;">Food and Drink</p>  <p>Application areas: pneumatic conveying, cleaning and dust removing, automated production (packaging, filling, bottling), fermentation, bottle blowing</p>
<p style="text-align: center;">Chemical and Petrochemical</p>	<p style="text-align: center;">Medical and Dental</p>

 <p>Application areas: research experiments, fermentation, control of precision instruments, remote transportation of gas and natural gas</p>	 <p>Application areas: medical equipment, dental (high-speed hand piece, blowing machine, air and water syringe, etc.), sterilization equipment, inspection rooms</p>
<p>Mine, metallurgy</p>  <p>Application areas: drilling equipment drive, high pressure blasting mining, mine air supply, convey combustion gas</p>	<p>Pharmaceutical Industry</p>  <p>Application areas: Transportation and packaging accelerated drying, pill production.</p>
<p>Transportation</p>  <p>Application areas: air braking system, pneumatic doors and windows switch, rail changer, dock loading and unloading, track installation engineering equipment</p>	<p>Recreation</p>  <p>Application areas: theme park rides (carousel, Ferris wheel, rollercoaster, pirate ship, etc.) fountain, inflating, diving</p>
<p>Textile and Garment industry</p>  <p>Application areas: air jet weaving, weft blowing, denim sand washing</p>	<p>Life and Art/DIY Home</p>  <p>Application areas: cleaning and dust removing, tire pumping,</p>

As China gradually becomes a global manufacturing center, with rapid development of manufacturing, food, pharmaceutical, chemical and petrochemical, mining and metallurgical industries, the demand for automated production in various industries is increasing day by day which has also increased the demand for compressors and other related general machinery. According to the industry report, the size of China's air compressor market in 2015 was RMB 49.2 billion, and it grew up to RMB 72 billion in 2025, which shows that the size of China's air compressor market continues to expand in addition to China's economic growth. Focusing on the national policy of energy conservation and emission reduction and increase energy efficiency, the industries have been actively engaged in industrial upgrading, and automated production equipment have been introduced. The demand for air compressors has

grown rapidly under the influence of downstream industries.



ii. Industry relevance of upstream, midstream and downstream companies

The Company specializes in developing, manufacturing and selling various air compressors. The products of the Company are used in a vast range of applications, including automated production lines or various types of production in automobile, food, pharmaceutical, textile and decoration industries. As the Company keeps on developing new products, the current application areas continue to expand. The Company is at the middle in the industrial chain, upstream being steel, copper, aluminum and air compressor screw head and other raw material manufacturers, midstream manufacturing industries include host assembly, machine head assembly, welding and other technologies and downstream include mechanical equipment and related application of automated production lines in various industries.

Upstream raw material industry

Crankcases
Cylinders
Machine frames
Iron cores
Gas barrels
Machine heads
Hosts

Midstream air compressor manufacturing

Various air compressor manufacturing

Downstream application industry

Machinery manufacturing
Textile
Food
Pharmaceutical
Electronic appliances

Body of valves
Fans
Coolers
Control systems



Transportation
Chemical and
petrochemical
Refrigeration and
gas separation
Mine, metallurgy

iii. Various product development trends

Saving resources is the basic country policy of Mainland China, therefore energy conservation and emission reduction has become the guiding direction of China's industrial development. As air compressors are one of the most important tools in industrial manufacturing, the Chinese government has included them to manage energy efficiency effectively. On October 26, 2009, China National Development and Reform Commission, General Administration of Quality Supervision Inspection and Quarantine and National Certification and Accreditation Administration jointly issued the "Implementation of Energy Efficiency Labeling Product Catalog of Republic of China" to integrate volumetric air compressors into the energy efficiency labeling system. The relevant products produced, sold and imported in Mainland China shall be subject to energy efficiency labeling in accordance with the "Measures for the Administration of Energy Efficiency Labels as of March 1, 2012. Any manufacturers shall not sell products that shall be marked but not marked with energy efficiency labels. All the authorities at all levels are required to strengthen the audit which goes to show the importance

that the Chinese government clearly values on the issues of energy conservation and emission reduction.

iv. Competition status

(1) Market Segmentation and Differentiation of Competitors:

High-end Market: Dominated by Foreign Brands, with Accelerated Domestic Substitution

Leading international companies (e.g., Atlas Copco, Ingersoll Rand) continue to dominate high-end markets in sectors like semiconductors and biopharmaceuticals, thanks to their technological accumulation and brand barriers. However, domestically produced oil-free screw compressors and centrifugal compressors are gradually gaining ground through cost optimization (approximately 40% cheaper than imported models). Domestic players' market share in semiconductor equipment supporting systems has now exceeded 30%. In emerging technologies like magnetic levitation air compressors, Chinese companies are accelerating deployment through technical cooperation. The global market size is expected to surpass USD 10.8 billion by 2030, with key breakthroughs anticipated in areas such as medical cold chain and data centers.

Mid- to Low-end Market: Led by Domestic Enterprises, Fierce Competition

The low-end market suffers from serious homogenization. Over 3,500 small and medium-sized enterprises are trapped in price wars, with average product prices declining by 5–8% annually. Around 60% of companies are facing losses, and the industry's profit margin has dropped below 8%. Leading domestic companies with independent design capabilities (e.g., Kaishan, East Asia Machinery) are reducing production costs by 15–20% through vertical integration of the industrial chain (such as self-manufacturing of permanent magnet motors and variable-frequency controllers), gradually expanding into the mid- to high-end market.

(2) Technology-Driven Reshaping of the Competitive Landscape:

Intelligent and Energy-saving Features Become Core Barriers

Smart air compressors utilize IoT for remote monitoring and fault prediction, improving operation and maintenance efficiency by over 30%. The penetration rate of smart products is expected to reach 45% by 2025. Meanwhile, permanent magnet variable-frequency technology is driving energy-efficient models to account for 60% of the market. Carbon emission regulations will require air compressors to meet Tier 1 efficiency standards starting in 2025, creating an annual replacement potential of over RMB 5 billion for inefficient piston machines.

Differentiated Competition in Niche Markets

Demand growth in new energy (lithium batteries/solar) and semiconductor sectors exceeds 15%, driving the development of customized models with high cleanliness. Leading firms are offering integrated “compressed air + process control” solutions for specific applications. In addition, industries like healthcare and food & beverage are seeing surging demand for low-noise, oil-free equipment. Magnetic levitation models are growing at 20% annually and becoming a key focus for tech-driven companies.

(3) Globalization and Industry Consolidation Trends:

Structural Upgrade in Export Markets

Exports of domestically produced air compressors continue to grow by 10% annually, although the average export price is only one-third of imported products. Emerging markets in Southeast Asia and the Middle East are key expansion targets, with leading companies improving brand value through localized service networks. International companies are also accelerating localized production in China. By 2026, foreign brands' market share in China's high-end segment is expected to drop from 45% to 40%, with more partnerships in technology and patent licensing.

Accelerated Vertical Integration of the Supply Chain

First-tier companies are increasing their self-sufficiency in core components (e.g., bearings, seals) through upstream acquisitions,

raising self-supply rates to 50%. The failure rate gap between domestic and international brands has narrowed to within 15%. Meanwhile, SMEs are forming “specialized, refined, distinctive, and innovative” clusters based on regional industrial zones, focusing on specific parts or localized services to avoid direct competition with major players.

In the future, the air compressor market will take on a “pyramid-shaped” structure. The high-end market will be a battleground between breakthrough-tech domestic companies and global giants. The mid-market will focus on differentiated services and iterative technology. Low-end overcapacity will be phased out. Top-tier enterprises with full industrial chain deployment and smart technology reserves (the top five players together holding less than 10% market share) will lead future market consolidation.

(3) Technology and R & D Overview

i. Technical level and R&D status

The Company has been working in the air compressor industry for more than 20 years. The products are general-purpose air compressors, and we have customers all over the world. However, there are many air compressor manufacturers in China which makes the industry highly competitive, especially the medium and low-cost air compressors. To differ from the other manufacturers, the Company has very high requirements on the performances, appearances and precision of products. Therefore, it is safe to say the Company is very experienced in technological design, metal processing, spraying, assembly and testing. Other than the production of traditional piston air compressors, the Company has recently developed a high-capacity, energy-saving and environmentally-friendly screw air compressors and scroll air compressors that have lower noise and are more reliable.

The Company’s research team is led by the technical manager with more than 30 years of experience in air compressor development, and has maintained a stable R&D manpower in product development each year with college degree or above accounts for more than 50%. Since

the year of 2011, the Company has accelerated the development of new products and commissioned a number of profession academic units to jointly develop products. Although the Company’s R&D team is rather small, it still continues to develop new products. The R&D results of the Company’s outsourcing research or any relevant research while being employed by the Company are owned by the Company. In order to avoid the risk of R&D interruption caused by the flow of personnel, all the significant documents of R&D work are archived by dedicated personnel.

ii. R&D personnel and education

Education	End of 2023		End of 2024		End of 2025	
	Number of People	Ratio	Number of People	Ratio	Number of People	Ratio
College	20	100	19	100	17	100
Senior High School	0	0	0	0	0	0
Below High School	0	0	0	0	0	0
Total	20	100	19	100	17	100

iii. R&D expenses in the past 5 years

Item	2021	2022	2023	2024	2025
R&D Expenses (A)	174,745	251,916	230,919	225,965	213,101
Net Operation Revenue(B)	5,000,455	5,140,155	5,045,537	3,632,150	3,466,489
Ratio (A/B)	3.49	4.90	4.58	6.22	6.15

iv. Product or technology development accomplishments in the past 5 years

Year	Item
2021	Head of the spiral air compressor model: 10 HP 、 100HP
	Permanent magnet frequency conversion screw machine (10HP, 15HP, 20HP, 30HP, 50HP); permanent magnet frequency conversion laser special screw machine
2022	Permanent magnet frequency conversion laser screw compressors (75HP); direct drive permanent magnet frequency conversion laser screw compressors (10HP 、 15HP 、 20HP 、 30HP 、 50HP)
2023	Direct Drive Permanent Magnet Variable Frequency Oil-Free Screw Blower (75HP), C Series 75HP Permanent Magnet Variable Frequency Screw Machine
2024	LUOWEI Single-Stage Permanent Magnet Variable Frequency Screw Compressor LUOWEI Two-Stage Compression Screw Air Compressor High-Speed Centrifugal Magnetic Levitation Blower
2025	Dryer and Luowei 50HP High-Speed Centrifugal Magnetic Levitation Blower. Successful R&D of the Luowei refrigeration compressor prototype and commencement of market trialing.

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

i. Short-term development plans

- A. Increase the level of automated production equipment in order to improve production efficiency and reduce labor costs.

- B. Have good relationship with distributors, continue regular training, maintain a good and stable interaction model, improve the quality of service, and choose sound dealers, strengthen the policy of staying strong, provide high-quality after-sale service, and improve the quality of cooperation between mature dealers, and strategic cooperation with high-end products for one-stop services.
- C. Focus on market-competitive R&D, such as screw line improvement, increase exhaust volume, increase product cost performance.
- D. Optimize the composition of the operating margin and accelerate the proportion of revenue from high-margin products.
- E. Launch both domestic and foreign scales, continue to expand sales revenue in the overseas market by making the Asian market the center of development and seizing opportunities to enter the market.
- F. Speed up the development of the screw head and stabilize the quality and stability of the key components.
- G. Screw compressors leads in the industry to meet the demand of energy-saving and environment-protection of downstream industry. G.

ii. Long-term development plans

- A. Continue to steadily expand production capacity and deepen the leading position of air compressors for small and medium-size specifications.
- B. Continue to recruit international talents in order to increase the core competitiveness of the Company.
- C. Besides growing steadily within the industry, actively seek for cooperation opportunities with related field market.
- D. Make good use of the characteristics of high efficiency, high reliability, low noise and light weight of scroll air compressors and continue to develop new scroll air compressors to increase the application ratio in the high-end pharmaceutical industry.
- E. Improve corporate governance standards, the Company's information disclosure and smooth channels with investors, strengthen corporate governance structure and internal control mechanisms, and fulfill the concept of corporate social responsibility to achieve the spirit of

sustainable business management.

F. Continue to increase the proportion of air compressors with energy saving and high efficiency, including high-end products such as F-type, two-stage compression screw machines, scroll machines and vacuum pump. Optimize product structure in order to improve profitability and improve the diversification of screw products for expanding the customers.

G. Elevate the using density of a full-automatic equipment to gradually replace the manpower demand to build the automatic plane, integrate production capacity and improve production efficiency with the focus on developing high-end screw air compressor market in the future.

2. Market and Sales Overview

(1) Market analysis

i. Sales areas of main product (service)

Unit: NT\$ thousand; %

Sales Region	2023		2024		2025	
	Sales Amount	Sales Proportion	Sales Amount	Sales Proportion	Sales Amount	Sales Proportion
China	3,983,381	78.95	2,440,211	67.18	2,398,635	69.19
Others	1,062,156	21.05	1,191,939	32.82	1,067,854	30.81
Total	5,045,537	100.00	3,632,150	100.00	3,466,489	100.00

ii. Market share

There are a large number of air compressor manufacturers in China, especially in the middle and low-end air compressor market with large number of concentrated production enterprises. But the scale is usually small so the profitability is naturally not strong. In recent years, with the rapid development of China's air compressor industry, industrial concentration has gradually increased, especially the foreign brands in the middle and high-end market such as Atlas Copco of Sweden and Ingersoll Rand of the United States. Middle and high-end market is more heterogeneous. International global compressor enterprises have more obvious advantages and long-term international portfolio such as centrifugal air compressors and no-oil screw machines. On the contrary, low-end compressors are more homogeneous. Lots of small and medium enterprises mainly purchase screw engines and assemble.

Products are more homogeneous, poor energy saving, and lower reliability with limited technical capability. It is estimated that large foreign firms focused on big-scale engineering projects or unique application that demand high-end and high-price air compressors, which earn most portion of China air compressors market.

iii. Market supply and demand and growth in the future

A. Market supply in the future

With China's gradually developing into a global manufacturing center, internationally well-known air compressor manufacturers such as Atlas Copco, Ingersoll Rand, Gardner Denver and Sullair, etc., have established factories in China because of the large domestic demands. Foreign-funded compressor manufacturers have occupied the dominant position in the compressor market based on technological advantages, especially in the mid-to-high-end products market. Although the number of private air compressor manufactures in China is large, the scale is typically small, and many of them do not have the ability to manufacture core components which leads to the fact that the products they make are similar and mostly low-end. As a result, the air compressor market is highly competitive. With China's introduction of "13th Five-Year-Plan" to promote energy conservation, emission reduction and industrial upgrading, consumers of terminal applications are increasingly demanding quality of air compressors, especially in terms of specific power (energy saving effect) and noise level of products. Therefore, many of the Chinese air compressor manufacturers might face the elimination of the market due to lack of technical capabilities. In addition, in accordance with the "Regulation of the People's Republic of China on the Administration of Production Licenses for Industrial Products" (No. 440 of the State Council) and the "Measures for the Implementation of the Regulations of the People's Republic of China on the Administration of Production Licenses for Industrial Products" (No. 156 of the General Administration of Quality Supervision,

Inspection and Quarantine) that enterprises that produce and sell air compressor products in China are required to obtain production licenses. Any enterprise that fails to obtain licenses shall not produce air compressor products. No unit or individual may sell or use production licenses without obtaining production licenses in business activities. As mentioned above, the Chinese air compressor industry is becoming more and more technical, and the production license is strictly controlled by the state. The entry level of the industry is not as easy for competitors to join in. In the future, the market share of enterprises with R&D capabilities and brand management capabilities is expected to increase.

B. Market demand situation and future growth

China's above-scale growth rate of industrial added value (Note)					
Category	2021	2022	2023	2024	2025
Manufacturing	9.8%	3.0%	5.0%	6.1%	6.4%
General Equipment Manufacturing	12.4%	-1.2%	2.0%	7.7%	9.2%
Automobile Manufacturing	5.5%	6.3%	13%	4.5%	11.5%
Food Manufacturing	8.0%	2.3%	5.2%	3.3%	4.2%
Textile	1.4%	-2.7%	-0.6%	4.4%	3.0%
Pharmaceutical Manufacturing	24.8%	-3.4%	5.1%	3.7%	3.4%

Source of Information: National Bureau of Statistics of China

Note: The growth rate of industrial added value: meaning the rate of industrial growth is an indicator used to reflect the degree of changes in the volume of industrial production in a given period of time.

The Growth Rate of China's investment in fixed assets (Excluding farmers) (Note)					
Category	2021	2022	2023	2024	2025
Manufacturing	13.5%	9.1%	6.5%	9.2%	0.6%
General Equipment Manufacturing	9.8%	11.8%	4.8%	11.5%	8.9%
Automobile Manufacturing	24.3%	12.6%	19.4%	7.5%	11.7%
Food Manufacturing	10.4%	13.7%	12.5%	22.9%	8.5%
Textile	11.9%	4.7%	-0.4%	15.6%	4.3%
Pharmaceutical Manufacturing	10.6%	5.9%	1.8%	6.9%	8.2%

Source: National Bureau of Statistics of China

Note: Investment of the Whole Society is a comprehensive indicator for measuring the total expenditure on the construction of the society and purchase of fixed assets in a certain period of time, and measuring the scale, structure and development speed of fix assets in various industries.

Our company's core product, air compressors, currently derives over 70% of its revenue from the Chinese market, with manufacturing being the most widely served application sector. As such, fluctuations in the overall economic climate of downstream industries directly affect air compressor manufacturers. Observing China's manufacturing sector, key downstream application industries for the company include general equipment manufacturing, automobile manufacturing, food processing, textile manufacturing, and pharmaceutical manufacturing. According to the National Bureau of Statistics of China, the industrial added value growth rate of enterprises above designated size in these sectors maintained steady growth from 2020 to 2024, indicating that our primary application industries continue to experience stable development.

However, from the second half of 2018 through 2019, China experienced severe impacts from escalating China-U.S. trade tensions, with widespread tariff increases disrupting operations, particularly for export-oriented downstream factories. This led to a significant drop in overall industrial and manufacturing demand. Following the trade war, the COVID-19 pandemic in 2020 further impacted industrial production due to factory shutdowns and supply chain disruptions, causing a sharp decline in industrial output. In 2024, the sluggish real estate sector also negatively affected industries closely tied to it. Nevertheless, since the company primarily focuses on domestic sales and serves a wide range of end-use industries, its performance remains closely linked to broader economic trends.

Additionally, data from the National Bureau of Statistics of China shows that from 2021 to 2025, fixed asset investment growth (excluding households) in the manufacturing sector—including general equipment manufacturing, automobile, food processing, textiles, and pharmaceuticals—has also remained positive. While the China-U.S. trade war in 2019 and the COVID-19 pandemic in 2020 significantly affected industrial production and related capital expenditures, the pandemic was effectively controlled in 2022, leading to a rebound in fixed asset investment and

infrastructure spending across industries. During a time of global economic slowdown, China's economy continued to maintain relatively strong growth.

In conclusion, barring any major systemic risks, the air compressor industry in which the company operates is expected to see stable market demand, supported by China's steadily expanding market and proactive government economic policies. Notably, the "Made in China 2025" initiative aims to transform China from a manufacturing giant into a global industrial powerhouse by supporting the upgrading of key industries such as robotics, aerospace, new energy vehicles, and advanced transportation. Since industrial automation is a key enabler of this transformation, automation-related manufacturers are expected to benefit significantly.

Moreover, the Belt and Road Initiative and post-COVID-19 expansion of infrastructure construction aim to build a new trans-Asian trade network and reduce dependence on U.S. trade. This trend is expected to benefit infrastructure-related suppliers. However, the ongoing downturn in the real estate sector will have adverse effects on various industries.

As air compressors are a vital component of both automated manufacturing and infrastructure development, the company's products are positioned as indispensable elements in these processes. Consequently, under the support of national economic policies, the future market demand for air compressors is expected to grow steadily

iv. Competitive niche

A. The quality and brand of high quality and reliability

(a) Consistent brand

The establishment of brand image is by no means overnight stroke; the Group has long adhered to high-quality brand image of Luowei with the level of international design and high-performance and high-quality air compressor market.

(b) Product performance comparable to international manufacturers

The performance quality of many of the Group's product lines has been in comparison with major international brands. For example, one of Chinese' most important buildings "Bird's Nest Stadium" in Beijing chose to use the Luowei's screw air compressors out of more than ten other competitors that had undergone a type of rigorous environmental testing which is the

best proof of example.

(c) Wide range of products

Trademark registration does not represent a brand. Only products that meet the demand of the market is the foundation of a sustainable brand. The mainstream products of the general air compressor market consist of piston compressors, screw air compressors and scroll air compressors; the Group has launched a product line that is suitable for various industries.

(d) Excellent after-sale service

The Group actively and continuously trains distributors on their ability for maintenance and repair to meet any installation questions customers may have. The Group has set up a 24 hour phone line regarding product technical enquiries to ensure immediate resolution that enhances customers' satisfaction and confidence in the Group.

B. Stable distributor channels

(a) Experienced industrial sales

The distributors selected by the Group are mainly with rich experience in operation hardware machinery, especially pneumatic tools and equipment. It not only saves time and cost, but more importantly, it adds more positivities to the professional image of marketing.

(b) One-stop shopping

Most of the Group's distributors offer one-stop service that provides a wide range of products. In addition to meeting the needs of customers to purchase enough equipment, distributors can offer customers with complete package of design and installation which has more sales advantages compared to brand branches.

(c) Provide excellent after-sale service at low cost

Since the one-stop distributors manage various equipment sales, the use of efficiency of overall transportation and repair manpower will maximize to avoid the problem that the people

working in brand branches might come across, such as having too little to do or lack comprehensive repair capability.

C. Experienced production technology

(a) More than 20 years of production experience

”People of Lida” have more than 20 years of experience on producing air compressors. Its team is stable and high efficient that keeps on improving which builds the advantage of strong producing technology the Company possesses.

(b) Quality-oriented factory management

The Group has set up quality control for each inspection in each process, strictly controlling quality thoroughly and creating high quality products.

D. Strong research and development capabilities

(a) Hiring a graduate student from Nanjing University of Aeronautics has served as the general manager of other famous air compressor manufacturing factories. The deputy general manager has come to serve as the R&D supervisor of Lida Company. With his extensive and advanced air compressor manufacturing experience and technology, so he can rapidly develop or improve products and technologies.

(b) Cooperation of professional academic units

In order to strength the instant understanding of new technologies and new products, the technical talents of the group communicate with academic institution. They have an open attitude on the usage of academic resources as well as strengthening and accelerating the company’s development capabilities without being excluded from the outside world.

(c) Continuous improvement and innovation

The R&D and production department work closely alongside to continuously develop and improve to deepen the advantages on product costs. For example, the design of the iron plate cutting has further changed the size of the purchased iron plates, thereby greatly reducing the residuals of material and the

efficiency of stamping.

v. Favorable development prospects, unfavorable factors and countermeasures

A. Favorable factors

(a) Rapid growth of Mainland market

On March 11, 2021, the Fourth Session of the 13th National People's Congress of China officially released the "Outline of the Fourteenth Five-Year Plan for National Economic and Social Development (2021-2025)" and the congress will process the review and approval the so-called "Fourteenth Five" outline. The outline emphasizes the implementation of smart manufacturing and green manufacturing projects, the development of new service-oriented manufacturing models, and the promotion of high-end, intelligent, and green transformation of the manufacturing industry. It also highlights the nurturing of advanced manufacturing clusters and the promotion of innovative development in industries such as integrated circuits, aerospace, marine engineering equipment, robotics, advanced rail transportation equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, pharmaceuticals, and medical equipment. The plan also aims to transform and upgrade traditional industries by optimizing the layout and adjusting the structure of industries such as petrochemicals, steel, non-ferrous metals, and building materials. It seeks to expand the supply of high-quality products in light industry and textiles, accelerate the transformation and upgrading of key industries like chemicals engineering and papermaking, and improve the green manufacturing system. Efforts will be made to enhance the core competitiveness and technological transformation of the manufacturing industry by encouraging the application of advanced and applicable technologies, strengthening equipment renewal, and scaling up the application of new products. The plan includes the construction of smart manufacturing demonstration plants and the improvement of smart manufacturing standards.

The plan also emphasizes quality improvement initiatives and

aims to promote the manufacturing industry to "increase variety, improve quality, and create brands." It anticipates that various industries in China will continuously invest in high-end equipment in the coming years. As air compressors are a crucial source of power for automation in various industries, this indirectly indicates that the air compressor industry will continuously experience rapid development in the Chinese market in the future.

- (b) The labor costs in the Mainland China continue to rise, and the automation ratio is increasing each year.

The Chinese labor cost continues to rise, and the problem of lack of work has also been known. There are already manufacturers who have moved to the southeast, but more competitive manufacturers have chosen to stay for industrial upgrading and automation engineering to change the production line that used to require a lot of labor to an automated one. Both productivity and product quality have been effectively improved. As the automation ratio of each industry has increased year by year, the demand for air compressors has also been raised year by year.

- (c) In Mainland, environmental protection requirements have raised and green industries have emerged

The air pollution in mainland has become more and more concerning, hence the local government's attention on the issue of environmental protection. In many industries, environmental pollution will be gradually regulated and eliminated in the process of production. Air compressors use air as a medium, and air does not pollute the environment like hydraulic systems, which operates with various oils that create large consumption of energy and pollution. New air compressors such as scroll air compressors generate very low noises and provide a better production environment.

- (d) Industry entry threshold is high

Besides the accumulation of product technology and production experience, in accordance with the "Regulations on the Administration of Industrial Product Production Licenses of the People's Republic of China (Order No. 440 of the State Council)

and the “Implementation Measures for the Administration of Industrial Products Production Licenses of People’s Republic of China” (National Quality supervision and Inspection Quarantine General Administration Order No.80), “Industrial Structure Adjustment Guidance Catalogue (2005)” (National Development and Reform Commission Order No.40), etc., companies that produce and sell air compressor products in China are required to have production licenses. Enterprises that do not have production licenses are not permitted to produce air compressor products, making it rather challenging for newcomers to enter the industry.

- (e) Wide range of applications, unaffected by the boom in single industry.

Industries that require automation and reduce labor and improve the efficiency of production will use air compressors, such as assembly lines and maintenance plant in automotive industry; food/pharmaceutical processing and blow molding; air-jet weaving and weft blowing in textile and garment industry even spray guns for decoration, therefore the demand for air compressors is less susceptible to fluctuations in the single industry boom.

B. Unfavorable factors and countermeasures

- (a) The fluctuation of raw material prices has increased the challenge of raw material inventory management and cost control. Steel, motor materials and host of air compressors are the main raw materials of the Company. As the revenue increases each year, the usage of raw materials increases as well. Raw materials tend to fluctuate with the fluctuation of the economy which affects production costs or stocking.

Respond to measures: Establish a good relationship with the upstream raw material suppliers to mitigate the impact of fluctuations in prices of raw materials and the stability of supply. Regularly review the market supply and demand as well as price fluctuations in order to adjust the purchase quantity. At the same time, make downstream distributors aware when the cost of raw materials rises to a certain extent to reduce the impact of

the increase in raw materials.

(b) Increased labor costs in the Mainland increases production cost

The Company's main production base is in China. With the rise of China's prices in recent years, the cost of labor has also increased. Since the implementation of the Labor Contract Law in 2008, local wages and welfare requirements have increased year by year, resulting in an increase in the production costs of local manufacturers that affects its own gross profit and competitiveness. Although the current direct labor accounts for less than 10% of the Company's production costs, if the cost of labor continues to rise, it will have an adverse impact on operating profit.

Respond to measures: The Company has been introducing automated production equipment in recent years, and is actively engaged in the improvement of production processes. In the future, the labor efficiency will be improved through the production process design and staff training, and it is expected to effectively reduce the dependence on labor. In response to the rapid increase of labor cost in China's coastal areas, the Company has plans to expand a plant to the inland areas where the labor costs are lower. So far, the Company has invested in Jiangxi to establish a subsidiary – Lida (Jiangxi) Machine Equipment Company Limited as a production base of the Group in the inland provinces. After gradually expanding its production capacity, it is expected to decrease the pressure on rising labor costs.

(c) Serious counterfeiting in the mainland makes brand management difficult

The market in the mainland is vast, and the demand for air compressors keeps growing which has made local small-scale manufacturers to claim their sub-quality product as well-known brand to make enormous profits. It often leads to unnecessary disputes after the poor-quality products breaking down.

Respond to measures: The Company's "Lida" and "Luowei" are registered trademarks in the local area to avoid the use of similar trademarks in the industry to mislead consumers. The

Company's new technology research and development will also apply for patents to avoid imitation within the industry. To protect the Company's rights, the Company educates distributors around the country to keep an eye out for counterfeit products and look for evidence then call the local police for penalties to make them aware that selling counterfeit products has to be punished to an extent so that they will think twice next time.

- (d) The recession in the real estate industry impacts the demand for industrial and manufacturing sectors.

The recession in the real estate industry has brought a series of severe consequences to society as a whole. Firstly, the downturn in real estate leads to stagnation and difficulties in related industries. As a vast sector, real estate involves numerous sub-industries such as construction, renovation, and furniture. When the real estate market is not thriving, construction industry orders decrease, renovation businesses suffer, and furniture factory sales decline, all of which impact the development of these industries. This not only results in mass unemployment but also hinders the overall growth of these sectors. Additionally, the downturn in real estate negatively affects infrastructure development. The stagnation in related industries due to the real estate slump significantly reduces the demand for air compressors. Consequently, whether considering the macro environment and policies or growth vectors, there will be a slowdown or even negative growth. In response, the following measures are recommended: 1. Increase R&D investment and introduce advanced international technology to develop new products and technologies that are energy-efficient, environmentally friendly, intelligent, and highly reliable. This will cater to the personalized needs of different customers and enhance product added value and competitive advantage. 2. Strengthen market research and analysis to understand market demands and changes, explore new market areas and regions, expand market share and coverage, and increase market influence and brand recognition. 3. Improve pre-sales, sales, and

after-sales services to provide customized, integrated, and comprehensive service solutions. This will meet the diverse needs and expectations of customers, enhance customer satisfaction and loyalty, and strengthen customer retention and reputation.

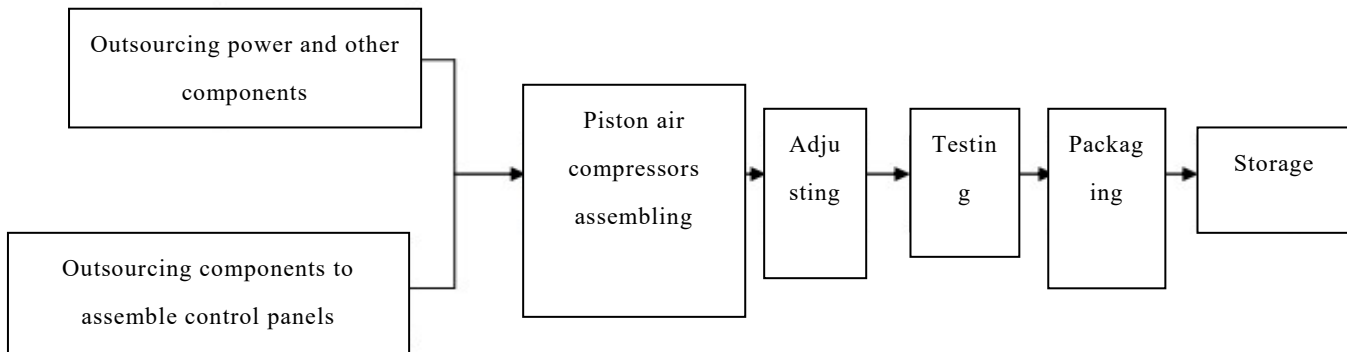
(2) Important uses of the main products and production process

i. Important uses

Application areas	Functions	Examples of applications
Manufacturing	Aerodynamics	Drive a variety of pneumatic machinery, such as pneumatic picks, riveting machines, presses, tamping machines, lifts, wind drills, etc.
		Instrument control and automation devices, including pneumatic instruments, pneumatic valves, power instruments, instrument control, etc.
		Spray blasting, including spray painting, rust removal, etc.
Textile and Garment	Aerodynamics	Jet weaving, including driving a jet weaving machine with a compressor. Weft blowing, denim sand washing
Food, pharmaceutical	Aerodynamics	Bottle blowing and molding, for example, blowing and molding bottles using bottle blowing machine with a compressor.
		Compression stirring
		Canned food and medicine, including insert carbon dioxide into canned beer, packing production line automation equipment
Transportation	Aerodynamics	Vehicle braking, door opening and closing, track installation engineering equipment
Chemical and Petrochemical	Aerodynamics	Oil well fracturing, fracturing the ground using air pressure, oil extraction
	Synthesis and polymerization	Synthetic polymerization of chemical raw materials including synthetic nitrogen, synthetic methanol and synthetic urea.
	Gas transportation	Remote transportation of gas and natural gas.
Refrigeration and Gas separation	Refrigeration and Gas separation	Artificial refrigeration including nitrogen compressors, Freon compressors
	Gas transportation	Transport of refrigeration gas or separated gas
Mine, metallurgy	Aerodynamics	Drilling equipment drives, including rock drills, pneumatic drills, mechanical impactors High pressure blasting mining, including high pressure blasting coal mining
	Gas transportation	Transportation of combustion-supporting gas, including blast furnace air supply, blast furnace oxygen supply, cement transportation, mine air supply

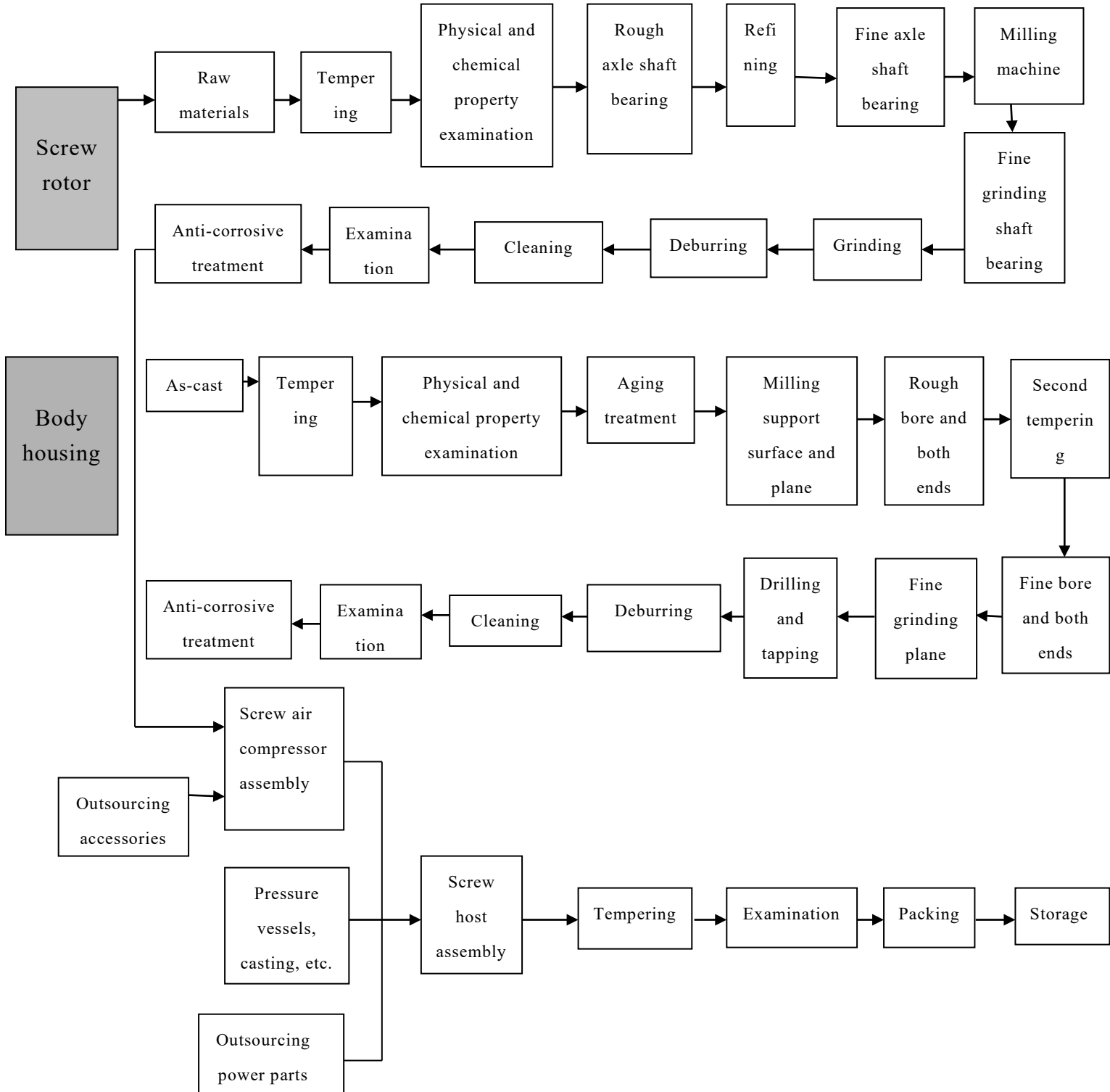
ii. Production process

A. Piston air compressor production process



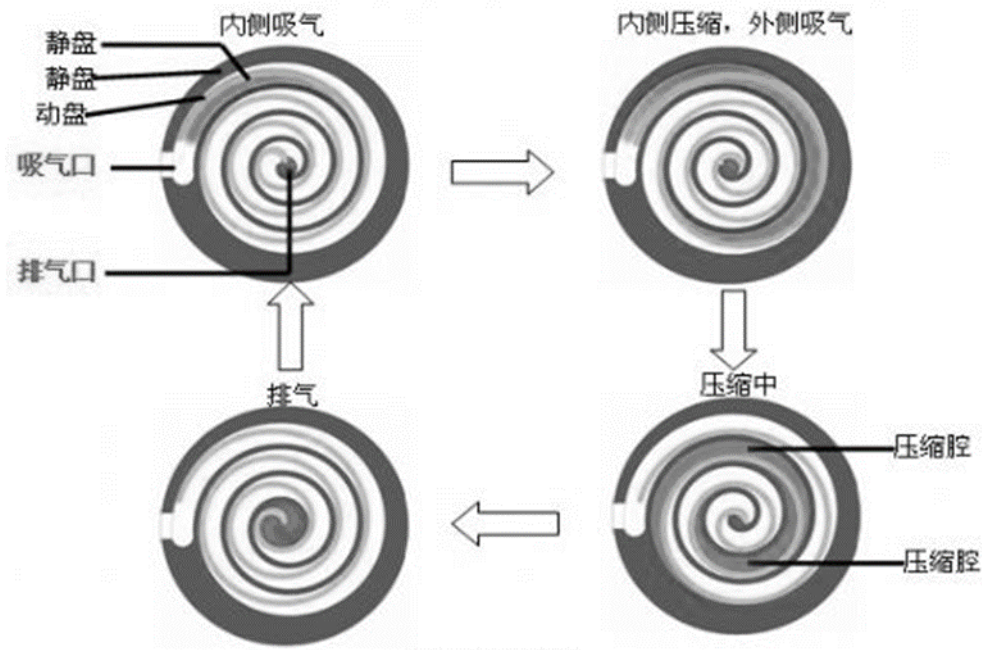
Resource : Qianinfo Consulting

B. Screw air compressor production process



Resource : Qianinfo Consulting

C. Scroll air compressor production process



(3) Primary raw materials

The Company's primary raw materials are machinery heads, crankcases, hosts, iron plates, iron cores, rotors, etc., and there are more than two sources that supply related materials. The Company maintains a good and stable cooperative relationship with major raw material suppliers. Not only does the Company have enough supplies but also strictly control the quality and delivery period to ensure that the supply of major raw materials is sufficient. There has been no shortage or interruption of supply in the past three years and the application year which makes the sources of supply very stable.

(4) Based on the number of customers and their purchase amount and ratio that accounted for more than 10% of the total sales in the past two years, any changes that had occurred are explained as follows

- i. Data of major supplier accounted for more than 10% of the total sales in the past two years

Unit: NT\$ thousand

Item	Title	2024			2025			
		Amount	Annual net purchase (%)	Relation with issuer	Company	Amount	Annual net purchase (%)	Relation with issuer
1	A1	370,186	13.85	None	A1	382,115	15.42	None
2	Other	2,302,444	85.31	—	Other	2,095,372	84.58	—
	Total	2,672,630	100	—	Total	2,477,487	100	—

The main supplier of the company is A1 who mainly purchases heads of air compressors from. As the amount of compressor head procurement is decreasing, many manufactures start to produce compressor head. There are two air compressor head suppliers. One of the supplier can't meet the company's product demands so we purchase it from the other one and the ratio of procurement rises. As the self-made rate of screw compressors increases year by year, the amount of screw compressors procurement also decreases.

- ii. The Company's distributors are scattered. In the past two years, there were no distributors who accounted for more than 10% of the total sales.

3. The number of employees employed for the recent 2 fiscal years, and during the current fiscal year as of the date of publication of the annual report, average years of service, average age, and education levels

Persons, age, year, %

Year		2024	2025	26 Apr, 2026
Number of employees	Manager	6	6	6
	General employee	167	162	162
	Production line employee	506	437	437
	Total	679	605	605
Average age		38	39	39
Average years of service		10	10.5	10.5
Education level distribution ratio	Master (above)	1	1	1
	University	80	82	82
	Senior High school	101	164	164
	Below high school	497	358	358

4. Disbursements for Environmental Protection

- (1) Instructions for the application, payment or establishment of a pollutant installation permit or a pollution discharge permit or a person who should set up an environmental protection special unit in accordance with the law:

A subsidiary of the Company, Lida (China) applied for pollutant discharge permit at the Fujian Provincial Department of Environmental Protection in accordance with regulations. The license number is 913505217264446634002X. The validity period of the license is January 09, 2030.

A subsidiary of the Company, Lida (Jiangxi) applied for pollutant discharge permit at the Jiujiang Environmental Protection Bureau of Jiangxi Province in accordance with regulation. The license number is Jiukaihuan [2016]003. The validity period of the license is July 14, 2027

- (2) List the Company's investments in the primary equipment for preventing and controlling environmental pollution and its used and possible benefits:
None.
- (3) Explain the Company's efforts to improve environmental pollution in the past two years and up to the date of publication of the annual report: its incidents of pollution disputes, and should explain its process of resolution:
None

- (4) Explain the losses suffered by the Company due to environmental pollution in the two most recent years up to the date of publication of the annual report (including compensation and violations against environmental protection regulations based on environmental protection audit results), as well as the date of penalty, no. of penalties, violation of articles, violation of regulations, content of the penalty and disclosure of the estimated amount from the current or future conditions and countermeasures (If the estimation is not reasonable, a reasonable estimation which cannot be made, should be explained): None.
- (5) Explain the impact of the current pollution status and its improvement on the Company's earnings, competitive position and capital expenditures, and the estimated major environmental capital expenditures for the next two years.
- i. Current pollution status and its impact on the Company's earning, competitive position and capital expenditures: None.
 - ii. The estimated and major environmental capital expenditures for the next two years: None.

5. Labor Relations

- (1) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures.
- i. Employee welfare measures
 - A. The Company encourages and promotes its employees in a timely manner.
 - B. The Company conducts excellent employee evaluation each year and give recognition.
 - C. The Company rewards those who achieve exceptional results in production to encourage positivity.
 - D. The Company pays for its employees' social insurance.
 - E. The Company provides pleasant living entertainment such as dormitory, basketball, temporary baby care center, staff convenience store, etc.
 - ii. Continuing education and training

The Company provides induction training for all employees,

including factory regulations, environmental protection, 6S (sort, set in order, shine, safety, standardize, sustain),etc. It also provides skills and safety management training for employees and supervisors. Combining with the employees' personal development planning, the Company offers professional training to enhance employees' personal capabilities from time to time. The Company also invites distributors who have excellent performance to share their sales skills and after-sale service experiences to improve the quality of service of each distributor, along with internal or external professional training for full-time employees if needed to improve their personal qualities and working skills.

iii. Retirement system and the status of its implementation

The Company's main operating location is in mainland China. The Company pays for five basic social insurances to the local Social Security Bureau such as endowment insurance for employees in accordance with the law. When an employee reaches the statutory retirement age, they can apply for pension from the Social Security Bureau to which procedures the Company also handles in accordance with the relevant regulations of the local government.

iv. Labor agreements, maintenance of employee rights and interests

The Company has always valued the rights and interests of the employees, engages communications actively, and strives for humane management. The employees can express their opinions through meetings, emails or mailboxes to keep the labor and management communication smooth and open.

(2) Explain the losses incurred by the Company due to disputes between labor and capital in the two most recent years up to the date of publication of the annual report (including compensation and violations against the Labor Standards Act specified in the labor audit results), as well as the date of penalty, no. of penalty, articles in violation, content of violated regulations, content of penalty and disclosed estimated amount from current or future incidents and countermeasures (If it cannot be estimated reasonably, an explanation should be provided): There were no disputes between labor and

capital in the Company.

6. Information security management

(1) State the risk management structure, information security policy, concrete management project and resources for information security management.

1. Information security risk management framework

The company has established an internal control system - information circulation to establish a safe and reliable computerized operating environment to ensure the security of the company's computer data, systems, equipment and network; a dedicated information unit is responsible for planning and implementing information security related Requirements, publicizing information security information, enhancing employee information security awareness, and collecting and improve the performance of the organization's information security management system and effective technologies, products or procedures, etc.

2. Information Security Policy

In order to implement information security, the company has established an internal control system, which is an information circulation and information security policy, as the yardstick for all colleagues to implement the information security policy. The company's information security policy is:

The goal is to establish a safe and reliable computerized operating environment to ensure the security of the company's computer data, systems, equipment, and network. This is to protect the company's rights and interests and the company's sustainable operation.

3. Concrete management plan

(1) Employees of the company shall not install and use illegal software or privately owned computer software on the company's computers, nor shall they copy, borrow, or bring back legal software of the company without permission. If this violates the copyright law, the employees shall be liable for criminal and civil full responsibility.

(2) Before the system user has completed the formal authorization

procedure, the information department shall not provide system access service to the system user. Users should be empowered in writing, offered an electronic pass, or allowed to access in other ways.

(3) Users should keep in mind the conditions and requirements of accessing the system, and can only access system resources within the authorized scope

(4) Users are not allowed to give their personal login IDs and passwords to others for use.

Participants are also not allowed to steal other people's login IDs and passwords by any means.

(5) When a user is transferred to another position or quit (take a long leave from) his position, he should cancel his system access authority as soon as possible.

(6) Users shall not use the network system to do following actions:

A. Distribute computer viruses or other programs that interfere with or destroy system functions.

B. Distribute emails containing pornographic images or videos, or browse websites that disseminate pornographic information.

C. Unauthorized interception of messages transmitted through the Internet.

D. Unauthorized use of the network by cracking, embezzling, or falsely using other people's account numbers and passwords, etc. resources, or disclose other people's account numbers and passwords without reason.

E. Lending the account to others without proper reason.

F. Abusing network resources in any forms, inclusive of sending mass advertisements, chain letters, or useless information by email, or flooding mailboxes, plundering resources, etc., to affect the normal operation of the system.

G. Disseminate fraudulent, defamatory, insulting, obscene, harassing, illegal software transactions or other illegal information by means of e-mail, online chat, bulletin board system (BBS), Blog, or

similar channels.

- H. Use the company's network resources to engage in non-official activities or illegal activities.
 - I. Use hackers or other software to steal unauthorized company information.
 - J. Use variety of P2P softwares to download various unlicensed programs or software
 - K. It is forbidden to repair network public facilities, destroy network equipment, interfere with network signal transmission, etc., which will affect the normal operation of the network.
 - L. Really abide by the copyright law, and do not reproduce, install, or use illegally obtained music, videos, and software. If you violate relevant regulations, you will be responsible for relevant legal responsibilities if found.
- (7) Management of user password
- A. Users should be responsible for keeping and alternating their personal passwords regularly to maintain the confidentiality of passwords.
 - B. When the user logs in to the system for the first time, the temporary password should be changed immediately.
 - C. When there are enough signs to show that the user's password may be cracked, the password should be changed immediately.
 - D. The user password should be set to more than six codes, and avoid using date and other related passwords that are too easy to crack.
 - E. The user account number and password shall not be randomly jotted down on paper or pasted where they are easy to be found
 - F. Passwords should be changed regularly, and repeated passwords cannot be used to avoid unauthorized use.
- (8) When the computer and terminal are no longer in use or leave the seat, they should jump out of the application system, locked to keep personal data safe.
- (9) Printed files and magnetic media should be stored in a cabinet

when not in use or during non-working hours, and confidential and sensitive information should be locked for protection.

(10) Computer equipment, data or software should not be taken out of the office without the written authorization of management personnel.

4. Resources invested in information security management: The company has a dedicated information unit which devotes human resources in charge of information security management. The software and hardware resources are mainly for setting up independent information computer rooms and setting up network firewalls, which are maintained and renewed year by year.

(2) List the losses incurred due to major information security incidents in the most recent year, explain and estimate possible impact up to the date of publication of the annual report loss as well as the response measures; if the impact cannot be reasonably estimated, the company should explain why:

1. The company currently has no major information security incidents that have caused business damage.
2. The company will continue to implement the information security management policy objectives, and regularly implement recovery plan drills to protect the company's important systems and data security.

7. Important contracts

(1) Lida Holdings Limited: None

(2) Wellsoon International Limited: None

(3) Lida (HK) Holdings Co., Limited: Loan contract, Lida (HK) provided RMB 30 million in loan to Lida (China)

(4) Lida (China) CO., LTD

Properties	Parties	Start/End date of the Contract	Major Content	Restriction Articles
National property land use right assignment contract	Taiwan Business Investment Division of Quanzhou Land Resources Bureau	Since March 30, 2018	Sign a land contract	None
Construction Project Supervision Contract	Fujian Huayuan Sunshine Engineering Management Co., Ltd.	Since July 1, 2019	Sign a Construction Project Supervision Contract	None
Revolving Capital	Agricultural Bank of China	November 19, 2024 to	Sign a Loan Contract	None

Properties	Parties	Start/End date of the Contract	Major Content	Restriction Articles
Loan Contract	Limited, Hui'an County Branch	November 19, 2025		
Revolving Capital Loan Contract	Agricultural Bank of China Limited, Hui'an County Branch	November 21, 2024 to November 21, 2025	Sign a Loan Contract	None
Revolving Capital Loan Contract	China CITIC Bank	September 12, 2024 to September 12, 2025	Sign a Loan Contract	None
Revolving Capital Loan Contract	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	September 13, 2024 to September 12, 2025	Sign a Loan Contract	None
Revolving Capital Loan Contract	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	October 9, 2024 to October 9, 2025	Sign a Loan Contract	None
Revolving Capital Loan Contract	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	August 14, 2024 to August 8, 2025	Sign a Loan Contract	None
Revolving Capital Loan Contract	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	March 5, 2024 to February 21, 2025	Sign a Loan Contract	None
Molding Rotor Grinding Machine Contract	Xiamen Tianhusi Import and Export Co., Ltd.	Since May 23, 2023	Sign an Equipment Purchase and Sale Contract	None
Factory Rental Agreement	Quanzhou Jiatai Footwear Co., Ltd.	August 1, 2024 to July 31, 2027	Factory Rental Agreement	None
Factory Rental Agreement	Lida Commercial Operations Management Co., Ltd.	October 1, 2023 to September 30, 2026	Factory Rental Agreement	None
Factory Rental Agreement	Quanzhou Enlicheng Auto Parts Co., Ltd.	February 1, 2023 to January 31, 2028	Factory Rental Agreement	None
Revolving Capital Loan Utilization Agreement	Bank of the Straits Co., Ltd., Quanzhou Branch	Jan 23, 2025 to Jan 23, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract (2024 version)	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	Feb 19, 2025 to Feb 12, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract (2024 version)	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	May 30, 2025 to May 7, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract (2024 version)	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	Aug 8, 2025 to Aug 6, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract (2024 version)	Industrial and Commercial Bank of China Limited, Quanzhou Taiwan Business Investment Zone Branch	Sep 12, 2025 to Sep 11, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract	China CITIC Bank	Sep 10, 2025 to Sep 10, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract (2024 version)	Industrial and Commercial Bank of China Limited,	Oct 10, 2025 to Oct 19, 2026	Sign a Loan Contract	None

Properties	Parties	Start/End date of the Contract	Major Content	Restriction Articles
version)	Quanzhou Taiwan Business Investment Zone Branch			
Revolving Capital Loan Contract	Agricultural Bank of China Limited, Hui'an County Branch	November 13, 2025 to November 11, 2026	Sign a Loan Contract	None
Revolving Capital Loan Contract	Agricultural Bank of China Limited, Hui'an County Branch	November 20, 2025 to November 16, 2026	Sign a Loan Contract	None
Construction Contract for the Air Compressor Station and Waste Warehouse Project	Fujian Minyu Construction Engineering Co., Ltd.	Since May 13, 2025	Sign a Construction Contract	None
Roadwork Project within the Factory Area	Fujian Yongmao Municipal Engineering Co., Ltd	Since April 14, 2025	Sign a Construction Contract	None

(5) Lida (Jiangxi) Limited

Properties	Parties	Start/End date of the Contract	Major Content	Restriction Articles
Lease Agreement for Factory Premises	Jiujiang Changfeng Plastics Co., Ltd.	August 1, 2022 to July 31, 2027	Sign a Lease Agreement	None

VI. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Positions

Unit: NT thousand, %

Item	Year	2024	2025	Difference	
				Amount	%
Current assets		3,692,536	3,805,991	113,455	3.07
Property, plant and equipment		3,259,027	3,445,229	186,202	5.71
Intangible assets		—	—	—	—
Other assets		770,398	598,319	-172,079	-22.34
Total assets		7,721,961	7,849,539	127,578	1.65
Current liabilities		908,857	1,000,014	91,157	10.03
Non-current liabilities		636,588	640,389	3,801	0.60
Total liabilities		1,545,445	1,640,403	94,958	6.14
Share capital		1,160,000	1,160,000	0	0.00
Capital surplus		1,548,200	1,548,200	0	0.00
Retained earnings		3,844,931	3,969,533	124,602	3.24
Other interests		-376,615	-468,597	-91,982	24.42
Total amount of equity		6,176,516	6,209,136	32,620	0.53

Analysis of significant changes in the last two years (over 20% of the previous period and the change amounted to NT\$ 10 million):

1. Other assets: This is primarily caused by an decrease from prepaid equipment payments and investments in real estate.
2. Other equity: This change is caused by fluctuations in exchange rates.

2. Financial Performance

(1) Financial Performance Comparison and Analysis

Unit: NT thousand, %

Item	Year	2024	2025	Discrepancy	%
Operating cost		2,901,454	2,792,740	-108,714	-3.75
Gross profit		730,696	673,749	-56,947	-7.79
Operating expenses		527,466	361,795	-165,671	-31.41
Operating interest		203,230	311,954	108,724	53.50
Non-operating revenue and expenses		-6,612	9,502	16,114	-243.71

Pre-tax benefits	196,618	321,456	124,838	63.49
Income tax expense	58,839	80,854	22,015	37.42
Current net profit	137,779	240,602	102,823	74.63
Other comprehensive income profit after income, tax, net	211,642	-91,982	-303,624	-143.46
Total comprehensive income	349,421	148,620	-200,801	-57.47
Net income attributed to Shareholders of the parent company	137,779	240,602	102,823	74.63
Comprehensive income attributable to non-controlling interests	349,421	148,620	-200,801	-57.47

The changes of 20% or more in the two periods and its amount is over NT\$10 million described as follows:

1. Operating expenses: Primarily due to improved collection of overdue accounts in 2025, leading to a gain on reversal of expected credit losses.
2. Operating profit: Primarily due to improved collection of overdue accounts in 2025, leading to a gain on reversal of expected credit losses..
3. Non-operating income and expenses: Primarily due to the increase in rental income and changes in exchange gains/losses in 2025.
4. Profit before tax: The increase in operating profit and non-operating income and expenses led to a increase in profit before tax.
5. Net profit for the period: The increase in profit before tax contributed to the increase in net profit for the period.
6. Other comprehensive income for the period: This change is due to fluctuations in exchange rates.
7. Total comprehensive income for the period: This is also due to fluctuations in exchange rates.
8. Total comprehensive income attributable to owners of the parent company: This change is due to fluctuations in exchange rates.

Expected Sales Volume and Its Basis, Potential Impact on the Company's Future Financial and Business Operations, and Response Plan:

Based on the current economic and export conditions in China, changes in the industry operating environment, market supply and demand competition, as well as the progress of existing customer business in various application sectors and the development of new customers, the Company estimates that product sales volume in 2026 will grow slightly compared with 2025. The Company will continue to prepare in line with its established financial and business objectives while closely monitoring market developments.

3. Cash Flow

(1) Cash flow changes analysis for the recent fiscal year

Unit: NT thousand, %

Item	2024	2025	Increase (decrease)	
			Amount	%
Cash inflow from operating activities	727,707	455,807	-271,900	-37.36
Cash inflow from investment activities(Expenses)	750,502	-224,027	-974,529	-129.85
Cash inflow from financing activities(Expenses)	-177,199	-59,036	118,163	-66.68

The main reasons in cash flow changes for recent fiscal year are as follows:

- (1) Decrease in cash inflows from operating activities: Primarily due to a smaller decline in accounts receivable compared to the same period last year, which consequently reduced cash inflows from operating activities.
- (2) Decrease in cash outflows from investing activities: Primarily due to the recovery of other receivables from loans granted to others in 2024.
- (3) Increase in cash inflows from financing activities: This is primarily due to an increase in short-term borrowings.

(2) Insufficient Capital liquidity improvement plan:

The Company has a number of capital expenditure plans in 2025, the revenue and profitability continue to be stable, and the business activities shall continue to generate net inflows. It is expected to be sufficient to support the outflow of investment and financing activities. Therefore, there shall not be shortage of liquidity for the next coming year.

4. Major Capital Expenditures during the Most Recent Fiscal Year

The amount of fixed assets purchased by the Company in 2024 and 2025 was NT\$377,698 thousand and NT\$255,016 thousand. The Company assessed the capacity status according to market demand for air compressors and there was no situation in which the increase in capital expenditures adversely affected the financial business of the Company.

Turnover ratio	2023	2024	2025
Fixed assets turnover ratio (times)	1.54	1.12	1.03
Total assets turnover ratio (times)	0.68	0.48	0.45

5. Investment Policy for the most Recent Fiscal Years, the Main Reasons for the Profits or Losses, Improvement Plans, and Investment Plans for the coming Year

(1) Reinvestment policy

The Company's current reinvestment policy is based on the basic business-related investment targets, and is not engaged in investment in other industries. The relevant executive departments follow the internal control system in accordance with "Investment Cycle", "Affiliated Company, Specific Companies and Related Party Trading Operations" and "Procedures for Acquisition or Disposal of Assets" and the above procedures were

approved by the board of directors or the shareholders meeting.

(2) Main reasons for the profit or loss of reinvestment in the recent fiscal year
(2025)

Unit: NT thousand

Investment Company	Net Profit after Tax	Reason for Profit or Loss	Improvement Plan
Wellsoon International Limited	251,972	Mainly due to the transfer of invest income from the evaluation of equity method	—
Lida (HK) Holdings Co., Limited	252,288	Mainly due to the transfer of invest income from the evaluation of equity method	—
Lida (China) Machine Equipment Company Limited	259,366	The industry is stable in profitability	—
Lida (Jiangxi) Machine Equipment Company Limited	(28,919)	Established in 2012 and started production in July 2014	Detailed description

Lida (Jiangxi) started production in July 2014. The products of production are mainly piston air compressors. Since April 2017, a small amount of basic screw had been shipped. It is still in the process of R&D technology transplantation and talent cultivation. As the production and sales amount are not yet sufficient to share the fixed operating costs, therefore it is still at loss. The operation has not reached the scale of the economy. As the Company is fully focusing on the development of energy-saving screws and vortex machines, and is in the process of building a new Lida industrial park to integrate and provide the growth momentum needed to expand the high-end market for long-term, taking into account the location of the plant and the overall operational efficiency. In accordance with the provisions of the International Accounting Standards No. 36, the Jiangxi factory is assessed for property, plant and equipment impairment, and the amount is NT\$61,273 thousand, which is recognized as non-operating item in the fourth quarter of the financial statements for 2018 as there is no actual cash outflow. In addition, in 2025, the Company re-evaluated and recognized an impairment loss of NT\$8,984 thousand as its carrying amount exceeded its recoverable amount, thereby gradually reducing the operational burden of the Jiangxi plant year by year.

(3) Investment plans for the coming year: None.

6. Risk Management

(1) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

i. Change in interest rate

The interest rate risk of the Company is mainly from bank deposits and loans. The interest revenue of the Company in 2024 and 2025 were NT\$6,742 thousand and NT\$1,904 thousand respectively, accounting for 0.19% and 0.05% of the total net profit, and the interest expenses were NT\$15,459 thousand and NT\$14,015 thousand respectively, accounting for 0.43% and 0.40% of the total net profit. Overall, the interest revenues and interest expenses in 2024 and 2025 to the net profit were not high; therefore, the change in the market interest rate has not yet had a significant impact on the financial business of the Company. However, if there is a large fluctuation in the future interest rate, the Company will not only keep close contact with the banks, but also understand the interest rate trend in order to obtain the most favorable loan interest rate. The Company will also use other financial instruments to reduce the risk of interest rate changes thorough financial planning.

ii. Change in exchange rate

Exchange gains (losses) for 2024 and 2025 were NT\$13,798 thousand and NT\$25,772 thousand, accounting for 6.79% and 8.26% of operating profit, respectively, which is considered immaterial. The Company's main operations are in Mainland China, and USD-denominated export revenue accounts for about 31% of total turnover. The remaining purchasing and sales transactions are primarily denominated, settled, and paid in RMB, which is also the Company's functional currency. Since the proportions of the Company's export sales and foreign purchases remain relatively low, the exposure to exchange rate risk is quite limited. However, to mitigate potential operational risks arising from future exchange rate fluctuations, the Company's finance department actively collects relevant foreign exchange information and consults with correspondent banks regarding exchange rate trends, keeping a close watch on market movements.

Based on actual funding requirements and prevailing exchange rate levels, the Company's profit or loss for the fiscal years 2024 and 2025 has not been materially impacted by inflation. Looking ahead, the Company will continue to maintain close and favorable interactions with both customers and suppliers. Concurrently, the Company will flexibly adjust its procurement policies and sales strategies, monitor market price fluctuations, and grasp upstream material price trends to mitigate the impact of inflationary changes on the Company's profit or loss.

- (2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measure to be taken in the future:

The Company is committed to its core business and has not engaged in high risk or highly leveraged investments, and its financial policy has always been conservative, therefore the impact of risk is limited. The has established the "Acquisition and Disposal of Assets Procedures", "Operational Procedures for Lending Capital to Others" and "Operational Procedures for Endorsements and Guarantees" and other related operations to standardize the Company and its subsidiaries to engage in high-risk and highly leveraged investments, capital loans to others, endorsements, guarantees and transactions of financial derivative products. In recent years as of the date of report publication, the Company has not engaged in high-risk, highly leveraged investments, endorsements, guarantees and transactions of financial derivative products.

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

- i. Research and development plan: In line with the national energy-saving policy, the application of screw air compressors continues to expand. The host is one of the main components of screw air compressors. In June 2017, the board of directors approved the project of producing the hosts of screw air compressors, and when the equipment was officially put in place in

March 2018, after a series of test and trials of production, part of them were officially being produced at the end of July. The current self-developed research and development plans continue to increase according to the progress and the quality and yield of the product have all passed the high standard test. Mastering the technology of the hosts of air compressors is crucial for maintaining a strong market position in the screw compressor industry; hence, increasing the self-production rate of the main compressor unit is one of the most important initiatives to be pursued this year. So far, the test for mass production has all complied to the Company's expectation that the Company has been able to produce all of 10, 15, 20, 30, 50, and 100 hp models, and will continue to start mass production of models with 150 and 175 hp or higher this year, anticipating the demand of equipment purchase to expand the self-produced models. The production cost can be reduced while the quality can be improved through the self-development and production. In terms of new product development, the Company keeps developing energy-saving and high-efficiency and permanent magnet variable frequency screw type of air compressors. Furthermore, the Company is going to focus on developing the oil-free screw blower product and the serial products of vacuum pump to emphasize the effect of lower consumption and higher energy saving. The Company will continuously develop different models for energy saving, efficiency, noise, weight, size and other characteristics to meet the needs of different customers in the market.

ii. R&D expenses: The research and development of the Company in 2024 and 2025 were NT\$225,965 thousand and NT\$213,101 thousand respectively, accounting for 6.22% and 6.15% of the new revenue. It is estimated to invest NT\$200,000 thousand in 2026 to support the development of the future product and the improvement of the performance of old products, which will increase the competitiveness of the Company's products.

(4) The impact of important policies and legal changes in Taiwan and abroad on the Company's financial business and the corresponding measures. The country

of registration of the Company is Cayman, and the country of registration or the country of operation on the subordinate company includes the British Virgin Islands, Hong Kong and Mainland China. The implementation of each business of the Company and its subsidiaries is handled in accordance with the important policies and laws of the country of registration and the country of operation, and is always ware of the policy development trends and changes in the law and timely respond to changes in the market environment as well as take appropriate countermeasures. In the most recent year and up till the publication date of the annual report, there is no significant impact on the Company's financial business due to changes in important domestic and international policies and laws.

- (5) The impact of technological changes(Including information security risk) and industrial changes on the Company's financial business and the corresponding measures.

The Company always keeps an eye on the relevant technological changes in the industry, grasps the market trends and evaluates its impact on the Company operation. In the most recent year and up till the publication date of the annual report, there are no significant technological changes or industrial changes, whereas it had a significant impact on the Company's financial business.

- (6) Analysis of the security risk assessment.

The Company is always aware of the information security situation in the industry and assesses the risk forecasts that may arise at any time to capture market trends and control impact on the Company's operation in a timely manner. There is no significant capital in the most recent fiscal year and up to the date of the publication of the annual report. The security risk has no significant impact on the Company's financial business.

- (7) Effect on the Company's risk management of changes in the Company's corporate image, and measures to be taken in response.

Since the establishment of the Company, it has focused on the operation of the industry. The operation results and the Company's reputation have always been positive. In the most recent year and up to the publication date of the annual report, there is no corporate risk.

- (8) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

The Company has not conducted any merger or any plans to do so in recent years as of the date of report publication.

- (9) Expected benefits and possible risks associated with any plan expansion, and mitigation measures being or to be taken.

In recent years, the Company has been committed to transforming into a high-end air compressor manufacturer and has achieved significant results in optimizing its product portfolio. To align with the Chinese government's industrial land planning policies and to support the Company's long-term operational development, the Board of Directors approved in May 2018 an investment in a new plant within the Lida Industrial Park. This decision was also made in consideration of the current Quanzhou facility's inability to meet future development and market demands.

The total investment for the new Lida Industrial Park was initially set at approximately RMB 489 million. The new site, located in the Quanzhou Taiwanese Investment Zone, covers approximately 185,333 square meters. Construction officially commenced in August 2018. In November 2020, the Board approved an adjustment to the investment budget, raising the total to RMB 660 million, in line with actual construction needs and facility expansions.

With the exception of the office building, the main construction of the plant was completed in 2022. The office building is expected to be completed by September 2024, at which point the full relocation to the new facility will be completed. The Company will gradually integrate the existing Quanzhou plant's production capacity, enhance automation levels on production lines, and build a high-end, automated manufacturing facility aimed at increasing production efficiency.

Moving forward, the Company will focus on in-house manufacturing of screw compressor main units and the development of high-efficiency, energy-saving screw compressors. These efforts will support the expansion of business scale and operational targets while gradually increasing the capacity utilization rate of the new plant.

The Company is a leading product manufacturer of general-purpose air compressor in domestic market, but it does not have an absolute leading position in the field of high efficiency energy-saving air compressors. From the perspective of industry development, the air compressor with energy-saving and high-efficiency is definitely necessary which is among the development priorities of high-end manufactures domestic or abroad. Therefore, it is the ultimate key to maintaining the competitiveness of the industry by expanding its development of product difference and diversifies product categories to handle the needs of various industries and new application market which is the ultimate key to maintaining a high degree of competitiveness of the industry. In the future, after the integration of the existing plant, Lida's new plant will concentrate to expand the development of high-end air compressors, which will enhance the production quality and sales of the overall high-end air compressors, and ultimately lay the foundation for boosting the competitiveness of international mainstream brands. The Company's sales performance has been growing each year; therefore expanding production capacity is a must for operation. The risk may be limited, and the Company will continue to upgrade the technical level and expand the ability of business order to fully utilize the use of the new production capacity.

- (10) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

i. Purchase

The Company's main products are different kinds of air compressors which need main raw materials such as heads of compressors, steel plates and hosts. The Company has concentrated on the risk of decentralized supply, and purchases raw materials from more than two suppliers who the Company has excellent cooperative relations with. If the Company does not have more than two suppliers to buy raw materials from, it also maintains a long-term stable relationship with them. In case of insufficiency of supply or shortage of materials, there are also alternative trusted suppliers available.

There has not been any supply shortage or interruption for 2024 and 2025, and the purchase amount of single major suppliers for 2024 and 2025 accounted for the total net purchase amount of the current period is below 15%, so there has not been any risk of excessive purchase concentration.

ii. Sales

In 2024 and 2025, revenue from our top ten customers amounted to NT\$991,887 thousand and NT\$1,026,110 thousand, which constituted 27.31% and 29.60% of consolidated net sales, respectively. Given our industry's inherent nature, our air compressor products cater to a highly diversified range of applications, spanning sectors such as machinery, electronics, automotive, textiles and apparel, food processing, pharmaceuticals, transportation, construction, mining, and medical equipment. Notably, our largest customer accounted for less than 5% of our net revenue during both periods. With no single-client dependency, the Company's risk exposure regarding sales concentration remains negligible.

- (11) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.
- (12) Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

The Company has an authority chart, except for the day-to-day operations, which are determined by various operating entities. Major decisions must be approved by the chairman or the board of directors, and shareholders' meetings of Lida Holdings and adjust the director structure of some of the subsidiaries according to necessities in order to implement the profession manager system.

- (13) Litigious and non-litigious matters: The directors, supervisors, general managers and substantial principals of the Company, the majority shareholders and affiliated companies with a shareholding ratio of more than 10% have not been determined or included in the lawsuit.

(14) Other important risks and corresponding measures

The overall economic, political and economic environment changes, foreign exchange controls, taxation and related laws and regulations of the country where the foreign issuer is registered and the country of the country of origin, and whether or not the recognition of the effectiveness of the judgment of the civil court in China is recognized.

i. Country of Registration: Cayman

A. Changes in the overall economic and political environment

The Cayman Islands is a British overseas consortium in the West Indies, located in the Caribbean Sea south of Miami, Florida. The Cayman Islands has long been politically stable. The capital, George Town, is located on Grand Cayman, an administrative, commercial and financial center with financial services and tourism as its main source of income. The Cayman Islands is one of the world's major financial centers. There are 5 types of companies that can be registered in the Cayman Islands, which are divided into Ordinary Company, Ordinary Non-Resident Company, Exempted Company, Limited Duration Company and The Foreign Company, in which the exempted company is mainly used by companies and individuals in various countries for financial planning. In recent years, the Cayman Islands government has actively strengthened the goodwill of its overseas financial operations and in 1986 the Mutual Legal Assistance Treaty" was passed between the British government and the United States to jointly prevent international criminal organizations from using Cayman. The islands conduct illegal transactions, such as drug trafficking or money laundering.

While preventing crimes, the Cayman Islands Government is also committed to ensuring the confidentiality of legitimate business practices. Therefore, the political and economic development of the Cayman Islands has been very stable for a long time, and law and order is also positive.

In summary, the Company is a holding company registered in the British Cayman Islands. The registered form is Exempted Company and there is no actual operational activity in the local area. Moreover, the British Cayman Islands has long been in a politically stable state and is the fifth largest financial center in the world. In its overall economic and political and economic environment, it has no significant impact on the overall operation of the Company.

B. Foreign exchange control, taxation, and decrees

The Cayman Islands currently does not levy taxes on profits, income, gains or appreciation of individuals or companies, nor does it have a tax on the nature of inheritance or inheritance taxes. Except for stamp duty applicable to contract in the Cayman Islands or made in the Cayman Islands, there are no other taxes that may be significant for the Company by the Cayman Islands Government. The transfer of shares in the Cayman Islands company is not subject to stamp duty in the Cayman Islands, except where the Company has an interest in the land of the Cayman Islands. Cayman Islands have no foreign exchange control or currency control norms.

C. The “non-executive” directors or directors who perform the directors’ business or substantially control the personnel, financial or business operations of the Company and substantially direct the directors to conduct business, and the legal obligations under the laws of the country of registration.

The Company has been advised by Cayman Islands lawyers that there is no precise legal definition of “Directors” in the laws of the Cayman Islands. In essence, a director is the person who is ultimately responsible for the operation of the Company’s affairs. Sometimes the following terms also refer to “directors”:

- (a) “Executive” directors and “non-executive” directors

There is no substantial difference in the legal liabilities of the executive directors and non-executive directors. The extent to which non-executive directors can rely on executive directors, the current laws does not specify. Such reliance is not without any doubt, and non-executive directors shall have other responsibilities for supervision and control.

(b) “Legal” directors or “Actual” directors

A person who is a validly appointed director and who exercises a director’s position but has not been effectively appointed may be considered an actual director and is therefore responsible for being a director.

(c) Shadow directors

For a company, a shadow director is a person whose directors are more likely to act in accordance with their orders or instructions. Unlike a legal director or an actual director, a shadow director does not claim to be a director of the company. On the contrary, many of them do not address themselves directors but perform their duties as one. No one shall act as a show director of the Company simply because the company’s directors act on the basis of their advice based on the profession. Shadow directors shall bear the same responsibilities as company directors.

(d) Nominal director

As stated literally, nominal directors perform duties on behalf of their parties. A nominal director is also used to describe a person who is a director of several companies for the purpose of collecting an annual fee. However, a nominal director shall be responsible for the director in his or her personal capacity and shall be independent of whether or not they represent a third party. The director’s liability to the Company under the laws of the Cayman Island may be broadly

divided into liability under the common law (i.e. Professional competence, duty and diligence) and fiduciary duty. The directors are legally obligated under the provisions of various laws and, in certain circumstances, also have obligations to third parties (such as creditors). If the Company is unable to pay off or is unable to pay off, the directors shall consider the interests of the creditors when performing their duties.

The Cayman Islands (Amendment) Companies Act has a number of specific legal obligations regarding the administration, registration and filing of the company. Although not the responsibility of the individual director, the Cayman Islands law also prohibits fraudulent trading. Specifically, in the process of dissolution of the company, if the execution of the company's business is intended to swindle the creditor's or other person's creditors' intentions or to defraud, the court is obliged to know that the execution of the company's business is for fraud and responsibility for compensation for the assets of the company. In general, the directors will be aware that the execution of the company's business is for the purpose of fraud, and therefore there is potential liability for the execution of the business as a fraudulent transaction. In the case of a director who violates his statutory responsibilities, certain Cayman Islands laws have penalties (usually fines, imprisonment or joint fines and imprisonment). If improper use of company funds, misconduct or breach of trust in company liquidation, directors may be subject to personal liability in accordance with the law. In addition, in the company liquidation, any person (including directors) may be personally liable for knowing that the execution of the company's business is for fraudulent transactions, and may be liable for compensation for the company's assets in accordance with the court's ruling. Responsibility for breach of common law and loyalty obligation includes damages, refusal of company assets or return of benefits arising from breach of obligation.

In the case of a shareholder's investment, if the statement of the prospectus or other fundraising documents is false or concealed, the director may be liable for damages to the person who has acquired the shares of the company and suffered losses. However, if the director could prove to the court that, in providing the prospectus/recruitment, the directors reasonably believe that the contents of the prospectus/collection file are true and uninformed (or that the damage is concealed as appropriate). (1) The directors are reasonably convinced that the investor continues to obtain the stock, and (2) the potential investor has obtained the stock before the correction of the relevant statement by reasonably practicable means, or (3) Before the potential investor obtains the shares, the directors have taken all necessary measures to ensure that the potential investors pay attention to the corrections of the statement and are exempt from liability. The directors are not responsible for the statement of the professionals contained in the prospectus/collection file, if the professional has obtained the consent of the professional and the directors are reasonably convinced that the professionals are capable of making such statements.

In addition to the directors elected according to law, there are no other non-executive directors who actually perform directors' duties or substantively control the personnel, financial or business operation of the Company.

D Whether to recognize the effectiveness of civil judgments in Taiwanese courts

(a) Risk of litigation request

As the Company is a company exempted from the registration of the British Cayman Islands and has not applied for the approval of the Ministry of Economic Affairs in accordance with the provisions of the Taiwan Companies Law, although the contents of the articles of

association of the listed company shall not prevent any shareholder from filing a lawsuit in a court of competent jurisdiction, seeking appropriate remedies relating to the improper adoption of the resolution by the shareholders' meeting. The dispute arising from the foregoing matters shall be the first instance court of the Taipei District Court of Taiwan. The Company shall appoint litigation and non-litigious agents in accordance with the provisions of the Taiwan Stock Exchange Co., Ltd., but the investor shall be in the court of the Republic of China. Or the person in charge may file a law suit. The court may still judge the existence and delivery of jurisdiction according to the nature and circumstances of the case. The court may also require the investor to explain the foreign laws and regulations involved in the case. Therefore, not all types of cases are guaranteed to obtain an entity judgment in the court of the Republic of China.

(b) Risk of recognition and enforcement of judgment

The Company has been abducted by the Cayman Islands legal opinion: although the Cayman Islands has no law to stipulate that the judgments made by our courts are enforced in the Cayman Islands, the courts of the Cayman Islands pay the judgment based on the debtors of the foreign courts with jurisdiction. The principle of the payment of life will recognize and enforce the foreign (including Taiwan) judgment of a court of competent jurisdiction. However, the judgment must be a final judgment, and the payment of non-tariff or other such obligations or fines, and the acquisition or execution of the judgment shall not contravene the public policy of the Cayman Islands. In certain circumstances, the Cayman Islands courts will extend the classification of remedies in foreign courts in the Cayman Island to extend beyond the monetary judgment and may extend to mandatory orders, declarations and injunctions.

The articles of association of the Company are expressly set out in the Cayman Island company law. The contents of the Articles of Association do not prevent any shareholder from suing the court of

competent jurisdiction for appropriate remedies within 30 days after the resolution is made, in violation of the law or bylaws in convening procedures or resolution of the shareholders' meeting.

The Articles of Association of the Company expressly disputes arising from the foregoing matters, and the Taipei District Court of Taiwan may be the court of first instance. However, since the Company is an Exempted Company, if a lawsuit is filed in a court in the Cayman Islands, the court shall first determine whether it has jurisdiction to hear the relevant dispute, such as the court finding that it has jurisdiction to hear. The relevant disputes will determine the content of the relief in its sole discretion.

The Cayman Islands Companies Act does not allow minority shareholders to file specific rules for derivative proceedings against directors in the Cayman Island courts. In addition, the Company's articles of association are not a contract between the shareholders and the directors, but the agreement between the shareholders and the Company. Even if the minority shareholders are allowed to file a derivative action against the directors in the charter, according to the Cayman Islands law, these regulations cannot be bound to the directors. However, under the common law of Cayman Islands, all shareholders (including minority shareholders) have the right to file derivative actions (including litigation against directors) regardless of their shareholding or shareholding period. Once the shareholder sues, the court of the Cayman Islands will have full discretion to decide whether the shareholder shall continue the lawsuit. In the statement, even if the Company's articles of association (or shareholders with the required shareholding ratio or shareholding period) have filed a lawsuit against the director on behalf of the Company, whether the lawsuit shall continue, ultimately the decision depends on the Cayman Islands court. According to the relevant judgment of the Grand Court of the Cayman Islands, when the

Cayman Islands courts consider whether to approve the continuation of derivative proceedings, the applicable criterion is whether the Cayman Islands courts believe and accept that the plaintiff's request on behalf of the Company is ostensibly substantive. The wrongdoings claimed by the Company are controlled by the controllable company, and the controllers shall prevent the Company from litigating it. The Cayman Islands courts shall be judged on a case-by-case basis (although the court may refer to the provisions of the Company's articles of association, this is not a decisive factor).

E. The risk of the law applicable to the Cayman Islands Act and the Republic of China Act

The Company is a company established under the laws of the Cayman Islands. It is listed on the Taiwan Stock Exchange Co., Ltd. and has amended the Company's articles of association with the requirements of the relevant laws of the Republic of China to protect shareholders' rights and interests. For matters not covered by the Articles of Association, the Company will proceed in accordance with the relevant Cayman Islands Act and the applicable Republic of China Act. The Cayman Islands Act and the Taiwan Act have many differences in the norms of the company's operations. Investors cannot protect the views of the legal rights of Taiwanese companies. They apply to the Cayman Islands companies they invest in. Investors shall know and understand. Consult with experts if necessary to invest in the Cayman Islands companies whether there is no guarantee of shareholders' rights. However, the differences between Cayman Islands Act and the Republic of China Act and the securities trading system may still cause conflicts of law application or interpretation of doubts. The resolution of conflicts of law application or interpretation of doubts remains to be determined by the court. Therefore, the investors of the Cayman Islands courts shall recognize the laws and practices of the country (including but not limited to the request of the Cayman Islands Court to enforce our judgment or to file a lawsuit or enforce its rights in the Cayman Islands courts. The

method of transfer of shares and the record of holders of shares) may create the risk of exercising rights against foreign companies.

F. Shareholder rights in the Cayman Islands may be more restrictive than those in other countries

The Company's corporate affairs are subject to the company's articles of association, the Cayman Islands company law (and its amendments) and the common law of the Cayman Islands. The rights of shareholders to request directors, the rights of minority shareholders to sue and the loyalty obligations of directors under the laws of the Cayman Islands are subject to the common law of the Cayman Islands. The Common Law portion of the Cayman Islands is derived in part from the relatively limited Cayman Islands court precedent and the English Common law, which has an influence on the Cayman Islands courts but is unfettered. The shareholder rights and directors' loyalty obligations as regulated by the Cayman Islands Law may be less clear than the statutes or judgment precedents of other countries that are more familiar to investors.

The Company is a company organized by the laws of the Cayman Islands. Therefore, shareholders may not be able to request execution of judgments by the Company, some or all of the directors or senior managers as counterparts in other countries outside the Cayman Islands. Shareholders may also be unable to serve on the directors or senior managers of the Company in their country of origin, or may not be able to enforce the judgment of the court of the Company in which the position of the shareholders seat is based on the civil liability of the country's securities laws. For directors or senior managers of the Company who are residents of a country other than the country in which the judgment is made, there is no guarantee that the shareholder will be able to enforce the civil and commercial judgments of the counterpart.

ii. The main country of operation: The British Virgin Islands

A. Changes in the overall economy and political and economic

environment

The British Virgin Islands are British overseas territories which are located in the Caribbean Sea, east of Puerto Rico, and are known as the Virgin Islands with the neighboring US Virgin Islands and the Spanish Virgin Islands. At present, the British Virgin Islands is an autonomously managed, British-speaking island that is legislated and politically stable through independent legislative meetings, which tourism and financial services as the main sources of economic income. Since 1959, the common currency is US dollars and the local official language is English.

B. Foreign exchange control, decree, taxation risk

The British Virgin Islands has no foreign exchange control. In addition to the annual payment of government license fees and fees to the local government, the use of registered addresses and registered agent fees, there is no corporate tax, capital gains tax or property tax on registered foreign companies, or other taxes applicable to commercial companies. The British Virgin Islands business company is specifically exempt from income tax. The Income Tax Act also exempts commercial companies from complying with the Stamp Duty Act and the Registration and Recording Act in respect of all instruments or deeds involved in the Company's business, including relevant regulations on commercial companies or the transfer of all property and corporate securities to commercial companies. Individuals living and working in the British Virgin Islands pay only very low payroll tax. In terms of statutory norms, the company is not allowed to publish or distribute dividends in accordance with the 2004 British Virgin Islands Business Companies Act, unless the directors believe that the dividend will be paid when the company will be able to pay the debt at maturity and the company's assets are greater than liabilities.

C. Whether to recognize the validity of the civil judgment of the court of

the Republic of China

The British Virgin Island law does not expressly stipulate that the judgment of the court of the Republic of China (hereinafter referred to as “the judgment of the Republic of China”) is enforced in the British Virgin Islands, but it is related to the completion of the Virgin’s non-reciprocal agreement. In the case of a non-suspended execution of the judgment of money payment, the judgment may be sued in the Virgin court by the “common law” but the Virgin court did not retrial. These judgments may be executed in the Virgin Court in the following circumstances: The judgment has not been fully implemented, so that the claim of the winning party is fully satisfied; The foreign court has jurisdiction over the disputed case; the winning party does not obtain the winning judgment due to fraud; The recognition or enforcement of such judgments does not violate Virgin’s public policy, or for other similar reasons, the judgment are not upheld by the court, and the process of obtaining the judgment does not violate the principles of fairness and justice under the Virgin Act.

3. Main operating country: Hong Kong

(1) Changes in overall economy and political and economic environment

Hong Kong is located on the coast of the South China Sea, east of the Pearl River, south of Guangdong Shenzhen, south of Wanshan Islands and west of Macau and Zhuhai of Guangdong. Hong Kong consists of Hong Kong Island, Kowloon and the New Territories and 263 islands. In 1984, Hong Kong and the United Kingdom signed the “Sino-British Joint Declaration”, and on July 1, 1997, Hong Kong’s sovereignty was handed over and established a special administrative region. The implementation of the “Hong Kong Basic Law” in Hong Kong stipulates that Hong Kong does not practice socialism and maintains its original capitalism and way of life for

fifty years. Hong Kong holds a high degree of autonomy in all matter except for national defense and diplomacy and its right to participate in international events which is called “Hong Kong people ruling Hong Kong with a high degree of autonomy”. Hong Kong is now a modern international metropolis with an important position in the Asia-Pacific region and is dominated by industry and commerce. It is known as one of the “Four Asian Tigers” and “Nylonkong”. Hong Kong is also well known for its international finance, service and shipping hub, and is famous for its clean society, excellent security, economic freedom and a complete legal system. Locally registered companies may establish a private limited company in accordance with the Hong Kong Companies Ordinance as well as being incorporated into a company with unlimited liability and a guarantee company.

(2) Foreign exchange control, taxation and related laws and regulations

There is no foreign exchange restriction in Hong Kong and the Hong tax system is possibly the most favorable tax system in the world with no value-added tax, sales tax or capital gains tax, nor does it impose a dividend or interest withholding tax. Only incomes generated in or derived from Hong Kong is taxable. There is no need to pay tax in Hong Kong if incomes are earned outside of the country. The Hong Kong subsidiary of the Company is the only local holding company established in Hong Kong which has no engagements in local business activities and, therefore does not have to pay the taxes mentioned above.

(3) Whether to recognize the validity of the civil determination of the court of the Republic of China

The judgment of the Republic of China court is considered a foreign judgment. Chapter 9 of the Law on the Recognition and Enforcement of Judgments in Hong Kong and Foreign Judgments (Reciprocal Enforcement) Ordinance (Chapter 597 of the Hong Kong Laws 319, the Republic of China is not listed as an applicable area regardless of the regulations themselves and/or their subsidiary regulations. However, the Hong Kong court may recognize and enforce the Republic of China's judgment in accordance with the existing common law, but the judgment must meet the follow conditions:

- A. The Judgment is made by a court of competent jurisdiction (determined by the rules of the Hong Kong courts under the common law of private international law) ;
- B. The debtor owns property in Hong Kong ;
- C. The judgment ordered the debts to be settled or a fixed amount to be paid (this amount is not to be paid for taxes or other chargers of a similar nature and is not required to be paid for fines or other penalties) ;
- D. The judgment is final and irrefutable (in the case of the court making the judgment, the judgment is final and cannot be changed or overruled; but the final and irrefutable nature of the judgment will not be entitled to any part to the judgment. / has been affected by an appeal to a court of higher jurisdiction) (Hong Kong courts will draw on Hong Kong law and refer to the relevant laws of the Republic of China for a conclusion) ;
- E. The judgment is not questioned by Hong Kong courts in accordance with Hong Kong's conflict of law rules ;

- F. The judgment is not reached by fraud ;
- G. The judgment is reached by violating natural justice (such as legal unfairness) ;
- H. The judgment does not contradict Hong Kong's public policy.
(The conditions above may not represent all the factors that the Hong Kong court will consider)

4. The main country of operations: Mainland China

(1) Changes in overall economic and political environment

China is one of the fastest growing economies in the world. China's economic development is determined by the rapid expansion of domestic labor, capital and resources, as well as the improvement of science and technology and institutions, thereby improve the efficiency of various domestic production activities. At present, the Chinese government actively promotes the popularization of is people's knowledge, urbanization, infrastructure construction and people's spending structure upgrade. China has actively participated in international activities and organizations which has made it more and more influential internationally, and the international resources are also increasing. Therefore, under the positive actions of Chinese government, the Chinese economy is expected to continue to grow in the future. In recent years, the policies of the Chinese government have gradually become open to the world, plans such as "Financial Industry Development and Reform 12th Five-Year Plan" has led to industrial upgrading and corporate transformation. Therefore, people's income and purchasing ability have increased, resulting in continued strong domestic demand performance in 2012. Although the current global market is affected by the unresolved recovery of demand in the US market and the European debt issue, China's is still at growth from its boosting domestic demand, housing market and energy conservation policies. There are many similarities in

comparison with the Chinese economy and other developed countries such as economic structure, degree of government intervention, degree of development, growth rate, capital investment, capital investment control, foreign exchange control, resource allocation, etc. The Company's main production and distribution centers are located in Fujian and Jiangxi, China which means its financial situation, operating results and prospects may be affected to some extent by China's political, economic conditions as well as legal development

(2) Foreign exchange control, taxation and related laws and regulations

i. Foreign exchange control

China implemented reform and opening up after 1978, and the foreign exchange management system gradually moved towards the market mechanism. At present, China's foreign exchange management framework is: RMB Current Project exchange, but at the same time strict management on capital projects foreign exchange. However, the exchange of RMB and foreign currency depends on the influence of Chinese politics and the changes in the international political and economic environment. Since July 21, 2005, the mainland government adopted a floating exchange rate policy, and the RMB exchange rate was officially decoupled from the US dollar, and the floating exchange rate policy was adopted, allowing a slight fluctuation in the RMB exchange rate. However, to ensure China's export competitiveness, the exchange rate of RMB has been underestimated by the mainland government. Foreign currency exchange and transfers are subject to China's foreign exchange regulations. According to the foreign exchange regulations, foreign exchange transaction under the current account (including payment of dividends) does not need approval by the State Administration of Foreign Exchange or its local branches. However the Company must submit proof of relevant transactions in the territory to financial

institutions that specify licensed operations to settle foreign exchange and sale of foreign exchange. In addition, the exchange of RMB under the capital account, such as direct foreign investment or overseas securities, derivative products issuance and trading require registration in the Chinese foreign exchange administration. Prior approval or filings need to be obtained by relevant competent authorities according to the provisions of its laws which need to be done so in advance. If the Company is unable to obtain the approval or filing from the Chinese foreign exchange administration, the Company's capital expenditure plan will be affected by converting the capital of the Company into RMB or converting the RMB into foreign exchange for capital account payment which may affect the Company's ability to expand its business.

In addition, if the Chinese government decides to restrict foreign exchange trading under the current account, or requires the trade to be approved in advance by the State Administration of Foreign Exchange or its local branches, the subsidiaries in China may not be able to pay dividends to the Company in foreign exchange without the approval of the State Administration of Foreign Exchange or its local branches. Although foreign exchange controls still exist in Mainland China, foreign exchange controls continue to develop in the direction of opening up due to the global economic development trend.

The Company's main sales and purchase are in Mainland China, which are denominated in RMB. The proportion of amount of export sales and purchase to the total sales and total purchase amount is not high, therefore the profit and loss generated by the exchange accounted for a low proportion of profit, so the exchange control has no significant impact on the operation of the Company.

ii. Dividends distribution

The Company is a holding company established in the Cayman Islands and has no business operation and revenue source on the island. The subsidiaries in China are one of the important operational profit sources of the Company. Therefore, the issuance of cash dividends of the Company will be affected by the distribution of cash dividends or earned surplus reserve of subsidiaries in China. According to the relevant Chinese laws and regulations, the establishment of a company registered in mainland China shall set a reserve fund with 10% of the net profit after tax calculated in accordance with Chinese account standards (the accumulated statutory reserve fund shall be more than 50% of the registered capital of each subsidiary in China), and tax shall be paid in accordance with China's relevant tax regulations prior to the distribution of dividends. As a result, the amount of the Company's distributable surplus may be reduced. The restriction on the distribution of dividends may affect the ability of the Company to distribute dividends to shareholders.

iii. Corporate income tax and value add tax

On March 16, 2007, China passed "Enterprise Income Tax Law of the People Republic of China" through New Enterprise Income Tax Law, which imposed a single income tax rate of 25% on Chinese and foreign-funded enterprises ending 20 years of tax incentives for foreign-funded enterprises. The new law became effective on January 1, 2008, and will implement various transitional periods and measures for foreign-invested enterprises before March 16, 2007, including enterprises that have received lower income tax rates and could receive up to five years of grace period which suggests the enterprises could continue to enjoy income tax preference within a fixed period, up until the date of

expiration. In terms of value-added tax, China revised and adopted “Provisional Regulations of the People’s Republic of China on Value-Added Tax” (hereinafter referred to as “the VAT Provisional Regulations”) on November 5, 2008, which was implemented on January 1, 2009. All units and individuals engaged in the sale of goods, provisions of processing, repair and replacement services, and the importation of goods within the territory of the People’s Republic of China are taxpayers of Value-added Tax, and the tax rate is between 0% and 17%, as for exportation the tax is zero. At the moment, the Company’s subsidiaries in Mainland China do not have income tax preference but any change on tax rate will affect the Company’s after-tax profit.

iv. Labor contract law

On January, 2008, China implanted the new labor contract law, the contract law stipulates that both the employer and employee must sign a labor contract in written form within a month of the employment (including trial), (or implementation date). If there is no written labor contract for one year from the date of hiring, it is deemed that both parties have entered into a non-fixed term written labor contract with no fixed termination time. Therefore, if the employer fails to conclude a written labor contract with the employee after a month of the employment within a year, the employer shall pay the monthly salary of two months to the completion. When the employment relationship ends, the employer is required to pay economic compensation in certain circumstances that are consistent with the provisions of the Labor Contract Law. However, the employer shall be exempted from paying the economic compensation if the same or better renewal contract is offered to the employee but turned down. The compensation shall be calculated based on the employee’s seniority, but does not include the specific period determined by

the local government before the year of 2008. In general, employees are entitled to one month's salary as compensation if he/she works for more than one year for their employer. Employees who work for less than a year but more than six months shall be considered a year, and those who work for less than six months are entitled to half a month's salary as compensation. If there is no written form of employment contract, but the arbitration judgment or verdict determines that the employment relationship has indeed existed for more than a month, the employer shall pay the employee double monthly salary, and compensation according to the calculation mentioned above without the exemption period. However, the labor contract does not specify the application of the obligation to pay compensation for the occasional employment contract. The Company has signed the labor contract and social insurance with all the employees according to the law. The Chinese government is paying more attention to the welfare of laborers, the labor cost of the Company in the future may increase due to the revision or new enactment of the "Labor Contract Law", which may have adverse effect on business, operation results and financial status and the future of the Company and its subsidiaries.

v. Social insurance and housing provident fund

Mainland China has provisions on social insurance such as the "Regulations on Unemployment Insurance", "Work-related Injury Insurance" and the "Trial Measures for Industrial-work Injury Insurance" etc. The Company follows the implementation of the local government and provides pension, medical, work injury, unemployment and maternity insurance to the employees in its main operation bases, Lida China and Lida Jiangxi, but due to the different approaches or inconsistency of the local government on social insurance system for employees in Mainland China, the Company may not be consistent with the

regulations promulgated by the State Council. In the situations mentioned above, the Company may need to pay the unpaid insurance or the penalty imposed or an employee's request for a makeup payment, it may adversely affect the Company's reputation, cash flow and operating results.

At the same time, the Company follows the implementation of the local government and provides housing provident funds to the employees in its main operation bases, Lida China and Lida Jiangxi, but due to the different approaches or inconsistency of the local government on housing provident funds for employees in Mainland China, the Company may not be consistent with the regulations promulgated by the State Council. In the situations mentioned above, the Company may need to pay the unpaid housing provident funds or the penalty imposed or an employee's request for a makeup payment, it may adversely affect the Company's reputation, cash flow and operating results.

However, to date, the Company's mainland subsidiaries have yet been subject to administrative penalties by the relevant authorities, and have obtained relevant compliance certificates. The rate of payment and the amount of the payment are in accordance with the relevant laws and regulations. In addition, the Company's major shareholder Yiyuan Enterprise Co., Ltd. and its representative, Takfu Development Co., Ltd. and its representative have committed that if its subsidiary Lida (China) Machine Equipment Company Limited, Lida (Jiangxi) Machine Equipment Company Limited fail to pay urban social insurance (endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance) and housing provident funds in the future in accordance with the provisions of the Chinese mainland Law, and have been asked to pay the unpaid social insurance and housing provident funds, the payment, administrative penalties and attorney fees shall all be

borne by the major shareholders to ensure that the interests of Lida (China) Machine Equipment Company Limited, Lida (Jiangxi) Machine Equipment Company Limited are not damaged. Therefore, changes in the future in social insurance and housing provident funds provision in the mainland shall not have a significant impact on the financial operations of the Company's subsidiaries and affiliated companies in the mainland.

vi. Environmental protection law

The existing laws and regulations on environmental protection in Mainland China mainly include “Environmental Protection Law of the People’s Republic of China”, “Water Pollution Prevention and Control Law of the People’s Republic of China”, “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”. Units that produce environmental pollution and other public hazards must incorporate environmental protection work into their plans and establish an environmental protection responsibility system; and take effective measures to prevent environmental pollution generated during production or other operations, such as waste gas, waste water, waste residue, dust, odorous gasses, radioactive emissions, noises, vibration, and electromagnetic waves. If there is an act that is against the environmental protection laws and regulations in production and operation in an industrial enterprise, the Administrative Department of Environmental Protection or other departments of environmental supervision and management in accordance with the provisions of the law may, according to different scenarios, give warnings, strongly order to terminate the production or using, reinstall or give fines. Before the construction project is put into production or in use, its environmental pollution prevention and control facilities must pass the inspection from

the Environment Protection Administrative Department, if the construction project fails to meet the regulations of the National Environmental Protection Management, the construction project shall not be put into production or in use.

The production activities of the Company's subsidiaries in Mainland China are subject to the laws and regulations of Mainland China related to environmental protection, health and safety. The compliance certificates issued by the relevant environmental protection, health and safety authorities of the subsidiaries of the Company prove that they have not been polluting the environment since the establishment.

(3) Whether China recognizes the risk of the civil judgment of the court of the Republic of China

According to the legal opinion issued by the law firm regarding the civil judgment of the Taiwan Court, the mainland has conditions to recognize its effectiveness: According to the provisions of the Supreme People's Court of the Mainland on the approval of the civil judgment of the relevant courts in Taiwan by the People's Court and its supplementary provisions, within two years after the validity of the civil judgment of the Taiwan Court, the applicant may apply to The Intermediate People's Court at the location of the applicant's domicile, regular residence or where the executed property is located , which is recognized by the Intermediate People's Court at the civil judgment level, and has the same effect as the effective judgment of the People's Court. If the applicant applies to the People's Court for enforcement, the People's Court shall accept the application; the above provisions shall also apply to the application for recognizing Taiwan Court's civil ruling, mediation, payment order, and arbitral awards in Taiwan. The conditions before the mainland courts recognize the validity of the civil judgment in

Taiwan are (1) Civil judgment does not violate the principle of one country; (2) The validity of the civil judgment is determined; (3) There is no such situation: the procedure is improper (the judgment of the defendant is absent and has not been legally summoned, or the defendant has no litigation capacity and has not been properly represented); The courts of the mainland have exclusive jurisdiction; both parties sign an arbitration agreement; The judgment of the case is made in mainland or the judgment of the case is made in overseas, or an overseas arbitration institution made an arbitration award which is recognized by the mainland court; Civil judgment violates the basic principles of national law or harms the public interest.

In summary, according to the Chinese Law, if the civil judgment of the court of the Republic of China meets the above requirements and there is no reason for disapproval, it should be recognized and enforced in China. Whereas it is still impossible to completely rule out the risk that the civil judgments made by the court of the Republic of China and not being recognized and enforced by the Chinese People's Court.

7. Other Important Matters

None.

VII. Special Disclosure

1. Information Related to the Company's Affiliates

(1) Company Chart: Please see II, Company Profile

(2) Basic information of affiliate companies

Name of Company	Relationship	Date of Incorporation	Address	Paid-in Capital
Wellsoon International Limited (Wellsoon International)	Subsidiary of the Company	September 3, 2009	The Office of CCS Trustees Limited, 263 Main Street, Road Town, Tortola, British Virgin Islands.	1,038,589
Lida (HK) Holdings Co., Limited (Lida (HK))	Subsidiary of Wellsoon International	June 26, 2009	Room 311, 3/F, Camel Paint Centre, 1 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong.	42
Lida (China) Machine Equipment Company Limited (Lida (China))	Subsidiary of Lida (HK)	March 7, 2001	Dongyuan Town Industrial Zone, Quanzhou Taiwanese Investment Zone	304,928
Lida (Jiangxi) Machine Equipment Company Limited (Lida (Jiangxi))	Subsidiary of Lida (China)	February 14, 2012	East of Gangxing Road, Chengxi Port Area, Jiujiang Economic and Technological Development Zone, Jiangxi Province, east of Changhang Public Security and Boarder Inspection Station	535,924

(3) Relational Business Consolidated Financial Statements: Relational Business Consolidated Financial

Statements are the same as those required to be disclosed in the Consolidated Financial Statements of the Company, therefore the Company does not prepare a separate set of Consolidated Financial Statements. For the consolidated financial statements.

(4) Relational Report: Not applicable.

2. Transaction about the Company's Private Placement of Securities During the most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report : None.

3. Other Matters that Require Additional Description : None.

4. Significant Issues in the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report which might Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 3, Article 36 Of The Securities Exchange Law : None

5. The first publicly listed company should explain significant differences in shareholder protection regulations in our country. Please refer to Appendix 1.

Appendix 1 Explanation of significant differences between the Company's Articles of Incorporation and Taiwan's shareholder protection regulations.

The Company has established relevant content for protecting shareholders' rights based on the 'Foreign Issuer Registration Country Shareholder Rights Protection Checklist'(the Checklist) publicized by Taiwan Stock Exchange on January 9, 2023. The Company will also amend its Articles of Incorporation at the shareholders' meeting this year to meet the regulatory requirements of 'the Checklist' announced by the Taiwan Stock Exchange on May 2, 2024 and Feb 24, 2026. However, some major shareholder protection matters are not applicable under the laws of Cayman Islands, and therefore have not been amended in the Company's Articles of Incorporation. Please refer to the explanation in the table below for details:

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
Definition of 'special resolution': a resolution that is approved by more than two-thirds of the total number of issued shares represented by shareholders who attend the shareholders' meeting. The proposal shall also be approved by over half of the voting rights exercised by the attending shareholder. In case that the total number of shares represented by attending shareholders does not reach the above threshold, the resolution can still be passed with the approval of more than half of the total number of issued shares represented by the attending shareholders and supported by more than two-thirds of the voting rights exercised by them.	According to provisions in the company act of the Cayman Island, a 'special resolution' generally refers to a resolution that is passed at a shareholders' meeting where more than half of the total number of issued shares represented by attending shareholders, and the resolution is supported by more than two-thirds of the voting rights exercised by the attending shareholders.	According to the instructions of the letter No. 0991701319 issued by the Taiwan Stock Exchange on April 13, 2010, Article 39(1) and Article 2(1) of the Company's Articles of Incorporation provide that a 'special resolution' requires the attendance of shareholders representing more than half of the total number of voting shares issued by the Company, who must attend the meeting in person. If the shareholder is a legal person, it may be represented by its authorized representative, or it can have a proxy appointed by the shareholder attend the meeting in representation of it. The resolution must be passed with the support of more than two-thirds of the voting rights exercised by the attending shareholders, in order to comply with the requirements of both the laws of the Cayman Islands and the Taiwan's Company Act regarding the attendance and voting rights of shareholders of publicly listed companies.
<p>1.. If a company reduces its capital without the approval of the shareholders' meeting, its shares shall not be cancelled. The reduction of capital should be done by reducing a designated percentage of shares held by each shareholder.</p> <p>2. A company may return capital to shareholders in the form of assets other than cash. The return of such assets and the amount to be set off against the subscription price should be approved by the shareholders' meeting and by the shareholders who accept the property.</p> <p>3. The value of the assets in the preceding paragraph and the amount to be set off shall be</p>	The company act of Cayman Islands sets strict requirements on procedure and business practices; the requirements for reducing capital, as stipulated in Articles 14 to 18. These regulations are mandatory and cannot be changed because of the company's Articles of Incorporation.	Articles 14 to 18 in Company Act of Cayman Islands have strict requirements on procedures and actual practices for capital reduction; these requirements are mandatory and cannot be changed because of the Articles of Incorporation. They differ significantly from the requirements for capital reduction in the Checklist. To avoid confusion, based on the opinion of a Cayman Islands lawyer, the Company has revised Article 14 of its Articles of Incorporation to align with the procedures and conditions prescribed by the Cayman Islands law and the regulations of the stock exchange for listing or over-the-counter trading. As for the requirements of the Checklist for capital reduction, they are followed by

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
audited and certified by a certified public accountant of the Republic of China and submitted to the shareholders' meeting by the board of directors prior to the meeting.		allowing alternatives in Article 24(1) of the Company's Articles of Incorporation, which allows the Company to repurchase each shareholder's shares in the designated proportion and cancel these shares.
A company adopting no-par value shares shall not convert them into par value shares, and vice versa.	According to Article 8(1) of the company act of the Cayman Islands, companies are exempted from the restrictions and are allowed to divide their capital into both par value shares and no-par value shares.	Article 9 of the Memorandum of Incorporation of the Company states that "The total capital of the company is NTD 1,500,000,000, divided into 150,000,000 ordinary shares, with a par value of NTD 10.00 per share." As it has been stipulated that the Company adopts shares with a par value, the stipulations in the left column do not apply to this Company. However, according to the opinion of the Cayman Islands lawyer, in accordance with Article 8(1) of the company act of Cayman Islands, the Cayman Islands exempts companies from dividing their capital into shares with par value and shares with no par value at the same time, and it is impossible to convert shares with par value into shares with no par value in practice. Considering the exemptions of laws of Cayman Islands and the fact that the Company has already issued shares with a par value, but it is unable to issue or convert them into shares without par value, it is stipulated in Article 7(5) of the Company's Articles of Incorporation that the company shall not issue shares without par value or convert shares with par value into shares without par value.
<p>1. If a physical shareholders' meeting is to be convened outside the territory of the Republic of China, the Company shall apply for approval from TWSE (Taiwan Stock Exchange Corporation) within two days after the Board of directors has passed a resolution or the shareholders have obtained permission from the competent authority to convene the meeting.</p> <p>2. When the Company convenes a shareholders' meeting outside the territory of the Republic of China, it shall entrust a professional share transfer agency within the territory of the Republic of China to handle the voting matters of shareholders.</p>	There are no relevant legal regulations in Cayman Islands.	According to Article 31 of the Company's Articles of Incorporation: "During the time when the Company is publicly listed, all physical shareholders' meetings of the Company shall be held in Taiwan;" there should be no exception. Therefore, there is no need for additional regulations or procedures to be applied for holding physical shareholder meetings outside of Taiwan. In addition, all physical shareholders' meetings during the listing period will be held in Taiwan, but the Company will still entrust a professional shareholder service agency in Taiwan to handle related matters such as shareholder voting.
Shareholders who have possessed three percent or more of the total	There are no relevant legal regulations in Cayman Islands.	The company is established in accordance with the laws of the

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
<p>issued shares of the Company for more than one year may propose agenda items and reasons in writing and request that the Board of directors convene an extraordinary shareholders' meeting. If, within 15 days of the request, the meeting is not convened by Board of directors, the shareholders may apply to the relevant authority for permission to convene the meeting themselves.</p>		<p>Cayman Islands, and there is no competent authority in the Cayman Islands in charge of approving a shareholders' meeting convened by shareholders; therefore, we refer to the intent of the official letter No. 0991701319 issued on April 13, 2010, by the Taiwan Stock Exchange. In accordance with Article 32(1) of the Company's Articles of Incorporation, "shareholders who have held more than 3% of the total issued shares for one year or more may, in writing, state the purpose and reasons for the convening and request the Board of directors to convene an extraordinary shareholders' meeting. If the Board of directors fails to send out notifications of shareholders' meeting within 15 days after receiving such a request, the shareholders making the request may convene the shareholders' meeting on their own without the need for approval from the competent authority."</p>
<p>The shareholders who exercise the voting right by written or electronic means shall be deemed as present at the shareholders' meeting in person.</p>	<p>Lawyers in the Cayman Islands claim that shareholders who exercise their voting rights by written or electronic means shall not be deemed to be present at the shareholders' meeting in person; instead, they are deemed as designating the chairman of the shareholders' meeting as their proxy.</p>	<p>According to Article 57 of the Company's Articles of Incorporation, "Shareholders who exercise their voting rights in writing or electronically shall be deemed to have appointed the chairman of the shareholders' meeting as their proxy to exercise their voting rights according to the written contents or electronic document. However, the chairman of the shareholders' meeting shall have no voting rights on matters not covered or not expressly stated in such documents, temporary resolutions or amendments to the original resolutions. To avoid any ambiguity, when shareholders exercise their voting rights in this manner, they shall be deemed to have abstained from voting on any temporary resolutions and amendments to the original resolutions of the shareholders' meeting." Therefore, in practical operation, this provision does not differ significantly from the laws and regulations of the Republic of China. However, the interpretation of this provision is that the chairman of the shareholders' meeting acts as the proxy for shareholders who exercise their voting rights in writing or electronically, in accordance with the requirements of Cayman Islands laws that shareholders must participate in</p>

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
		the meeting in person or authorize a representative to exercise their voting rights at the shareholders' meeting.
<ol style="list-style-type: none"> 1. The company's Articles of Incorporation may specify that the distribution of profits or the allocation of losses be conducted at the end of each quarter or half fiscal year. 2. Proposals for the distribution of profits or the allocation of losses for the first three quarters or half fiscal year of the Company shall be submitted to the Board of Directors for resolution after being audited by the inspectors or audit committee, together with the operating report and financial statements. 3. When the Company distributes profits following the provisions in the preceding paragraph, it shall first estimate and reserve for taxes payable, compensation for losses as stipulated in relevant laws, and statutory surplus reserves. However, if the statutory surplus reserves have reached the actual paid-in capital, this limit shall not apply. 4. When the company distributes profits following the provisions of paragraph 2 and does so by issuing new shares, the proposal shall require the attendance of shareholders representing more than two-thirds of the total issued shares, and the approval of more than half of the voting rights of the attending shareholders shall be obtained. If the total number of shares held by attending shareholders is less than the prescribed amount, the proposal may be approved by shareholders representing more than two-thirds of the total issued shares belonging to those who attend the meeting and have voting rights. If cash is to be distributed, it shall be approved by the Board of Directors. 5. When the Company distributes profits or allocates losses according to the preceding four paragraphs, it shall do so according to the financial statements audited or reviewed by a certified public accountant. 	There are no relevant legal regulations in Cayman Islands.	The Company currently does not distribute profits or make up for losses at the end of each quarter or after half fiscal year. Therefore, the regulations listed in the left column do not apply to the Company.

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
<ol style="list-style-type: none"> 1. The Company's supervisors shall be appointed by the shareholders' meeting, and at least one supervisor shall have a residence in the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years, but they may be re-elected. 3. If all supervisors are dismissed, the board of directors shall convene an extraordinary shareholders' meeting to elect new supervisors within 60 days. 4. Supervisors shall supervise the Company's business operations, have the right to investigate the Company's business and financial status at any time, and can examine the books and records. They may request reports from the Board of directors or the managerial staff. 5. Supervisors shall audit various registers and records prepared by the Board of directors and submitted to the shareholders' meeting; supervisors shall also report their opinions to the shareholders' meeting. 6. When performing audit work, supervisors may delegate the auditing to an accountant or a lawyer appointed by the Company. 7. Supervisors may attend meetings of the Board to express their opinions. If the Board of directors or any director violates laws, the Articles of Incorporation, or resolutions of the shareholders' meeting, supervisors shall immediately notify the Board or the directors to stop the illegal act. 8. Supervisors may exercise their supervisory powers independently. 9. Supervisors may not concurrently serve as directors, managers, or other employees of the Company. 	<p>There are no relevant legal regulations in Cayman Islands.</p>	<p>The Company adopts the system of audit committee; it does not set up a board of supervisors, so the requirements in the left column do not apply to the Company.</p>
<ol style="list-style-type: none"> 1. Shareholders who hold more than one percent of the Company's total issued shares consecutively for six months or more may request the Audit Committee to file a lawsuit 	<p>There are no relevant legal regulations in Cayman Islands.</p>	<p>The Company adopts the system of audit committee and has not established a supervisor, so the responsibilities of the supervisor described in the left column are undertaken by independent directors,</p>

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
<p>against the directors of the Company in writing, and the Taipei District Court shall have jurisdiction over the first instance.</p> <p>2. If the Audit Committee fails to file a lawsuit within 30 days after receiving the shareholders' request, the shareholder may file a lawsuit against the Company, and the Taipei District Court shall have jurisdiction over the first instance.</p>		<p>in accordance with Article 14-4(3) of the Taiwan Securities and Exchange Act. Article 86 of the Company's Articles of Incorporation stipulates that minority shareholders may request any independent director of the audit committee in writing to file a lawsuit against any director who damages the Company in the performance of duties or violates the laws of the Cayman Islands, regulations for the listing regulations, or the Company's Articles of Incorporation, on behalf of the Company, in any court with jurisdiction, including the Taiwan Taipei District Court. However, if the independent director does not file a lawsuit within thirty days after receiving the above-mentioned request, the Company may file a lawsuit on its own.</p> <p>In accordance with the Taiwan Stock Exchange Corporation's announcement No. 1131701804 dated May 2, 2024, the Company will amend its Articles of Incorporation at this year's shareholders' meeting to incorporate the requirements specified in the leftmost column.</p>
<p>Companies with paid-in capital of NT\$2 billion or more must submit the shareholders' meeting handbook and related materials electronically at least 30 days before the meeting.</p>	<p>There are no relevant legal regulations in Cayman Islands.</p>	<p>The Company's Article of Incorporation will be amended at this year's shareholders' meeting to comply with the requirements specified in the leftmost column.</p>
<p>A notice of an annual general meeting of shareholders shall be given to each shareholder thirty (30) days prior to the scheduled date of the meeting. A notice of a special general meeting of shareholders shall be given to each shareholder fifteen (15) days prior to the scheduled date of the meeting. The notice shall state the purpose(s) of the meeting. Subject to the consent of the recipient, the notice may be given in electronic form.</p>	<p>There are no relevant legal regulations in Cayman Islands.</p>	<p>The Company's Article of Incorporation will be amended at this year's shareholders' meeting to comply with the requirements specified in the leftmost column.</p>
<p>When convening a shareholders' meeting, the Company shall prepare a shareholders' meeting agenda handbook, and shall publicly announce the handbook and other relevant meeting materials thirty (30) days prior to the scheduled date of an annual</p>	<p>There are no relevant legal regulations in Cayman Islands.</p>	<p>The Company's Article of Incorporation will be amended at this year's shareholders' meeting to comply with the requirements specified in the leftmost column.</p>

Difference	Explanation on Legal regulations of Cayman Islands	Regulations in the Articles of Incorporation and Explanations
general meeting, or fifteen (15) days prior to the scheduled date of a special general meeting.		

Lida Holdings Limited

Chairman : Chien-Leng, Wu