



Lida Holdings Limited

2024

ESG Sustainability Report

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Message from the Chairman

To our friends who are concerned about Lida's sustainable management:

Looking back at the past year, the volatile international political environment and China's implementation of overall industrial structure optimization and upgrading led to the bankruptcy and closure of some unsuccessful enterprises, industrial transfer, a shrinkage of customer bases, and an impact on corporate revenue, resulting in tremendous pressure on operations. Nevertheless, the Company has continued to uphold sustainable innovation and has continuously adjusted its positioning to develop products that meet market needs, thereby mitigating the unfavorable effects of the overall economic environment.

Under its own brand name, the Lida Group specializes in the professional research, development, manufacturing, and sales of high-efficiency, high-quality, and environmentally friendly piston, rotary screw, and scroll air compressors. The products are mainly used in various industries such as medicine, food, mining, chemical industry, electronics and electric power, building materials, automobile, iron and steel, furniture and machinery manufacturing. In recent years, under the direction and support of China's policy, along with China's transformation into a world power in machinery manufacturing, various industries are committed to industrial upgrading to improve the efficiency and quality of production. In addition, replacing a large number of manual labor with high-efficiency automated pneumatic equipment and tools has become a trend, which results in the steady development of China's air compressor industry. The market size of China's air compressor market is showing a trend of annual growth, with a CAGR of around 4.25% between 2020 and 2024. By 2024, the market size has reached 69.09 billion RMB.

In order to deepen our ability to achieve sustainable development, the Company has set up a "Sustainable Development Team" to ensure that, under the objectives of sound corporate governance and the pursuit of technological innovation and profitable long-term growth, the Company also emphasizes environmental protection, employee rights, social benefits, and the balanced interests of all stakeholders.

The Company actively supports the government's principles of energy conservation, carbon reduction, and pollution prevention. We also implement green operations, comply with government laws and regulations, align with international trends related to environmental protection, occupational health and safety, and energy-related fields. Moreover, we ensure compliance with regulations governing green products and other relevant standards, aiming to conserve energy and reduce greenhouse gas emissions. By optimizing energy allocation, improving production processes and introducing energy-saving technologies, our factory plants can significantly reduce energy waste and achieve lower energy consumption per unit of product. Through clean energy substitution (e.g., solar energy) and energy efficiency enhancements, the Company can significantly reduce greenhouse gas emissions in response to the global climate action goals, and implement policies on environmental protection, occupational health and safety, as well as energy and green product management. In 2024, the Company reduced electricity consumption by 2.3 million kWh as a result of the construction and operation of solar photovoltaic systems.

Lida creates a safe, healthy, harmonious, and positive working environment for its employees, minimizing the risks they may face when performing operations in the workplace. In terms of employee training, the Company has formulated a plan to continuously provide management courses at all levels, as well as professional education and training courses for all functional categories. At the same time, the Company pays attention to the health management needs of its employees and regularly conducts health check-ups and various health and safety seminars to remind them of the importance of maintaining a healthy balance between their work and daily personal healthcare. In addition, in order to enhance the smooth communication among employees, the Company have set up various communication channels, such as physical and internal website mailboxes, to serve as references for the improvement of organizations and units, so that our employees can develop their potential in the

company workplace with nothing to worry about; If there is a profit in the fiscal year, we will allocate 0.5% to 3% of this profit as employee remuneration. In 2024, the Company's Human Resources Department organized internal training at the plants, with an average of 24.9 training hours per year for each employee. The total number of training hours related to occupational safety and health was 4,074 hours.

As we look forward to 2025, even though the toughest time for the global economy seems to be over, actually there are still a lot of challenges, and the economy is still in the midst of headwinds. Lida will be more cautious and continue to pay attention to the issue of corporate sustainability, and we hope to maintain the stable growth of revenue and profits.

We sincerely hope that all respected peers and partners who care about Lida will continue to support and encourage us, offering valuable guidance and advice. Let us work hand in hand to contribute to Lida's sustainable management and move forward together!



Lida Holdings Limited
Chairman Chien-Leng, Wu

About this Report

To achieve its corporate sustainability goals and enhance information transparency, Lida Holdings Limited, a British Cayman Islands company (stock code 4552, hereinafter referred to as Lida), has published its 2024 Sustainability Report (hereinafter referred to as this Report). This report explains to stakeholders the measures and performance of the Company's ongoing efforts in various aspects, including establishing integrity governance, implementing environmental and occupational safety measures, and enhancing employee remuneration and welfare, with the objective of sustainable management.

Reporting Boundaries and Scope

Disclosure Categories	Area of Coverage
Period	This report primarily outlines the business scope from January 1, 2024, to December 31, 2024. Some of the content on management performance may cover information before 2024.
Scope Boundaries	Lida Holdings Limited, a British Cayman Islands company (17F, No. 270, Sec. 4, Zhongxiao E. Road, Daan District, Taipei City) Lida (China) Machine Equipment Co. Limited. (Dongyuan Town Industrial Zone, Quanzhou Taiwanese Investment Zone, Fujian Province, China)
Financial Data	Consistent with the consolidated financial data disclosed by Lida
Environment, Health and Safety (EHS) Data	Same as above Scope Boundaries
Employee Data	Same as above Scope Boundaries
Public Welfare Activities Performance	Same as the above Scope Boundaries
Information Restatement	This report is compiled for the first time, with no restatement of information.

Basis of Writing and Method of Confirming Information

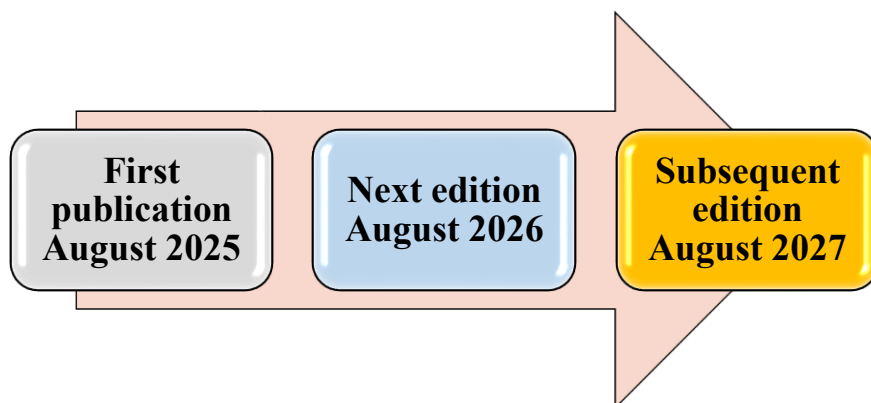
- The structure of this report is based on the GRI Standards 2021 issued by the Global Sustainability Standards Board (GSSB). It also makes reference to the TCFD Guidelines on Climate-related Financial Disclosures, and in compliance with the requirements of the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”. An index of the GRI Standards, a comparison table of TCFD disclosure items, and climate-related information of TWSE-listed companies are provided in the Appendix of this report for stakeholders' reference.
- The financial data disclosed herein have been examined and certified by KPMG Taiwan, in accordance with International Financial Reporting Standards (IFRS) and the unit of calculation is in thousands of New Taiwan dollars (NTD).
- The Company's 2024 GHG inventory data was verified by a third-party organization, Chunxiao LuChuang (Xiamen) Smart Technology Co., Ltd., in accordance with the “Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Machinery and Equipment Manufacturing Enterprises”. The on-site inspection has been completed and a verification report has been issued.

Report Management

The report is written in traditional Chinese, and the data and information are provided by the relevant person in charge. After reviewing the correctness and completeness of the contents by the supervisor, the editorial team compiles the information and submits the report to the General Manager for review and approval. After that the report is submitted to the Board of Directors for approval, and then it is uploaded to the ESG digital platform for submission and published on the Company's official website in accordance with the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.”

Publication Cycle

Lida publishes its Sustainability Report on an annual basis, with this being the first year of publication.



Feedback

If you have any comments or suggestions regarding the content of this report, please feel free to contact us.

Lida Holdings Limited Sustainable Development Team

Address: 17F, No. 270, Sec. 4, Zhongxiao E. Road, Daan District, Taipei, Taiwan

Email : martin@lida-compressors.com

Official website link:



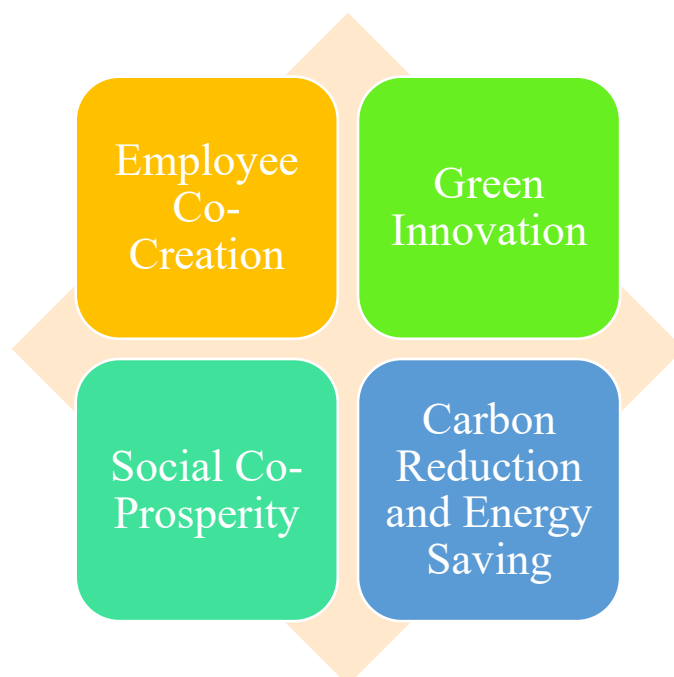
I. Sustainable Development Strategy

1.1 Sustainable Development Strategy

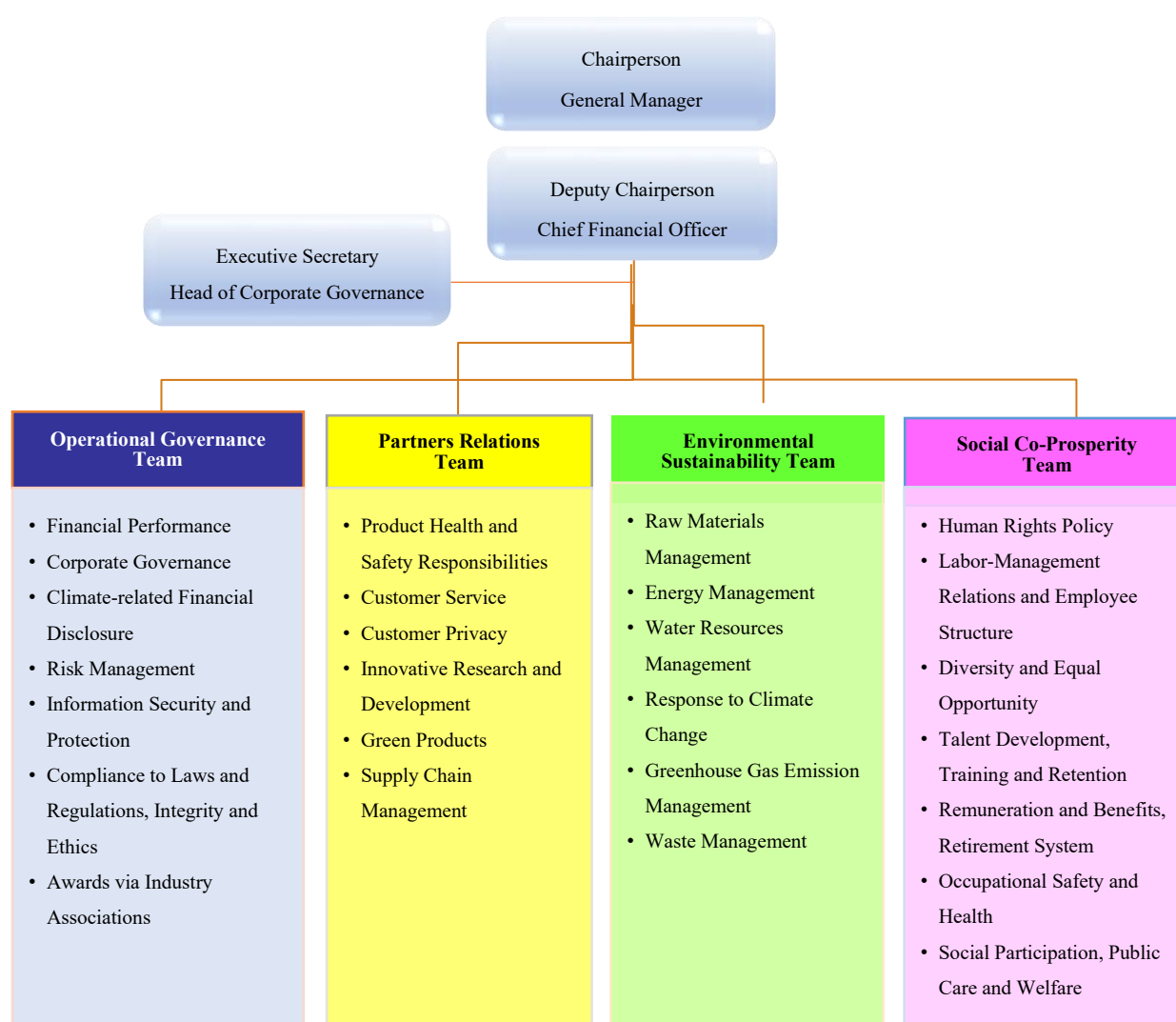
The Company's sustainable development is governed concurrently by the Group's General Manager's Office and is directly managed by the Chairman. In collaboration with senior executives from various departments, they review the Company's core operational capabilities, formulate mid- and long-term sustainability plans, and coordinate with departments such as Human Resources and Production to jointly promote related businesses. Under that governance unit, the Sustainable Development Team is established, which has four executive teams: the Operations Governance Team, the Partners Relations Team, the Environmental Sustainability Team, and the Social Prosperity Team. The Chairman, the General Manager and the Head of Corporate Governance work together on a regular basis to review the Company's ESG operations and development, as well as the implementation of the current year's sustainability planning, and the Company's future sustainability objectives and implementation guidelines.

The Company's management team discusses sustainable development issues on an ad-hoc basis through various meetings. The Chairman or senior executives may also convene meetings as needed to emphasize the importance of these issues and related development plans, fostering collective efforts toward the vision of sustainable development. The Sustainable Development Team is required to report to the Board of Directors on a regular basis each year on the results of the implementation and future work plans, to discuss the tasks related to sustainable development, and to formulate strategies and work directions for implementation by each team. We also track and review the effectiveness of our sustainable policies to ensure that they are fully implemented. On 25th December 2024, the Sustainable Development Team reported to the Board of Directors on the implementation of sustainability initiatives.

The Company will continue to implement its corporate sustainable development policy through the Sustainable Development Team to safeguard the welfare of its employees and actively promote matters related to environmental protection. Guided by the vision of coexistence and co-prosperity with society, we remain committed to achieving the goal of sustainable corporate management, with a core policy focused on “carbon reduction and energy saving, green innovation, employee co-creation, and social co-prosperity.”



Organizational Chart of Lida's Sustainable Development Team



Functions of the Sustainable Development Team	Responsibilities of the Chairperson
<ul style="list-style-type: none"> ✧ Formulation of corporate sustainability objectives and strategies ✧ Promotion and supervision of corporate sustainable development tasks ✧ Review the results of corporate sustainable development tasks ✧ Handling other matters related to corporate sustainable development ✧ Preparation and compilation of the Sustainability Report 	<ul style="list-style-type: none"> ✧ Review of sustainable development policy ✧ Supervise the work of the Sustainable Development Team and the preparation of the Sustainability Report ✧ Report to the Board of Directors annually on the status of implementation of sustainable development operations

1.2 Stakeholder Identification

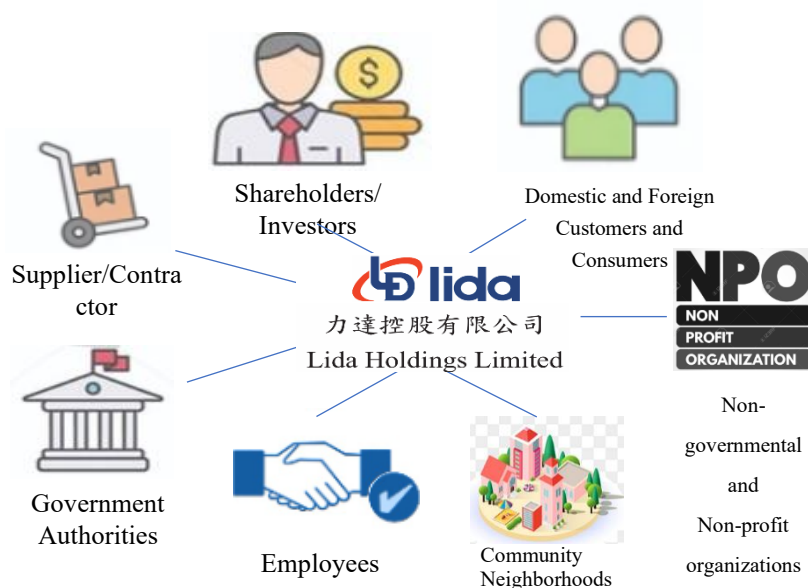
While pursuing sustainable business operations, Lida also attaches great importance to the voices of its stakeholders. Through the five principles of the AA1000 SES Stakeholder Engagement Standard (SES)—dependency, responsibility, influence, diverse perspectives, and tension—the Company’s Sustainable Development Team identified seven major categories of stakeholders after internal meeting discussions. These include: shareholders, customers, employees, suppliers, government, communities, and non-governmental/non-profit organizations.

Key Stakeholder Identification Process

Referencing the AA1000 SES international standard, including its stakeholder engagement principles and industry-related stakeholder situations

Each department identifies stakeholders involved in routine business interactions

Internal meetings led to the identification of seven major stakeholders



AA1000 SES 2015 Top 5 Aspects

Dependency
Responsibility
Tension
Influence
Diverse perspectives

1.3 Stakeholder Communication Channels and Issues of Concern

Lida values the voices of all stakeholders and has provided information related to corporate sustainable development on its official website. In addition, open and direct communication channels have been established to engage with stakeholders and to better understand their reasonable expectations and needs. By responding appropriately to their concerns, the Company aims to maintain effective stakeholder communication and foster a mutually beneficial, win-win relationship.

Stakeholder Communication Channels and Issues of Concern

Category	Responsible Unit	Issues of Concern	Way of Response and Communication Frequency	2024 Stakeholder Engagement Performance
Shareholders, Investors	Spokesperson of the Finance and Accounting Department	Corporate Governance Innovative Management Customer Service Ethics and Integrity Compliance to Laws and Regulations	Earnings Call, Shareholders' Meeting and the Spokesperson System Mr. Huang fin15@lida-compressors.com	36 major messages and announcements in Chinese/English 23 pieces of news 1 Earnings Call
Domestic and Foreign Customers and Consumers	Sales Office	Customer Service Customer Privacy Ethics and Integrity Sustainable Development Strategy Innovative Research and Development	Ad-hoc customer visits, phone calls, emails or communication through messaging software Mr. Huang fin15@lida-compressors.com	Committed to understanding customer needs through various means such as in-person visits, telephone communication, email, and messaging software, and to solve customers' problems comprehensively.
Employees	Management Office	Remuneration and Benefits Sustainable Development Strategy Economic Performance Occupational Health and Safety Diversity and Equality Labor-Management Communication	Regular and ad-hoc meetings and training sessions, occasional internal announcements, emails, and internal communication platforms. Mr. Huang fin15@lida-compressors.com	To provide diversified and smooth communication channels for employees and to accept their opinions, the Company allocates 0.5% to 3% of its annual profits as employee remuneration every year. The amount of employee remuneration in 2024 was NT\$3.088 million.
Provider, contractor	Materials Department	Compliance to Laws and Regulations Occupational Health and Safety Customer Privacy Risk Management Sustainable Supply Chain Raw Materials Management Water Resources Management	Phone calls, faxes, emails, vendor surveys, vendor meetings. Mr. Huang fin15@lida-compressors.com	We continuously engage with suppliers through in-person visits, phone communication, email, and messaging software to ensure their compliance with the Company's relevant standards. This helps to secure the long-term and stable provision of high-quality products and fosters mutual growth with the Company.
Government Authorities	Finance and Accounting Department, Management Office	Environmental Performance Corporate Governance Corporate Social Responsibility	Telephone calls, faxes, e-mails, letters, online reporting system on the organization website, spot checks, and visits. Mr. Huang	The Company continuously monitors government policies and regulations, ensures regulatory compliance, and actively cooperates with relevant authorities. In 2024, no letters or requests for

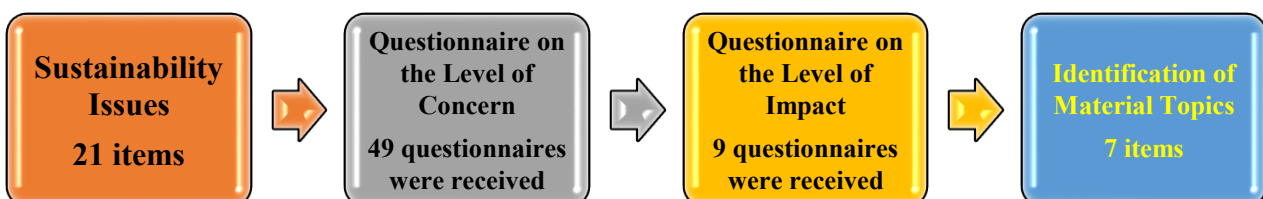
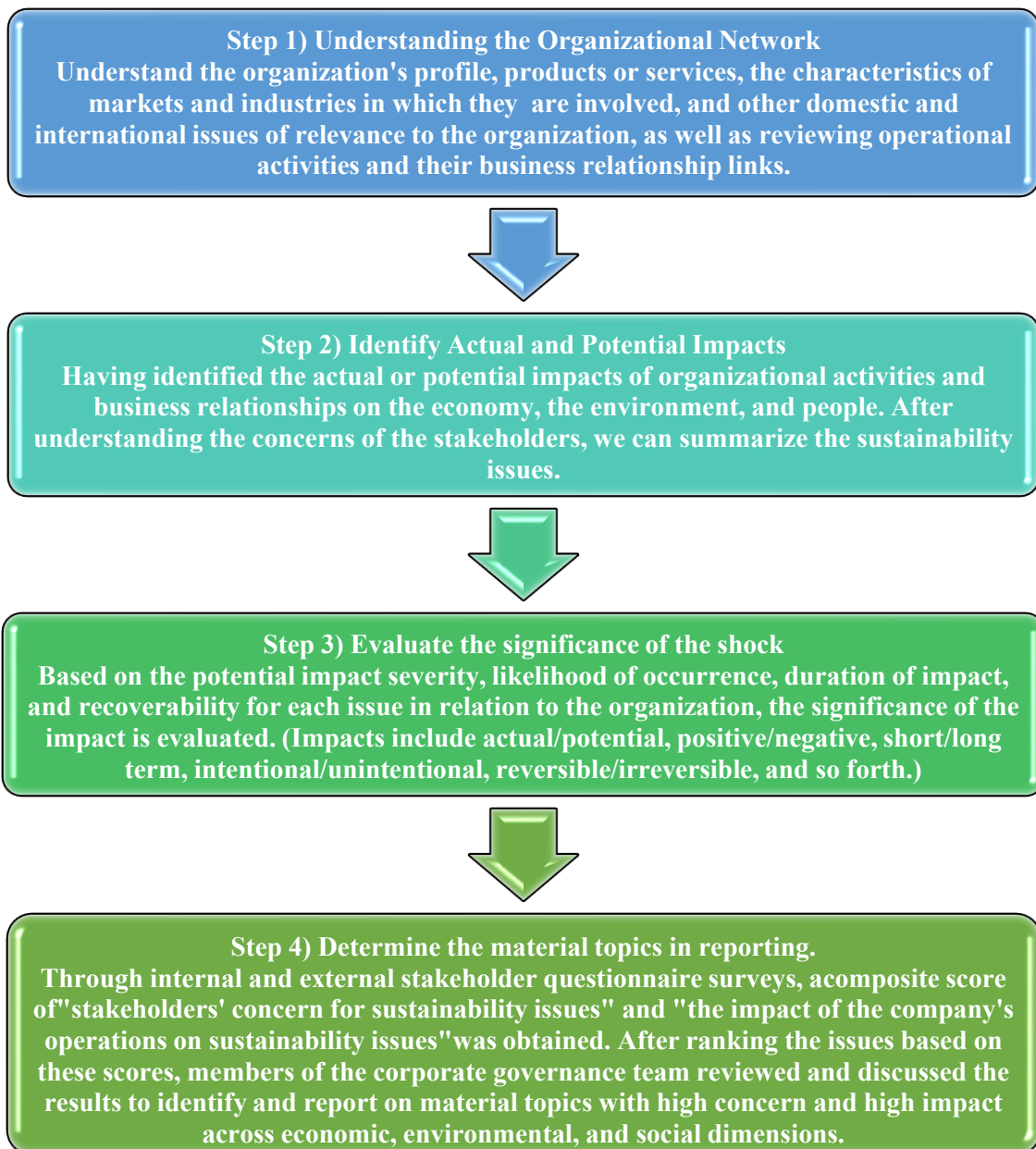
			fin15@lida-compressors.com	improvement were received from government agencies or competent authorities.
Community Neighborhoods	Management Office	Occupational Health and Safety Sustainable Development Strategy Ethics and Integrity	Corporate website, correspondence, e-mail, telephone, fax. Mr. Huang fin15@lida-compressors.com	To establish a harmonious community relationship and jointly enhance the quality of the regional environment. In 2024, no notification or letter of protest has been received from the community.
Non-governmental and non-profit organizations	Management Office	Occupational Health and Safety Sustainable Development Strategy Ethics and Integrity	Corporate website, correspondence, e-mail, telephone, fax. Mr. Huang fin15@lida-compressors.com	In 2024, the Company did not receive any notifications, letters, or petitions from non-governmental or non-profit organizations

Stakeholders' Corner of the Company



1.4 Identification of Material Topics

Identification Process of Material Topics

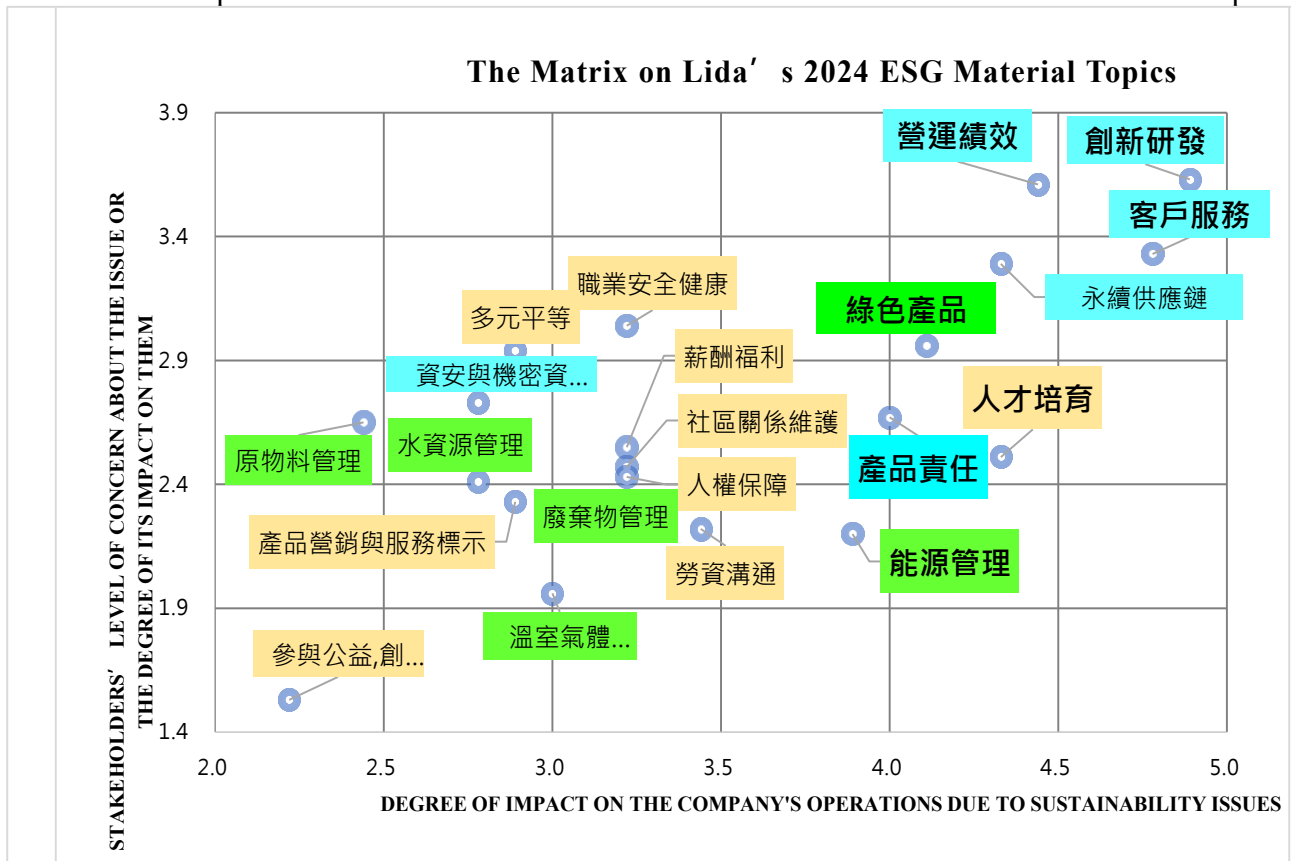


Aspects	2024 Material Topics
Corporate governance aspects	Operational performance, innovation & R&D, customer service, product responsibility
Environmental aspects	Energy management, green products
Social aspects	Talent cultivation

1.4.1 Analysis of Material Topics

The Lida Sustainable Development Team formulated 21 sustainability issues and distributed questionnaires to stakeholders, asking them to rate the level of concern for each issue. This helped assess the degree of concern of major stakeholder groups on various sustainability topics. Each issue was rated on a scale of 1 to 5, with higher scores indicating greater concern. A total of 49 valid responses were received from key stakeholders. At the same time, in order to evaluate the extent of impact that the Company's operations and related business activities have on governance, environmental, and social sustainability issues, questionnaires were distributed to nine senior executives. These executives rated the level of impact for each issue and indicated whether the impact was positive or negative, as well as whether it was actual or potential.

After collecting the questionnaires, the concern scores and impact scores were multiplied to generate a total score for each issue. These scores were then ranked from highest to lowest. A materiality matrix was created using the two sets of scores, and issues with both high concern and high impact were identified as material topics. Following a review and discussion by the Sustainable Development Team, the Company finalized seven material topics for disclosure in 2024: operational performance, innovation and R&D, customer service, talent development, product responsibility, energy management, and green products. Lida will then explain the management approach to each of the material topics and the items to be disclosed in the relevant sections of this report.



創新研發 – Innovation and R&D

客戶服務 – Customer Service

永續供應鏈 – Sustainable Supply Chain

綠色產品 – Green Products

人才培育 – Talent Development

產品責任 – Product Responsibility

能源管理 – Energy Management

職業安全健康 – Occupational Safety and Health

薪酬福利 – Compensation and Benefits

社區關係維護 – Community Engagement

勞資溝通 – Labor-Management Communication

多元平等 – Diversity and Equality

資安與機密資訊 – Information Security and Confidentiality

水資源管理 – Water Resource Management

廢棄物管理 – Waste Management

溫室氣體 – Greenhouse Gas Emissions

原物料管理 – Raw Material Management

產品營銷與服務標示 – Product Marketing and Service Labeling


參與公益 – Public Welfare Participation





Note: Green products and product responsibility are combined as a material topic.

1.4.2 Identify material topics and boundaries

Aspects	Material topics	Positive impact	Negative impact	Actual/potential	Internal boundary	External boundary			Chapter of disclosure in the report
					The Company itself	Investors	Suppliers	Clients	
Corporate Governance	Operational Performance	V		Actual	●	●	●	●	3.5 Operational Performance
Corporate Governance	Innovative Research and Development	V		Actual	●	●		●	3.6 Research and Development Innovation
Corporate Governance	Customer Service	V		Actual	●	●		●	3.8 Customer Service
Environment	Green Products	V		Actual	●			●	4.3 Green Products and Product Responsibility
Environment	Energy Management		V	Potential	●	●	●	●	4.2 Energy Management
Social	Talent cultivation	V		Actual	●	●			5.3 Matching Talents with Roles
Social	Product Responsibility	V		Actual	●			●	4.3 Green Products and Product Responsibility

1.5 Responding to International Sustainable Development Goals

International Sustainable Development Goals		Aspects	Lida's sustainability performance in 2024
	Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; and build effective, accountable and	Corporate Governance and Integrity	<ul style="list-style-type: none"> The Company is committed to information transparency and has set up the Investor Zone, Corporate Governance Zone, Sustainable Development Zone and Stakeholder Zone on its website to provide various communication channels to all stakeholders.

	inclusive systems at all levels.		<ul style="list-style-type: none"> In 2024, there were no violations of laws and regulations and no stakeholder complaints.
	Ensure sustainable consumption and production patterns	Product Responsibility	<ul style="list-style-type: none"> We confirm and promise that our products comply with international environmental laws and regulations as well as customers' requirements for halogen-free products, so as to avoid causing pollution to the environment and jeopardizing human health. In 2024, 100% of key suppliers signed the Declaration of Non-use of Conflict Minerals. In 2024, there were zero customer complaints related to violations of restricted or prohibited substances.
	Emergency measures to cope with climate change and its impacts	Sustainable Environment	<ul style="list-style-type: none"> The Company has obtained the ISO 14001 Environmental Management System Certification, and continues to strengthen the environment of plants, as well as safety and health management to demonstrate our sustainable care for the environment through concrete actions. In 2024, the Company was not subject to any fines or sanctions for violations of environmental laws or related regulations. The Sustainability Promotion Team convenes ad-hoc meetings for discussion and management, and reports to the Board of Directors at least once a year on sustainability-related issues and their implementation status. On 25th December 2024, the Sustainable Development Team reported to the Board of Directors on the implementation of sustainability initiatives.
 	Achieve gender equality and empower all women; ensure equal opportunities.	Diversity and Equality, Workplace Equality	<ul style="list-style-type: none"> The Company ensures equal treatment in matters of labor rights and benefits, such as employment, compensation and benefits, training opportunities, promotion, termination, and retirement, and does not discriminate on the basis of age, sex, physical or mental disability, race, ethnicity, national origin, religion, or other status. Provide channels of appeal to protect the rights of all employees. In 2024, female employees accounted for 21% of the workforce, and women held 17% of management positions. In 2024, women accounted for 14% of all Directors

<div>1 消除貧窮</div> <div>3 健康與福祉</div> <div>8 就業與經濟成長</div>	<p>Promote inclusive and sustainable economic growth, support job production and dignified labor, and ensure the physical and mental health of employees</p>	<p>Employee Care</p>	<ul style="list-style-type: none"> • In 2024, the employee hiring rate was 4.26% and the turnover rate was 45.81%. The high turnover was mainly due to the resignation of piece-rate workers, resulting from a decline in business and production volume. • The Company has established an occupational safety and health policy, along with a labor health management plan. Irregular safety and health awareness campaigns and occupational safety training sessions are conducted to help employees fully understand the relationship between their work and safety, and to foster good workplace behavior and habits.
<div>4 教育品質</div>	<p>Constructing an all-round learning education and training system to strengthen the sustainable development of career and enhance the competitiveness of the Company's sustainable operation.</p>	<p>Talent cultivation</p>	<ul style="list-style-type: none"> • In 2024, each board director completed at least 6 hours of continuing education. The corporate governance officer completed a total of 18 hours of training, in compliance with regulatory requirements. • The average number of hours of training per employee was 25 hours in 2024. Total training hours for the year amounted to 15,641. The achievement rate of annual education and training is 100%; the satisfaction rate of education and training staff is 100%.

II. About Lida

2.1 Company Profile

Lida is a leading manufacturer of professional general-purpose air compressors in China, formerly known as Quanzhou Lida Compressor Factory, established in 1993. The company's professional competence in production, marketing, research and development is utilized to sell its own brand of general-purpose air compressors through a strong distribution channel. The Company primarily manufactures piston air compressors, rotary-screw air compressors, and scroll air compressors. Its products are widely applied across various industries, including biotechnology, food processing, machinery manufacturing, electronics and electrical appliances, textiles and apparel, home furnishings and building materials, chemicals and petrochemicals, as well as other emerging sectors.

Lida's primary operating subsidiaries are Lida (China) Machine Equipment Co. Limited and Lida (Jiangxi) Machine Equipment Co Limited. The Company markets its products across Mainland China under the "Luowei" and "Lida" brands. Over the years, the Company has received numerous honors and certifications, including designation as a Quality Inspection Unit by the China Association for Quality Promotion, Key National Enterprise for Brand Building by the Ministry of Agriculture and Rural Affairs, Outstanding Overseas Chinese-Funded Enterprise in Fujian Province, and Model Enterprise for Standardized Quality Management by the China Commodity Exchange Center. In addition, the Company has been awarded titles such as "China Well-known Trademark", "Fujian Export Brand", "Fujian Famous Brand Product", and "Fujian Well-known Trademark." Thanks to its high efficiency, energy-saving features, and stable performance, Lida's products were also designated for use in the Beijing Olympic "Bird's Nest" Project in 2008. The Company has passed ISO 9001, ISO 14001, ISO 45001 and ISO 50001 system certification, and our products have also obtained national general machinery product certification, national mandatory product CCC certification, and some of our products have obtained CE, GS, CSA, and CUSA quality certificates.

Lida adheres to the business philosophy of "Service Shapes the Brand" and has established a robust sales network both domestically and internationally. The Company is committed to providing comprehensive services to its customers, with distributors across China, Europe, North America, Latin America, Australia, Africa, the Middle East, and Southeast Asia. Anchored in the global market and driven by the goal of brand internationalization, Lida continues its journey under the spirit of "Striving Leads to Success." Together, we will witness a new and energetic Lida marching confidently toward a brighter future!

OUR VISION

我們的願景

By meeting customer needs, creating shareholder value, and promoting social harmony, Lida strives to become a distinguished air compressor enterprise with outstanding employees, strong core competitiveness, and global operational capabilities.




OUR MISSION

我們的使命



People-oriented, integrating resources, strengthening innovation capabilities, and meeting customer needs.

Company Name	Lida Holdings Limited
Industry	Electrical Machinery
Headquarters	17F, No. 270, Sec. 4, Zhongxiao E. Road, Daan District, Taipei City
2024 Shareholders' Meeting Shareholding Structure	Domestic legal entities: 1.39% Domestic individuals: 54.15% Foreign organizations and foreign individuals: 44.46%
Capital Amount in 2024	NTD 1.16 billion
Annual Revenue in 2024	NTD 3.63215 billion
Operating Locations	Lida Holdings Limited, a British Cayman Islands company (17F, No. 270, Sec. 4, Zhongxiao E. Road, Daan District, Taipei City) Lida (China) Machine Equipment Co. Limited. (Dongyuan Town Industrial Zone, Quanzhou Taiwanese Investment Zone, Fujian Province, China)
Products & Services	Specializing in the research, development, manufacture and sales of general-purpose air compressors under its own brand name.
History	

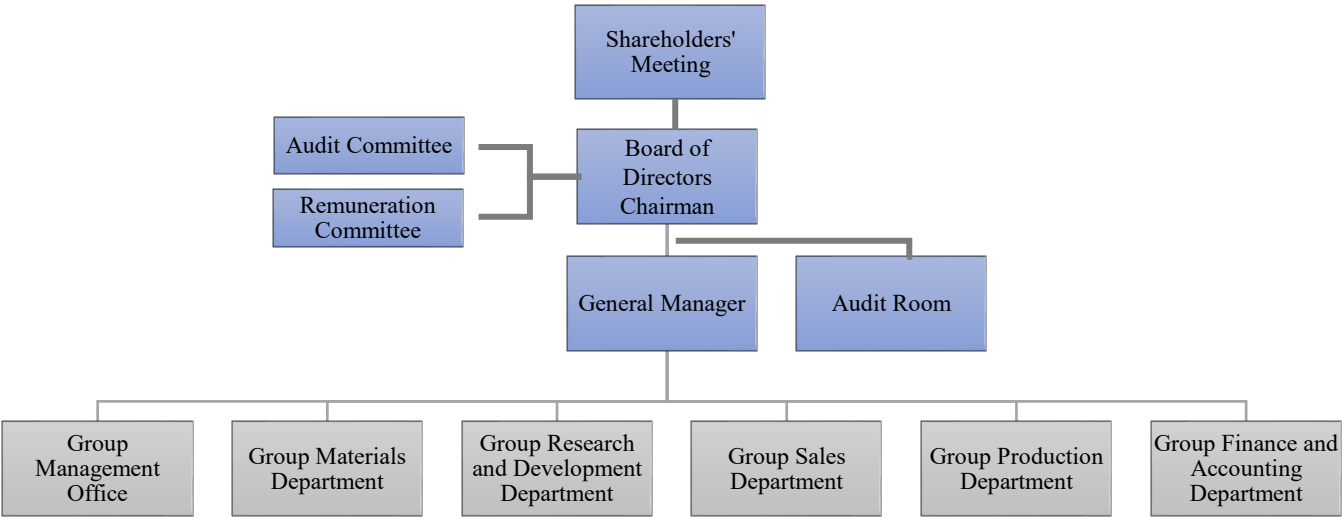
Operating ratio of major products in the last two years Unit: NT\$ thousands				
Year	2023		2024	
Product Category	Amount	%	Amount	%
Piston Air Compressor	1,213,745	24.06	1,042,284	28.70
Rotary-screw Air Compressor	3,235,214	64.12	2,076,702	57.18
Scroll Air Compressor	232,806	4.61	136,302	3.75
Others	363,772	7.21	376,862	10.37
Total	5,045,537	100.00	3,632,150	100.00

The Company's Industrial Chain

The Company specializes in the research and development, manufacturing, and sales of various types of air compressors. Within the industry value chain, the Company is positioned in the midstream segment. The upstream consists of suppliers of raw materials such as steel, copper, aluminum, motors, and air compressor core components. The midstream manufacturing segment involves motor assembly, partial development and production of compressor heads, general assembly, and welding technologies. The downstream segment comprises machinery and equipment used in automated production lines across various industries and related application fields.

Upstream Raw Material Industry	Midstream Air Compressor Manufacturing	Downstream Application Industries
<ul style="list-style-type: none"> Crankcase Cylinder Chassis Iron Core Air Tank Head Unit (Main Unit) Motor Valve Body Ventilating Machine Cooler Control System 		<ul style="list-style-type: none"> Machinery Manufacturing Textile Food Pharmaceutical Electronic Appliances Transportation Chemical & Petrochemical Engineering Refrigeration and Gas Separation Mining and Metallurgy

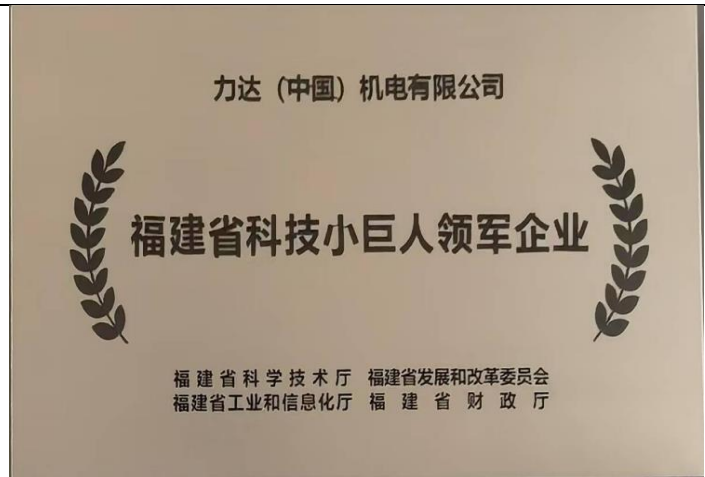
2.2 Business Philosophy and Governance Structure



2.3 Corporate Honors and Engagement in External Organizations

Corporate Honors													
Awarded Innovative SME in 2024	 <p>力达（中国）机电有限公司</p> <p>创新型中小企业</p> <p>泉州市工业和信息化局</p>												
Obtained the Level 1 Energy Efficiency Compressed Air Station Certification in 2023	 <p>CGMA</p> <p>压缩空气站能效认定</p> <p>证书编号：CGMA03018-2023</p> <p>一级能效压缩空气站</p> <p>依据标准：T/CGMA 033001-2018压缩空气站能效分级指南</p> <p>检测单位：上海市质量监督检验技术研究院 检测报告编号：WB2305241921</p> <p>空压站名称：力达（中国）机电有限公司节能空压站 空压站地址：泉州台商投资区东园镇杏园路1809号</p> <p>空压站所属单位：力达（中国）机电有限公司 空压站设计单位：力达（中国）机电有限公司</p> <p>认定时间：2023年09月22日 空压站建设单位：力达（中国）机电有限公司</p> <p>中国通用机械工业协会 压缩空气分会</p>												
	 <p>CGMA</p> <p>压缩空气站能效认定证书</p> <p>证书编号：CGMA03018-2023</p> <p>下压缩空气站经过第三方检测机构(上海市质量监督检验技术研究院)检测，我协会根据检测报告（WB2305241921）以及现场核实，确认该压缩空气站能效达到中国通用机械工业协会团体标准：“T/CGMA 033001-2018压缩空气站能效分级指南”一级能效等级，被认定为“节能型压缩空气站”。</p> <p>特发此证！</p> <table border="1"> <tr> <td>空压站名称</td><td>力达（中国）机电有限公司节能空压站</td></tr> <tr> <td>空压站地址</td><td>泉州台商投资区东园镇杏园路1809号</td></tr> <tr> <td>空压站所属单位</td><td>力达（中国）机电有限公司</td></tr> <tr> <td>空压站设计单位</td><td>力达（中国）机电有限公司</td></tr> <tr> <td>空压站建设单位</td><td>力达（中国）机电有限公司</td></tr> <tr> <td>认定时间</td><td>2023年09月22日</td></tr> </table> <p>中国通用机械工业协会 压缩空气分会</p>	空压站名称	力达（中国）机电有限公司节能空压站	空压站地址	泉州台商投资区东园镇杏园路1809号	空压站所属单位	力达（中国）机电有限公司	空压站设计单位	力达（中国）机电有限公司	空压站建设单位	力达（中国）机电有限公司	认定时间	2023年09月22日
空压站名称	力达（中国）机电有限公司节能空压站												
空压站地址	泉州台商投资区东园镇杏园路1809号												
空压站所属单位	力达（中国）机电有限公司												
空压站设计单位	力达（中国）机电有限公司												
空压站建设单位	力达（中国）机电有限公司												
认定时间	2023年09月22日												
Certified as a National Energy Efficiency Testing Laboratory in 2022.	 <p>力达（中国）机电有限公司</p> <p>国家能源效率检测实验室</p> <p>中国能效标识网</p>												

Honored Fujian Province Science and Technology Leading Enterprise and was also recognized by the Ministry of Industry and Information Technology as an Innovative “Little Giant” Enterprise in 2021



Industry Exchange

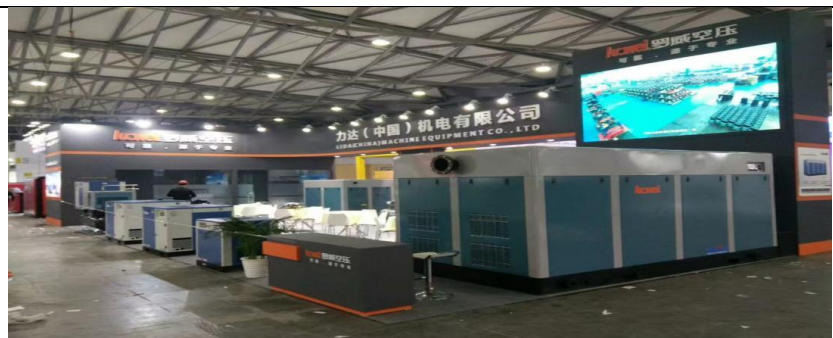
Hebei International Equipment Manufacturing Expo



Shanghai International Compressor & Equipment Exhibition



South China Air Compressor Exhibition



Guangzhou Trade Fair
(China Import and Export Fair)



External Organizational Involvement

In addition to improving the competitiveness of its own products, Lida (China) Machine Equipment Co. Limited also actively communicates with stakeholders from all walks of life, and takes the opportunity to participate in industry-related associations to have positive interactions with the members of these associations and to learn about the latest development trends of the industry.






Name of External Association	Participation
China General Compressor Association	Member
Fujian Machinery Hardware and Electronics Association	Vice President
Quanzhou Equipment Association	Member
China Chamber of Commerce for Import & Export of Machinery & Electronic Products	Member
China Hardware and Electromechanical Chamber of Commerce	Member

III. Responsible Governance

In accordance with the Company Act, the Securities and Exchange Act, and other applicable regulations, Lida has established a sound corporate governance system and an effective governance framework. The Board of Directors has approved and adopted the Corporate Governance Best Practice Principles, which are disclosed on the Market Observation Post System (MOPS) and the Company's official website. The Company's directors and employees adhere to internal regulations such as the "Insider Trading Prevention Guidelines," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Procedures for Handling Material Internal Information," and the "Code of Ethical Conduct" in the implementation of corporate governance. The Company conducts at least one educational session each year for current directors, managerial officers, and employees on the "Insider Trading Prevention Guidelines," "Procedures for Handling Material Internal Information," and relevant laws and regulations. For newly appointed directors and managerial officers, educational sessions are arranged after they assume office. For new employees, relevant education and training are provided by the HR department during pre-employment orientation.

2024 Corporate Governance Results

- The performance evaluations of the Board of Directors and functional committees were rated as “Good.”
- The total number of hours of study for the Head of Corporate Governance is 18 hours.
- The total training hours for board directors reached 42 hours, meeting the annual continuing education requirements set by the competent authority. This demonstrates the Company’s commitment to enhancing the professionalism and effectiveness of its corporate governance practices.
- Specific management objectives of the policy on diversity in the composition of the Board of Directors have been achieved.
 - 1) The proportion of independent directors' seats is 43%, which is better than the statutory ratio, and less than one-half of the directors have been appointed for a term of more than three years.
 - 2) The number of directors who are also managers of the Company shall not exceed one-third of the total number of directors.
 - 3) In addition to considering the diversity of required competencies, the Company’s Board of Directors also reflects gender and nationality diversity. At least one female director currently serves on the Board, meeting the minimum gender requirement. While the majority of directors are Taiwanese nationals, the Board also includes one director of Chinese nationality and two directors of Hong Kong nationality, bringing the proportion of foreign directors to 43%. The Company has achieved notable progress in promoting board diversity across multiple dimensions, including industry background, age, gender, and nationality. Moving forward, the Company will continue to enhance board diversity in line with its operational status and future development needs.
- On November 9, 2023, the Board of Directors approved revisions to the “Insider Trading Prevention Guidelines” and reinforced the prohibition of insider trading. All insiders were reminded not to trade the Company’s shares during blackout periods—specifically, within 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of quarterly financial reports.
- In addition, on January 31, May 7, July 19, and October 30, 2024, the Company sent email to insiders to promote awareness of regulations regarding insider shareholding changes and equity trading compliance, in order to prevent inadvertent violations.

Corporate Governance Code of Practice	Ethical Corporate Management Best Practice Principles	Code of Ethical Conduct	Internal Material Information Handling Procedures	Preventing Insider Trading Management Approach
				

3.1 Governance Practices

3.1.1 Board of Directors

The Board of Directors is the highest governing body of the Company and its operation is in accordance with the provisions of the “Rules of Procedure for Board of Directors Meetings”. In addition, in order to effectively utilize the functions of the Board of Directors, an Audit Committee and a Remuneration Committee have been established under the Board of Directors in accordance with their respective terms of reference and functions, so as to enhance the division of work in actual operation.

Diversity, Independence and Expertise of the Board of Directors

Directors are elected under a candidate nomination system in accordance with the Company's Articles of Incorporation. The Code of Corporate Governance Practices and the Regulations Governing the Election of Directors stipulate that the composition of the Board of Directors should take into account the diversity of its members. The Board of Directors of the Company consists of 7 members, 6 male and 1 female; including 3 independent directors and 4 non-independent directors. They come from various industries, such as industry, commerce, finance and accounting, and investment, and all of them have rich experience in industry and academia. None of them is an employee of the Company and none of them has served as an independent director for more than three terms. The independent directors exercise their duties at the Board with full independence. Moreover, more than half of the Board members have no spousal or second-degree familial relationships with one another, and none of the directors fall under the circumstances specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

Diversified Core Programs Name of Director	Basic Composition								Professional competence and industry experience							
	Nationality	Gender	With employee status	Age				Independent Director Term of Office 9 years or less	Operations Management	Leadership Decision Making	Operational Judgment	Crisis Management Capabilities	International Market View	Industry Knowledge	Accounting and Finance	Law
				30- 39 years old	40- 49 years old	50- 59 years old	60 years old or above									
Wu, Chien-Leng, Representative of Yi Yuan Enterprise Co., LTD.	Republic of China	Male	No				V		V	V	V	V	V	V		
Huang, Da Ping, Representative of Gain Fortune Development Limited	China	Male	No			V			V	V	V	V	V	V		
Jiang, Wei- Feng	Hong Kong	Male	No		V						V	V	V	V	V	
Tang, Chi-Fai	Hong Kong	Male	No			V			V	V	V	V	V	V		
Shen, Xue- Ren	Republic of China	Male	No			V		V	V	V	V	V	V		V	V
Zhang, Zuo- Cheng	Republic of China	Male	No				V	V	V	V	V	V	V	V	V	V
Cheng, Pai- We	Republic of China	Female	No				V	V	V	V	V	V	V		V	V

Operation of the Board of Directors

Each term of Lida's Board of Directors is three years. The Board convenes at least once every quarter to set operational plans, review business performance, and evaluate financial and operational risks and opportunities. In 2024, a total of six Board meetings were held, with an average director attendance rate of 97.6%. In addition to approving the operational plan and financial reports, the Board also discussed and managed various key topics, including the Company's risk management practices, intellectual property plans and implementation, progress on sustainability initiatives, execution of ethical corporate management, and stakeholder communication. No complaints were received that had a material impact on the Company's operations or financial and business activities.

Operation of the Board of Directors

Title	Name	Expected Attendance(A)	Actual attendance (B)	Actual attendance % (B/A)
Chairman	Representative of Yi Yuan Enterprise Co., LTD. Wu, Chien-Leng	6	6	100%
Director	Representative of Gain Fortune Development Limited Huang, Da-Ping	6	5	83%
Director	Jiang, Wei-Feng	6	6	100%
Director	Tang, Chi-Fai	6	6	100%
Independent Director	Shen, Xue-Ren	6	6	100%
Independent Director	Zhang, Zuo-Cheng	6	6	100%
Independent Director	Cheng, Pai-We	6	6	100%

Implementation Status of Recusal by Directors and Independent Directors from Agenda Items Involving Conflicts of Interest

Directors uphold a high standard of self-discipline in implementing conflict-of-interest avoidance. For matters discussed at Board or functional committee meetings in which a director or the legal entity they represent has a conflict of interest, the director is required to disclose the material aspects of the conflict during the meeting. Additionally, the director must recuse themselves from both discussion and voting on the matter and may not act as a proxy for other directors in exercising voting rights.

Director's Continuing Studies

In 2024, director training focused on corporate governance topics, particularly legal compliance and governance practices. Additionally, newly planned ESG-related courses were introduced. The Company will continue to arrange training programs on sustainability-related topics in the future to align with its sustainability policies and development goals.

Participant	Date	Hours	Organizer	Course Name
Wu, Chien-Leng	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response
Huang, Da-Ping	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response
Jiang, Wei-Feng	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response
Tang, Chi-Fai	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response
Zhang, Zuo-Cheng	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response
Shen, Xue-Ren	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response
Cheng, Pai-We	2024/06/27	3	Taiwan Investor Relations Institute	Sustainability Report Basics
	2024/08/21	3		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response

Corporate Governance Competency Setup and Enhancement Conditions

On June 29, 2023, the Board of Directors appointed the Chief Financial Officer of the Finance and Accounting Department to concurrently serve as the Corporate Governance Officer. In 2024, the Corporate Governance Officer completed 18 hours of continuing education, meeting the requirements set by applicable regulations. The training details are as follows:

Date	Organizer	Course Name	Hours of Study
2024/6/27	Taiwan Investor Relations Institute	Sustainability Report Basics	3
2024/8/21		Directors' and Supervisors' Legal Liability and the Risks and Preventive Measures to be Taken in Response	3
2024/9/12~ 2024/9/13	Accounting Research and Development Foundation of the Republic of China	Accounting Supervisor Continuing Education	12

3.1.2 Functional Committee

In order to strengthen the functions of the Board of Directors, to enhance the supervisory functions, and to strengthen the management functions, the Board of Directors has established functional committees such as the Audit Committee and the Remuneration Committee. Functional committees shall be accountable to the Board of Directors, except for those that are required by law to exercise their functions independently, and shall make recommendations to the Board of Directors and send the proposed motions to the Board of Directors for report or discussion.

Operation of the Audit Committee

The Company's Audit Committee is a functional committee under the Board of Directors, composed of three independent directors. One member serves as the convener, and at least one member possesses expertise in accounting or finance. The primary responsibility of the Audit Committee is to replace the role of supervisors in overseeing the Company's financial reporting and internal control matters. Acting in the capacity of a prudent manager, the committee faithfully performs the following duties and provides recommendations to the Board of Directors as a reference for its decision-making. The Audit Committee convenes at least once every quarter. In 2024, a total of six meetings were held, with an average attendance rate of 100% among all committee members. The term of the current committee members is from June 16, 2023, to June 15, 2026.

Title	Name	Expected Attendance (A)	Actual Attendance (B)	Actual attendance % (B/A)
Independent Director (Convener)	Shen, Xue-Ren	6	6	100%
Independent Director	Zhang, Zuo-Cheng	6	6	100%
Independent Director	Cheng, Pai-We	6	6	100%

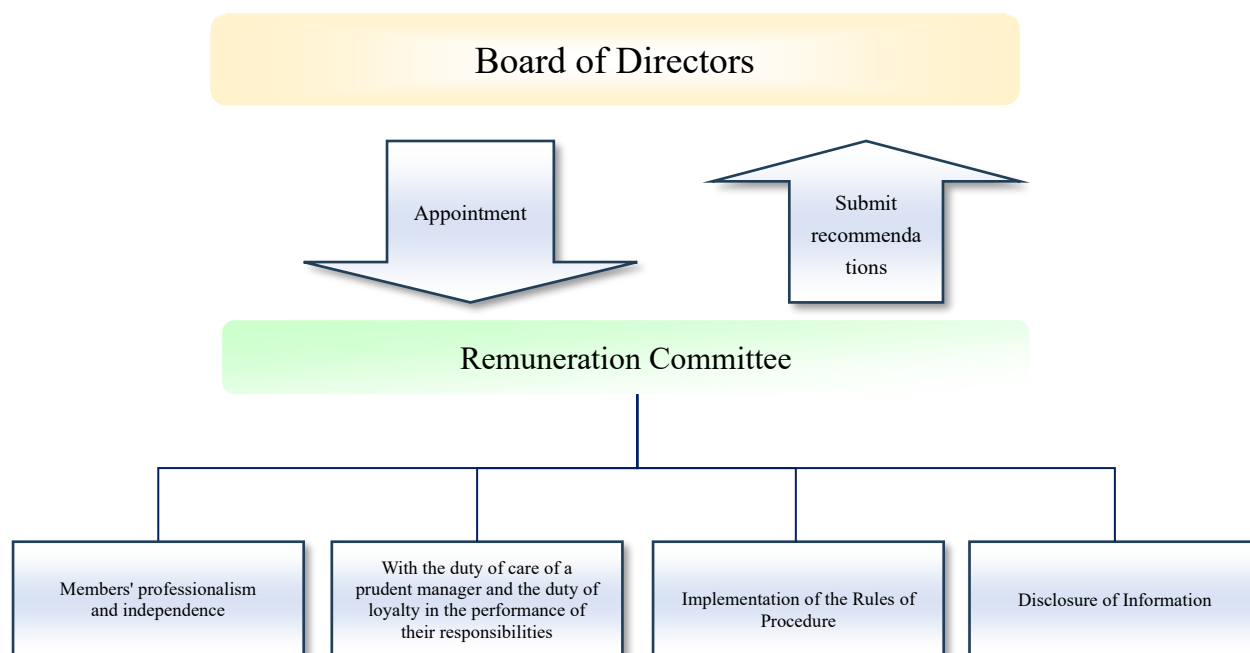
Operation of the Remuneration Committee

In order to improve the remuneration system for directors and managers, and to assess whether the operating performance of directors and managers is fair and reasonable in relation to the remuneration they receive, the Board of Directors has approved the "Remuneration Committee Procedures" and set up a Remuneration Committee under the Board of Directors, which consists of all three independent directors. A total of three meetings were held in 2024, with a 100% attendance rate by all members.

Title	Name	Expected Attendance (A)	Actual Attendance (B)	Actual attendance % (B / A)
Independent Director (Convener)	Zhang, Zuo-Cheng	3	3	100%
Independent Director	Shen, Xue-Ren	3	3	100%
Independent Director	Cheng, Pai-We	3	3	100%

The function of the Remuneration Committee is to provide professional and objective recommendations regarding the Company's policies, systems, standards, structures, and performance goals for the remuneration of directors and managerial officers. The Committee evaluates the content and amounts of their remuneration and submits its recommendations to the Board of Directors for discussion. It also regularly reviews the achievement of both annual and long-term performance goals of directors and managerial officers. Directors' remuneration consists of their remuneration and compensation allocated in accordance with the Company's Articles of Incorporation. There are no signing bonuses, severance payments, or clawback mechanisms in place. The remuneration of managers consists of monthly salary, bonus, employee benefits (such as retirement benefits), stock options, stock dividends, retirement benefits, severance pay, various allowances and other substantial incentives, with no contractual bonuses and no clawback mechanisms; the above areas of remuneration should be in line with the criteria for matters to be recorded in the annual reports of publicly-traded companies in respect of directors' and managers' remuneration. At present, the remuneration of directors and managers has not been linked to the sustainability performance objectives, and relevant issues will be further discussed in the future.

Remuneration Decision Process

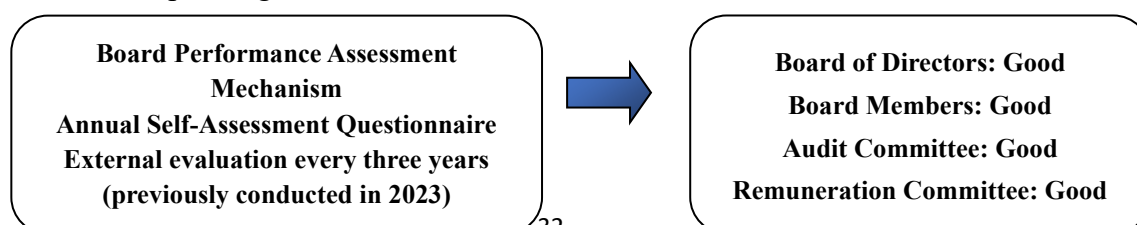


Functions and Responsibilities of the Remuneration Committee	1. To establish and periodically review the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managerial officers. 2. To regularly evaluate and determine the remuneration of directors and managerial officers.
Remuneration consultancy	The Compensation Committee may, by resolution, appoint an attorney, accountant, or other professional, at the Company's expense, to audit or advise on matters necessary for the exercise of its duties and responsibilities.
Frequency of Meeting	Meetings will be held at least twice a year.

3.1.3 Evaluation of the performance of the Board of Directors, directors and functional committees

In order to enhance the quality of the Board's decision-making, the Board of Directors has adopted the "Regulations for Evaluation of the Board of Directors and Functional Committees , " which provides for an annual internal evaluation of the performance of the Board of Directors, individual Board members and functional committees by means of a self-assessment questionnaire, and which should be carried out by an external professional and independent organization at least once every three years, with the last year of execution being 2023.

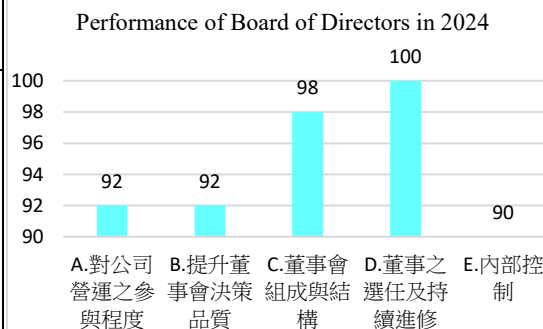
The scope of the Board of Directors' performance evaluation for 2024 includes the Board of Directors as a whole, individual Board members, the Remuneration Committee, and the Audit Committee. This evaluation is based on an internal self-assessment. Each assessment item marked “Yes” is awarded one point. The score for each category is calculated as the percentage of the total possible score for that category, and this percentage represents the evaluation result. A rating of 80% or above is considered "good", 60% or above but less than 80% is considered "fair", and less than 60% is considered "poor". The results of this internal performance evaluation of the overall Board of Directors, Board members and functional committees were all “good”, indicating that the overall operation of the Board of Directors, Board members and functional committees is sound and in compliance with corporate governance standards.



Evaluation of the Performance of the Board of Directors and Functional Committee			
Self-assessment (Questionnaire)	2022	2023	2024
Director	Good	Good	Good
Board of Directors	Good	Good	Good
Audit Committee	Good	Good	Good
Remuneration Committee	Good	Good	Good

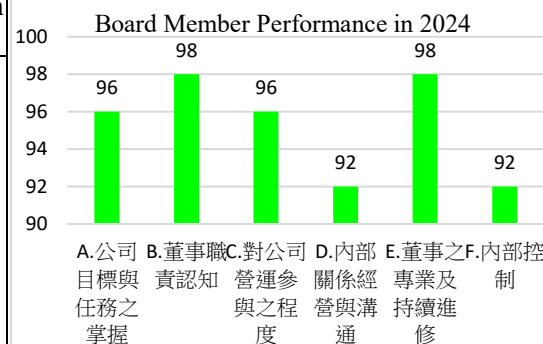
Board Performance Assessment Self-Assessment Results in 2024:

Dimension of Assessment	Item	Average score	Assessment Results
A. Degree of participation in the Company's operations	12	92	Good
B. Enhancing the quality of board decisions	12	92	
C. Board composition and structure	7	98	
D. Election and continuing education of directors	7	100	
E. Internal control	7	90	



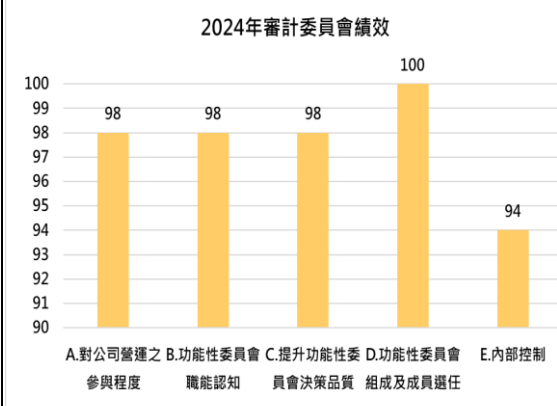
Performance Self-Assessment Results of Board Members for 2024

Dimension of Assessment	Item	Average Score	Evaluation Results
A. Mastery of the company's objectives and tasks.	3	96	Good
B. Recognition of directors' duties	3	98	
C. Degree of participation in the Company's operations.	8	96	
D. Internal relationship management and communication	3	92	
E. Directors' professionalism and continuing education	3	98	
	3	92	



Performance Self-Assessment Results of the Audit Committee for 2024

Dimension of Assessment	Item	Average Score	Assessment Results
A. Degree of participation in the Company's operations.	4	98	Good
B. Functional awareness of functional committees	5	98	

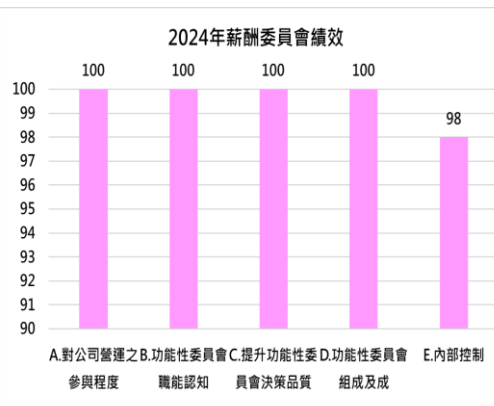
C. Enhancing the quality of decision-making in functional committees	7	98	
D. Composition and election of members in functional committees	3	100	
E. Internal control	3	94	

Graph:

2024 年審計委員會績效 Performance of the Audit Committee for 2024

Performance Self-Assessment Results of the Remuneration Committee for 2024

Dimension of Assessment	Item	Average score	Evaluation Results
A. Degree of participation in the Company's operations.	4	100	Good
B. Functional awareness of functional committees	5	100	
C. Enhancing the quality of decision-making in functional committees	7	100	
D. Composition and election of members in functional committees	3	100	
E. Internal control	3	98	



Graph:

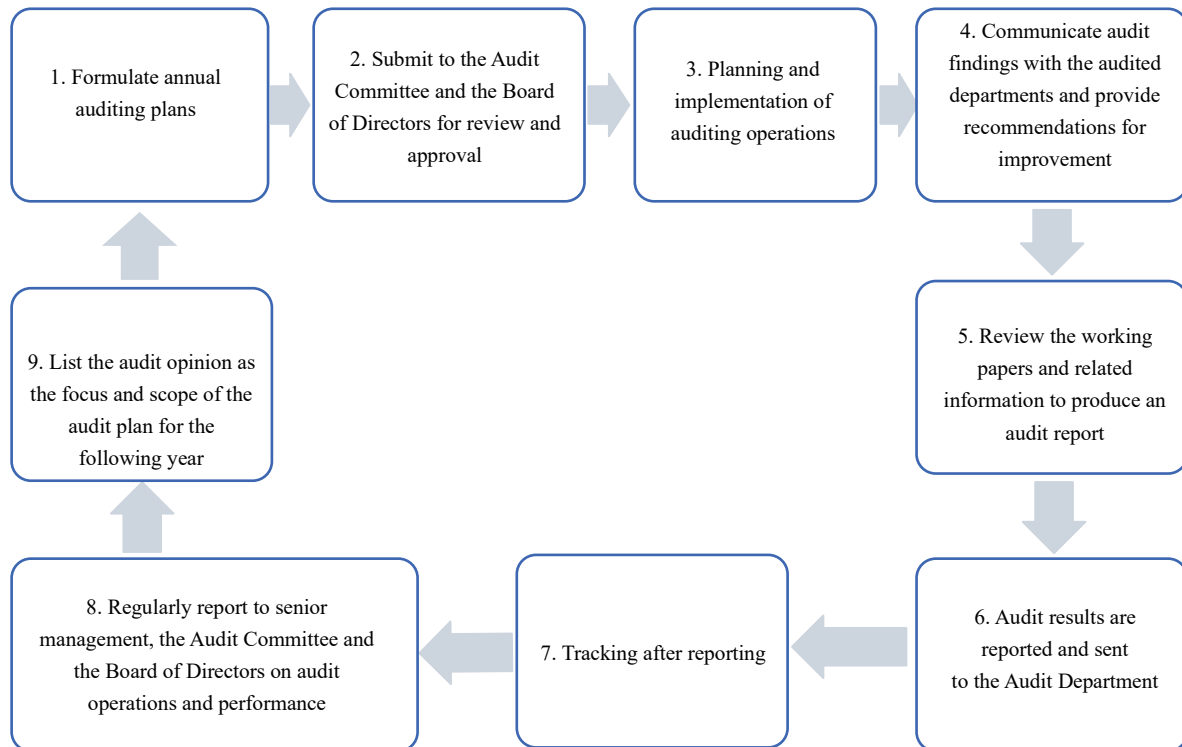
2024 年薪酬委員會績效 Performance of the Remuneration Committee for 2024

3.1.4 Internal Audit

In accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” promulgated by the Financial Supervisory Commission, the "Internal Audit Regulations" were formulated to regulate the duties and operating procedures of internal auditors.

Internal audits are conducted in accordance with the Company's “Internal Audit Regulations”. The audit operations, as stipulated in the aforementioned regulations, are divided into two types: regular audits and ad hoc inspections. A regular audit plan shall be formulated before the beginning of each fiscal year, and audits shall be conducted at least once annually. In addition, ad hoc inspections may be carried out as needed based on actual circumstances. In addition to notifying the audited unit to implement corrective actions within a specified period, the audit results shall also be submitted to each independent director for review in accordance with the relevant regulations. The audited unit shall also submit a quarterly report on the status of corrective actions to the audit department for follow-up. The audit department shall continue to monitor the progress until all corrective actions have been fully implemented. Moreover, in order to strengthen the communication with the Board, the Audit Supervisor shall attend board meetings and report on audit-related matters.

3.2 Risk Management



The Board of Directors of Lida serves as the highest governing body for the company's risk management, while the Audit Committee acts as the supervisory unit. Their goal is to ensure legal compliance, promote, and implement comprehensive risk management across the company. This includes clearly identifying the risks faced during operations, ensuring the effectiveness of risk management practices, and assuming ultimate responsibility for risk management. The Board is responsible for approving risk management policies, procedures and structures, as well as supervising risk management to ensure effective operation. To strengthen the Company's governance and enhance risk management, the Board of Directors approved the "Risk Management Policy and Procedures" on December 26, 2023, in accordance with the "Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange listed Companies." The risk assessment status and corresponding countermeasures were reported to the Board on December 25, 2024.

Organizational Structure and Responsibility for Risk Management in the Company

Board of Directors and Audit Committee	Regarding the Company's risk management, the Board of Directors is the highest management unit, while the Audit Committee is the supervisory unit; the Board of Directors is responsible for approving the risk management policies, procedures, and frameworks, as well as supervising risk management.
Operations Meetings	The General Manager of the Group, who chairs the supervisory meeting or operation meeting, is responsible for overseeing and reviewing the implementation of the Company's risk management, risk assessments and the status of risk assumptions.
Finance Department	The Finance Department of the General Manager Office of the Group is a unit independent of the business divisions and is responsible for handling capital deployment and investment assessments.
Audit room	The Company's Audit Room is an independent department under the Board of Directors, which is mainly responsible for internal control and internal audit. The audit unit shall verify the implementation of risk management by each department of the Company in accordance with applicable laws and regulations.
Business Units	Supervisors of a business unit are responsible for the first line of risk management, analyzing and monitoring the related risks within their respective units to ensure that risk control mechanisms and procedures are effectively implemented.

The Company's Risk Management Process

The basis of the Company's risk control mechanism includes the Code of Practice for Sustainable Development and related regulations, internal control system, management practices, and operating procedures, which are drafted and approved in accordance with the Company's regulations and relevant applicable rules. In addition to the current internal control regulations and the Company's related regulations, the review and control of each mechanism is also in accordance with the relevant regulations of the competent authorities. The Company's enterprise risk management encompasses processes such as risk detection, assessment, reporting, and handling.

Process	Operation
Risk Detection	Level 1: Each business unit or responsible personnel is tasked with the initial identification, detection, assessment, and control of risks. They shall conduct a comprehensive evaluation of the likelihood and impact of various risks encountered in daily operations and management processes, and take appropriate countermeasures accordingly.
Risk Assessment	Level 2: Supervisors at all levels within each department are responsible for the risk management of their respective operations. Unit supervisors shall consolidate the results of risk management activities and oversee their implementation within the department. They may determine risk levels and recommend risk-bearing approaches based on changes in external environments or internal strategies, and, when necessary, coordinate cross-departmental risk management interactions and communication.
Risk Reporting	Level 3: The management or operational meetings chaired by the General Manager of the Group shall convene responsible and relevant units to discuss potential uncertainties that may threaten the Company's operations prior to implementation. When necessary, external consultants may be consulted to assess risks and provide early preventive recommendations.
Risk Audit and Supervision	Level 4: Subject to audit by the Audit Room and review by the Audit Committee. The Audit Room checks whether the executive units follow the authorization and related management methods and procedures. The Board of Directors reviews and monitors the risks associated with each unit in accordance with the risk management decisions and related risk management regulations.

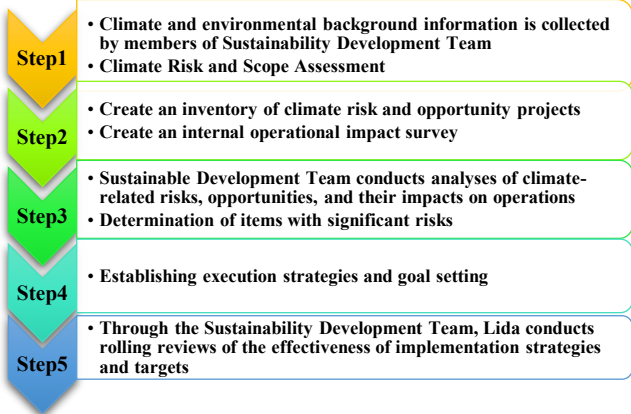
Countermeasures and the operational status for risks in 2024

Risk Category	Potential Risks	Countermeasures
Financial Risks	Interest rate fluctuations	Regularly evaluating market capitalization and bank interest rates, and assessing the impact of interest expenses on financing.
	Exchange rate fluctuations	To monitor changes and trends in the foreign exchange market in order to address situations involving unexpected changes in the currency of payments or receipts.
	Inflation or deflation	Adjusting sales and purchasing strategies, cost structures and trading conditions in a flexible manner to effectively cope with the impact of inflation or deflation.
Investment Risks	Loans to others	Loans to others and endorsement and guarantee for others are subject to the approval of the Board of Directors.
	Endorsement and guarantee for others	In principle, endorsement and guarantee for others is limited to the Group's subsidiaries and may be implemented only after approval by the Board of Directors.
	Derivative trading	In principle, the Company does not engage in the investment of derivatives to avoid exposure to investment risks.
Supply Chain Risks	Lacking of supply chain resilience	1. Negotiation and Contingency Adjustment: Negotiate adjustments to delivery schedules or implement phased delivery plans, with priority given to ensuring core production needs. 2. Optimization of quality control system: Establishment of supplier grading mechanism and regular quality audits. 3. Short-term contingency and cost negotiation: Assess the reasonableness of price increase, negotiate tiered pricing or cost-sharing arrangements, activate backup suppliers or substitute materials, with priority given to ensuring production continuity. 4. Long-term cost control strategy: diversification of the supply chain, direct cooperation with upstream raw material manufacturers or centralized price bargaining with other enterprises.
Information Security Risks	Information system abnormalities	Conduct information security monitoring, incident reporting, and anomaly handling in accordance with relevant information security regulations. Manage and provide backup for critical information systems by establishing off-site backups, which are managed by dedicated personnel.
Environmental -Related Risks	Energy intensity in the plant cannot be reduced	1. Replacement of old equipment with energy-saving motors, inverters, LED lighting, etc. 2. Regularly maintain the equipment to avoid additional energy consumption caused by malfunctioning. 3. Adjust the production rhythm according to the energy peak and valley tariffs. 4. Refined management of the production process to reduce the number of process changes and idle time. 5. Utilization of solar energy as an alternative to conventional energy sources
	High energy consumption of the product itself	1. Designing energy efficient products and selecting core components with higher energy efficiency ratings. 2. Promote proper product usage to help consumers further reduce energy consumption 3. Optimize product materials and technologies to achieve overall energy efficiency improvement.

Risk Category	Potential Risks	Countermeasures
	Water and electricity shortages	<ol style="list-style-type: none"> 1. Regularly inspect water supply pipes, valves and water equipment, and repair leaks to avoid unnecessary loss of water resources. 2. Adjusting energy-consuming equipment to run in the valley period according to the difference in peak and valley tariffs, so as to reduce the cost of electricity consumption. 3. Phase out outdated motors and transformers, and adopt variable frequency control technologies (e.g., variable frequency air compressors) to reduce no-load energy consumption. 4. Installation of rooftop photovoltaic power generation system to realize “self-generation and self-consumption, with surplus electricity fed back to the grid” to offset the risk of unstable external power supply. 5. Establish an early warning and response mechanism for water and electricity shortages, prioritize the operation of key production lines, and activate the staggered peak production plan when necessary.
	Labor Shortage	<ol style="list-style-type: none"> 1. Manpower planning and reserve: formulate medium- and long-term manpower demand planning and establish a talent pool. 2. Create a corporate image that attracts talent, and retains excellent talent through benefits, salary and career development programs. 3. Invest in automated production equipment to reduce reliance on labor and increase efficiency. 4. Establish long-term relationship with HR outsourcing companies and schools to fill the manpower gap quickly. 5. Reassign personnel from departments with surplus manpower to departments experiencing manpower shortages through internal secondment. 6. Enhance the skills and professional knowledge of existing employees, provide career development planning for employees, and encourage their promotion and growth within the company.

3.3 Climate-related Financial Disclosure

In response to the growing significance of global warming-induced extreme weather and emerging energy and climate change issues, the Company has adopted the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to mitigate the potential impacts of climate change on its operations. This framework is structured around four core pillars: governance, strategy, risk Management, and metrics and targets. Within this framework, senior management evaluates the potential impact and likelihood of climate-related risks and opportunities. Based on these assessments, scores are then assigned. The Company identifies and describes the impact of climate-related issues most relevant to its operations, along with corresponding response strategies, focusing on transition risks (policies and regulations, technology, market, and reputation), physical risks (acute and long-term risks), and opportunities (resource efficiency, energy sources, products/services, market, and resilience). Moving forward, the Company will report to the Board of Directors on a regular annual basis, with the Board responsible for monitoring the effectiveness of implementation.

Governance	Strategies	Risk Management	Indicators and Targets
Governance on climate-related risks and opportunities	Business, strategic, and financial planning. Actual and potential climate-related impacts	Climate-related Risk Management Process	Indicators and targets for assessing and managing climate-related issues
<ul style="list-style-type: none"> ◆ The Sustainability Committee will regularly report to the Board of Directors on the Company's response to climate change risks, which will oversee the effectiveness of implementation. ◆ Lida has established a Sustainable Development Team, chaired by the General Manager, which convenes at least once a year to discuss risks and opportunities arising from climate-related changes and to develop strategies to address their impact on the Company's operations. 	<p>Referring to the table of short-, medium- and long-term climate risks and opportunities in 2024; the company's long-term operational development is considered in terms of a ten-year period (a decade), which is defined as 1-3 years for the short term, 3-5 years for the medium term, and 6-10 years for the long term.</p> <p>Lida has identified climate risk as one of its key operational risks, as climate change and global warming have a significant impact on the upstream supply chain, the company's operations and even the downstream value chain to customers. In order to fully understand the impact of climate-related risks on the Company's operations and development, or the opportunities that may be created as a result, Lida has identified climate-related risks and opportunities, prioritizing the development of response strategies and management measures for issues that significantly impact financial performance, alter operational strategies or business models, or have far-reaching effects across the value chain.</p>	<p>The risk identification, assessment, and management process is as follows:</p>  <p>Overall, the 2024 risk assessment results indicate that all identified risks fall within the low to medium range, with no high-risk items. However, in consideration of risk mitigation, Lida has proactively developed response strategies for items with relatively higher likelihood and impact.</p>	<ul style="list-style-type: none"> ◆ Greenhouse gas (GHG) emissions are projected to decrease by 3% in 2025, 10% in 2030, and 15% in 2040 compared to the base year of 2024. ◆ Expected to be compliant with ISO 14064-1 by 2025: In accordance with the 2018 verification standards, a voluntary GHG emissions inventory was conducted to accurately assess the Company's GHG emissions. This enabled the development and proposal of feasible GHG reduction measures.

Short-, Medium- and Long-Term Climate-Related Risks and Opportunities in 2024									
Risk	Factors	Issues on climate change risks	Risk Level	Time Scope	Opportunity	Factors	Climate Change Opportunities	Opportunity Level	Time Scope
Transition risks	Policies and regulations	R1 Increase the pricing on greenhouse gas emissions	Medium	Short, medium and long term		Resource efficiency	O1 Adopt a more efficient mode of transportation	Medium	Short, medium and long term
		R2 Strengthen emissions reporting obligations	Medium	Short- and mid-term			O2 Adopt more efficient production and distribution processes.	Medium	Short- and mid-term
		R3 Requirements and Regulation of Existing Products and Services	Medium	Short, medium and long term			O3 Recycling	Medium	Short, medium and long term
		R4 Facing the risk of litigation	Medium	Medium and long term			O4 Convert to a more efficient building	Medium	Short, medium and long term
	Skills	R5 Replacement of existing products and services with low-carbon goods	Medium	Short, medium and long term			O5 Reduced water use and consumption	Medium	Short, medium and long term
		R6 Failure to invest in new technology	Medium	Medium and long term		Energy sources	O6 Use of low-carbon energy sources	Medium	Short, medium and long term
		R7 Costs of the Low-Carbon Technology Transition	Medium	Short, medium and long term			O7 Adopt incentive policies	Medium	Short, medium and long term
	Market	R8 Customer Behavior Changes	Medium	Short, medium and long term			O8 Use of new technology	Medium	Short, medium and long term
		R9 Uncertainty of market information	Medium	Short, medium and long term			O9 Participation in the carbon trading market	Medium	Short- and medium-term
		R10 Cost inflation of raw materials	Medium	Short, medium and long term			O10 Transition to non-centralized energy	Medium	Medium and long term

	Reputation	R11 Consumer Preference Shift - Industry Stigmatization	Medium	Short, medium and long term			O11 Develop and/or increase low-carbon goods and services	Medium	Short, medium and long term	
		R12 Stakeholder Concerns and Negative Feedback Growing	Medium	Short, medium and long term			O12 Develops climate adaptation and insurance risk solutions	Low	Short and long term	
Physical risks	Real-time	R13 Increased severity of extreme weather events such as typhoons and floods	Medium	Short, medium and long term			Products and Services	O13 Development of new products and services for R&D and innovation	Medium	Short, medium and long term
	Long-term	R14 Changes in Rainfall (Water) Patterns and Extreme Changes in Climate Patterns	Medium	Short, medium and long term				O14 Diversification of business activities	Medium	Short, medium and long term
		R15 average temperature rise	Medium	Medium				O15 Changes in consumer preferences	Medium	Short, medium and long term
		R16 Sea level rise	Medium	Medium			Market	O16 Entering new markets	Medium	Short, medium and long term
Note) Short term 1-3 years, medium term 3-5 years, long term 6-10 years.								O17 Leveraging public sector incentive scheme	Medium	Short, medium and long term
								O18 Acquisition of new assets and regions that require insurance coverage.	Medium	Short, medium and long term
							Resilience	O19 Participation in renewable energy projects and adoption of energy saving measures	Medium	Short, medium and long term
								O20 Energy Alternatives/Diversification	Medium	Short, medium and long term

Topics	Aspects	Item	Impact schedule	Financial impact on the Company	Responsive management measures
TCFD Climate-related Financial Disclosure	Transition Risks - Market	Customer Behavior changes	short, medium or long term	As consumers place greater emphasis on environmental and sustainability issues, failure to adjust product and brand strategies in a timely manner may result in a decrease in market share and sales, and the need to invest more resources to meet new market trends and expectations may increase marketing and transition costs.	Enhance market research, adjust product design and promotion strategies, and introduce a sustainability seal to strengthen brand trust and maintain customer retention; or enhance market acceptance and competitiveness through product upgrades, brand repositioning, and customer education.
	Transition Risks - Reputation	Shifting Consumer Preferences - Industry Stigmatization	short, medium or long term	If the industry is recognized as having high carbon emissions or an image of damaging the environment, it may affect the reputation of the company and the confidence of investors, which in turn will lead to fluctuations in stock prices and difficulties in raising capital.	Companies should proactively publicize their sustainability actions and performance, strengthen stakeholder communication, and build a positive brand image through social engagement, ESG reporting, certification systems, and transparent disclosure.
	Physical risk - acuteness	Increased severity of extreme weather events such as typhoons and floods	short to medium long term	Extreme weather can cause damage to facilities, disruptions to logistics and shutdowns of operations, increasing the cost of repairs, insurance and damages.	In order to reduce the impact, companies should establish a disaster prevention and alert system and an operational continuity plan, optimize the disaster-resistant design of their plants, and develop disaster response procedures and a backup supply chain plan to enhance their resilience and ability to cope with climate risks.
	Opportunity-Resource Efficiency	Utilize more efficient production and distribution processes	short to medium long term	Implementing high-efficiency production and distribution processes can reduce energy and labor costs while improving resource utilization. Although initial investments are required, such measures can enhance profitability and strengthen market competitiveness in the medium to long term.	The Company can enhance production efficiency and reduce resource waste by introducing automation equipment, smart manufacturing systems, and optimizing supply chain management. These measures also contribute to lowering operational costs and carbon emissions. We have also established a performance monitoring mechanism to continuously track benefits and adjust strategies to strengthen our overall operational resilience and sustainability.
	Opportunity-Products and Services	Development of new products and services for	short to medium long term	R&D innovation can enhance product value-added and market differentiation, drive sales growth and profitability, and attract sustainable investment capital. Although the initial stage requires high R&D costs and time, successful commercialization will create stable revenue and long-term competitive advantages for the brand, and enhance the company's overall financial performance.	Invest in sustainable product development and collaborate with research institutions to drive innovation, accelerate time-to-market, and test market response.

		R&D and innovation			
		Changing Consumer Preferences	short to medium long term	Consumers are increasingly choosing brands that are sustainable and socially responsible, giving companies the advantage of product differentiation and brand loyalty. The company can launch products that are in line with the ESG concept.	Through digital marketing, we can strengthen the communication of brand concepts, build consumer recognition and willingness to repurchase, thereby increasing revenue and brand value.
	Opportunity-Market	Entering new markets	short to medium long term	Developing new markets helps to diversify existing market risks and expand revenue streams, particularly in emerging markets where there is demand for sustainable products. Although development and marketing resources are required, the potential returns are high. Products that are in line with sustainable trends can help expand market share, attract ESG investment, and increase long-term revenue and brand premium.	Strategies should be adjusted to match local culture and policy directions, in conjunction with local partners, regulatory consultation and market research. The company has also launched low-carbon and environmentally friendly products to strengthen the brand's sustainable image and increase profitability by interacting with consumers through digital platforms.
		Leveraging Public Sector Incentive Scheme	short to medium long term	The government provides incentives such as green transition, energy saving, carbon reduction, and R&D subsidies, which, if utilized, can reduce costs, increase the rate of return on capital, enhance financial stability, and increase the speed of transition, as well as obtaining more policy and resource support.	The company should proactively grasp policy resources, set up a dedicated unit to plan application and execution plans, strengthen cooperative relationships with government and industry-academia organizations, actively apply for government grants and award programs, and establish a sustainable development project office to coordinate corresponding resources.

Emission Reduction Targets	Strategic Actions	Program Schedule
<p>Comparison to the base year 2024 Greenhouse gas (GHG) emissions are projected to decrease by 3% in 2025, 10% in 2030, and 15% in 2040 compared to the base year of 2024.</p>	<ul style="list-style-type: none"> - Optimize the production process to avoid idle or inefficient operation and reduce inefficient consumption - Implement a contingency strategy for peak and valley tariffs, and adjust production plans to reduce the proportion of electricity used during peak hours - Regular maintenance of critical equipment to avoid increased energy consumption due to aging - The plant is equipped with a photovoltaic power generation system, which provides clean power for production facilities and reduces reliance on the traditional power grid. - Turn off the power of computers, printers and other equipment when they are not in use; equipment that has been idle for more than 2 hours should be completely disconnected from the power supply and standby energy consumption should be reduced - Strictly control the air-conditioning temperature above 26°C, and turn off the air-conditioning when the personnel leave for half an hour, so as to reduce the ineffective operation time - Implementing a paperless office and reducing the use of paper materials by sending documents through sharing platforms or emails - Prioritize suppliers with national energy-saving certifications (e.g. China Energy Label Efficient Class 1) and verify their business licenses, technology patents and other qualification documents to ensure compliance and technical reliability - To create a strong green culture within the enterprise and to enhance employees' sense of participation and responsibility through publicity materials and activities. Encourage staff to put forward energy saving proposals and participate in energy saving and emission reduction measures 	2024-2040
The Company has designated 2024 as the base year and plans to begin disclosing progress starting from 2025.		

3.4 Regulations Compliance

Compliance to Laws and Regulations

Upon onboarding, Lida educates employees on regulations related to environmental protection, occupational safety, and labor Standards Act. These are relevant to their job functions, thus fostering a strong awareness of compliance. All employees across the Group—regardless of position, rank, or location—are required to adhere to the “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct”, which cover guidelines on workplace environment, equal opportunity, confidentiality, prohibition of outside employment, avoidance of conflicts of interest, rules on gifts and business etiquette, respect for employees and customers, as well as mechanisms for reporting, protection, and exemption. Relevant departments also actively monitor regulatory updates through media reports and government notifications to ensure that all company operations remain in full compliance with applicable laws and regulations.

The Company has established an Audit Committee to oversee the Company's financial operations and internal control system, and has adopted the “Corporate Governance Best Practice Principles” and the “Rules for Evaluation of the Board of Directors and Functional Committees” at the Board of Directors' meetings to enable the Board of Directors to actively participate in the decision-making of important corporate issues. At the same time, a Head of Corporate Governance has been appointed to assist in the operation of the Board of Directors and to provide professional advice in order to enhance the functions of the Board of Directors.

In 2024, there were no incidents involving fines and non-monetary sanctions against Lida in connection with corporate governance, securities trading, environmental protection, labor and human rights, occupational safety, leakage of customer privacy, marketing labels, customer health, product safety obligations, anti-competition laws, and antitrust laws. (Notes: A major violation is defined as a case involving a penalty of NT\$1 million or more)

Ethical Management

Lida upholds the principles of integrity, transparency, and accountability in its business philosophy. The Company's directors, managers, employees, appointees, and any individuals with actual control are strictly prohibited from directly or indirectly offering, promising, soliciting, or accepting any improper benefits, or engaging in any dishonest acts—such as violations of integrity, unlawful conduct, or breaches of fiduciary duty—in the course of business activities for the purpose of obtaining or maintaining benefits.

In terms of business interactions, the Company fully understands the operating conditions of its counterparties when entering into contracts with them and includes compliance with the Company's policy of ethical management in the terms of the agreements between the two parties. If either party knows that someone is receiving commissions, kickbacks, or other improper benefits, it should immediately notify the other party of the facts and take the necessary action, and the other party has the right to terminate or rescind the contract unconditionally at any time when either party is involved in dishonest business activities.

To further embed the concept of business ethics into employees' daily operations, the Company requires all new hires to sign a commitment letter upon employment and regularly conducts internal training sessions. In addition, the internal audit function periodically reviews and evaluates the implementation of integrity-related measures to ensure their effectiveness. Compliance within relevant business processes is also assessed, and the results of these efforts are reported to the Board of Directors on an annual basis.

Implementation Status in 2024

Results of GRI 206 Anti-competitive Behavior Investigation	2023	2024
Number of anti-competitive and antitrust incidents that occurred and are currently involved in litigation	0	0
Total number of litigation cases concluded	0	0

Operational sites that have undergone corruption risk assessment	
Potential major corruption risks identified through risk assessments	Insider trading, accepting bribes or kickbacks
Total number of operational sites that have undergone corruption risk assessment	2
Proportion of operating sites that have undergone corruption risk assessment	100%

Communication and training on anti-corruption policies and procedures				
Category	Number of participants/units in ethical training	Participation rate (%)	Number of participants/units communicated in Anti-Corruption Policies and Procedures	Communication Ratio (%)
Board of Directors	7	100%	7	100%
Employees	681	100%	681	100%
Suppliers	-	-	18	100%
Note 1: The participation rate is the number of participants (units)/total number of participants in each category (units)*100%; the signing rate is the same.				
Note 2: Only key suppliers with continuous transactions in the past year are counted (top 20 suppliers in terms of purchase amount).				

Corruption incidents identified and actions taken	Total number of incidents in the year	Description
Total number of incidents, with their nature identified	0	
Total number of incidents in which staff were dismissed or disciplined as a result of corruption incidents	0	
Termination of contract with business partner due to corruption or other irregularities; or total number of incidents of non-renewal	0	
Public legal cases and results of corrupt practices by companies or company employees	0	

3.5 Operational Performance

Management policy of material topics: Operational performance	
Impact on the Company	By integrating corporate resources, we aim to maximize shareholder value, meet employee compensation expectations, strengthen the confidence of suppliers and customers, and foster long-term partnerships, thereby paving the way for sustainable business operations.
Policies and Commitments	<ul style="list-style-type: none"> ● Continuously exploring new customers and market sectors to increase the market share of our product sales. ● Increase the replacement of old production equipment to improve production efficiency, production quality and reduce production costs ● Introducing experienced R&D personnel to develop new products and patents according to the market demand, to enhance the company's core competitiveness and to build up competitive advantages.
Short-term Objectives	<ul style="list-style-type: none"> ● Revenues reach the expected target, with the gross profit margin and net profit margin reach industry averages or above ● Enhancing the operating efficiency of business assets to achieve an asset turnover rate that exceeds the industry average. ● Improve production efficiency, optimize procurement processes, and shorten delivery lead times to ensure timely product manufacturing and delivery. Leverage information systems to support scheduling and effective management, thereby increasing order flexibility.
Medium and Long Term Goals	<ul style="list-style-type: none"> ● The company has become a leading manufacturer of air compressors in the industry. ● The company is in the top tier in terms of revenue scale, market share, and brand awareness. It has also established long-term relationships with customers and suppliers. ● Significant investments in the development of high-end products have led to substantial growth in market size, market share, and customer recognition.
Investing Resources and Concrete Actions	<ul style="list-style-type: none"> ● Strengthen distributor and end-customer service management, and link the revenue of the sales department and its performance for performance evaluation ● Increase employee productivity through automated production and employee training, and conduct quality control from start of production to its finish. ● The R&D department works closely with the sales department to develop new products that meet market demands ● The procurement department selects high-quality suppliers to ensure cost-effective raw material sourcing, and forms strategic partnerships with key suppliers to reduce the threats of bargaining and to lower product manufacturing costs.
Current Year Performance	<ul style="list-style-type: none"> ● Ensure stable revenue growth and high gross and net profit margins in the industry ● Asset turnover efficiency is above the industry average, customer needs are well met, and customer loyalty continues to increase ● Annual Revenue of NTD 3.63215 billion in 2024
Evaluation Mechanism	A monthly comparative analysis is conducted between actual performance and budget targets to identify the causes of any variances. Solutions are discussed and formulated to guide operations for the following month, ensuring that business results align with budget objectives.
Responsible Unit	Business Department, Finance Department

Operating results are reflected in employee remuneration

The principles for employee remuneration and compensation in the Company are based on Article 100 of the Articles of Incorporation, which states that: “The Company shall, based on its annual pre-tax earnings before the deduction of employee and director remuneration, and after offsetting accumulated losses, allocate not less than 0.5% and not more than 3% of the remaining earnings as employee remuneration. Such remuneration shall be distributed to employees in the form of shares and/or cash, subject to a resolution approved by a majority of directors present at a meeting attended by at least two-thirds of all directors. In addition, no more than 2% of the aforementioned earnings may be allocated as director remuneration, which shall also be subject to approval by a majority of the directors present at a meeting attended by at least two-thirds of all directors. Unless otherwise stipulated by applicable listing (or OTC) regulations, director remuneration shall not be distributed in the form of newly issued shares. The employee and director remuneration distribution plan shall be reported to the shareholders' meeting.”

Direct Economic Value Generated and Distributed by the Organization Unit: NT\$ Thousand

Item	2022	2023	2024
Income (A)	5,140,155	5,045,537	3,632,150
Operating Costs (B)	3,999,391	3,930,150	2,901,454
Employee Salaries and Benefits (C)	449,225	461,570	426,626
Payments to Investors (D)	157,726	139,858	131,459
Payments to the Government (E)	231,110	212,849	58,839
Community Investment (F)	0	0	0
Retained Economic Value (A-(B~F))	302,703	312,464	113,772

Note: Payments to investors are defined to include dividend payments to all shareholders plus interest payments to money lenders.

Payments to governments is defined to include all taxes and penalties paid by the organization in accordance with international, domestic and local standards.

Taxes may include business taxes, income taxes and property taxes.

Financial assistance from the government Unit: NTD thousands

Item	2024	Description
i. Tax Exemptions and Credits	21,752	Income tax rate reduced from 25% to 15% upon obtaining the high-tech enterprise certification in 2024

Note: In addition to tax exemptions and credits, the Company has no subsidies, investment grants, research and development grants, incentives, royalty exemption periods, financial assistance or financial incentives from export credit agencies (ECAs)

Tax Policy, Governance, Control and Risk Management**1. Tax Policy**

- Compliance with local tax laws and transparent disclosure of financial and tax information
- Transactions between related parties are conducted in accordance with the OECD Transfer Pricing Guidelines and BEPS (Base Erosion and Profit Shifting) regulations
- Transparent tax incentive policies are lawfully adopted to avoid using tax havens for tax planning purposes.
- Build up mutual trust and good communication with local tax authorities
- Continuous enhancement of the professional competence of tax officials through educational training and seminars

2. Tax Risk Management

- Establish a comprehensive management system encompassing risk identification, assessment, response, and monitoring, with a focus on key areas such as accounting, tax filing, and invoice management, to ensure that all economic activities are accurately reflected.
- Implement a tiered authorization mechanism to clearly define the collaborative responsibilities of the finance and business departments, enabling throughput process management.
- Strengthen professional training for tax-related personnel by requiring the finance team to complete quarterly tax law update sessions, and ensuring that the sales department is equipped with the skills to review tax-related contract clauses.
- Strict implementation of the “consistence within four streams” verification system to prevent false invoicing and joint liability.

3. Tax governance

- Tax compliance is integrated into strategic decision-making to strengthen the awareness of paying taxes in accordance with the law, and to standardize tax-related business processes through the establishment of an internal control system for tax compliance, so as to avoid legal risks arising from non-compliant operations.
- Ensure the accuracy of tax filings through regular self-assessments and engagement of third-party audits.
- Finance and business departments collaborate on tax strategies and proactively contact tax authorities for policy guidance.
- From contract signing to tax payment, a comprehensive tax risk assessment framework is established, which cover the entire cycle. Potential risk points are identified and eliminated through methods such as desktop analysis and on-site inspections.
- Participate in industry associations and regional tax collaboration platforms to share governance experience and promote policy implementation.

4. National Tax Information Unit: NTD thousands

Item	2024
Tax Jurisdiction	China
Name of resident entity (Business location)	Lida (China) Machine Equipment Co. Limited (Dongyuan Town Industrial Zone, Quanzhou Taiwanese Investment Zone, Fujian Province, China)
Major activities of the organization	Manufacture of air compressors, pumps and vacuum equipment
Number of employees	681
Revenue from third party sales	3,632,150
Income from intra-group transactions in other tax jurisdictions	0
Pre-tax gain/loss	196,618
Tangible assets other than cash and cash equivalents	5,332,817
Corporate income tax paid in cash	112,550
Accrued income/loss for corporate income tax	58,839

3.6 Research & Development Innovation

Management Policy of Material Topics - Research & Development Innovation	
Importance to the Company	Innovation in research and development can enhance competitiveness, create value and expand markets, driving business growth and sustainable development. Lack of innovation may lead to technological lagging, revenue decline, and loss of market position.
Policies and Commitments	<ol style="list-style-type: none"> 1. Stable investment in R&D resources, including talent, equipment and technology 2. Collaborate with domestic universities to develop new technologies and products 3. Integrate with business and marketing departments to grasp the requirements for R&D design 4. Optimize the R&D process to respond quickly to market needs
Short-term Objectives	<ol style="list-style-type: none"> 1. Upgrade the technology in permanent magnet variable frequency screw compressors to meet market demands 2. Launch of new dryer products 3. Develop low-level blowers and vacuum pumps to maintain market share
Medium and Long Term Goals	Upgrade screw compressor technology and develop dryers, low-level blowers, and vacuum pump products to meet market demand and strengthen market share.
Resource Allocation and Concrete Actions	<ol style="list-style-type: none"> 1. The annual R&D expenditure accounts for no less than 4% of the company's revenue 2. Strengthen the R&D team by attracting talents with master's and doctoral degrees from key domestic polytechnic universities, as well as professionals with years of R&D experience. 3. Establish an R&D management mechanism that enables a rapid response to market demand changes 4. The R&D department has increased its area by about 2 times after relocation to the new factory
Performance Assessment Mechanism	Annual investment in R&D as a percentage of revenue: 5% by 2022~2024, 6% by 2024
Current Year Performance	The successful development of Luowei's Unipolar Permanent Magnet Variable Frequency Screw Machine, Luowei's Bipolar Compressor Screw Air Compressor, and High-Speed Centrifugal Magnetic Levitation Blowers.
Responsible Unit	Department of Research and Development

3.6.1 Technology and R&D Overview

Qualifications and experience of R&D talents

Education	End of 2022		End of 2023		End of 2024	
	Number of persons	Proportion %	Number of persons	Proportion %	Number of persons	Proportion %
University or above	20	100 %	20	100 %	19	100 %
Total	20	100%	20	100%	19	100%

R&D Expenditures for the Last Two Years Unit: NT\$ Thousands			
Item	2022	2023	2024
Research and development expenses (A)	251,916	230,919	225,965
Consolidated net operating income (B)	5,140,155	5,045,537	3,632,150
Ratio (A/B)	4.90	4.58	6.22

3.6.2 Successful development of technology or products in the past three years

Year	Item
2022	Permanent Magnet Variable Frequency Screw Machine (75HP), Direct Drive Permanent Magnet Variable Frequency Screw Machine (10HP, 15HP, 20HP, 30HP, 50HP)
2023	Direct Drive Permanent Magnet Variable Frequency Oil-free Screw Blowers (75HP), C Series 75HP Permanent Magnet Variable Frequency Screw Blowers
2024	Luowei's Unipolar Permanent Magnet Variable Frequency Screw Machine, Luowei's Bipolar Compressor Screw Air Compressor, and High-Speed Centrifugal Magnetic Levitation Blowers

3.6.3 Intellectual Property and Patent Management

The Company has established a patent management system and an employee patent application incentive program. In cooperation with a patent law firm, the Company files patent applications to protect its hard-earned advanced technological achievements, encourage employees to apply for patents, enhance the competitiveness of its products, and contribute to the Company's profitability. Upon employment, the Company requires all employees to sign a "Non-Disclosure Agreement," which defines their obligations during the term of employment and stipulates the ownership of intellectual property rights. To prevent potential infringement disputes, the Company also conducts strict reviews of confidentiality clauses in all types of business contracts to appropriately safeguard its rights and limit its liabilities. As of 31st December, 2024, the Company has been granted a total of 59 invention and utility model patents.

3.7 Information Security

Lida implements strict information security controls to ensure that the company's information assets are protected from improper use, leakage, tampering, theft, or destruction. In the event of malicious attacks, damage, or misuse, the company is also capable of responding promptly with necessary countermeasures and restoring normal operations in the shortest possible time, thereby minimizing the potential impact and harm to its business operations.

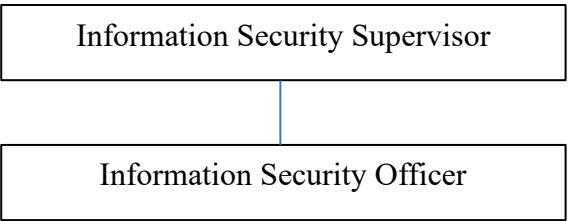
To safeguard the company’s information security, Lida has taken concrete actions, including strengthening information security management and control, raising employee awareness of information security, adopting effective cybersecurity technologies and products, and conducting regular security drills and tests. The company also stays up-to-date with the latest cybersecurity intelligence to ensure its information security measures comply with relevant standards and requirements, thereby protecting its corporate image and reputation.

The Company promotes and manages information security measures by integrating both software and hardware solutions to protect corporate information security. Management policies are reviewed periodically to determine whether adjustments are necessary. These measures aim to safeguard the Company’s and its partners’ (including suppliers, distributors, customers, and contract personnel) information assets against all forms of threats and damage—whether internal or external, intentional or accidental. In addition, the Company undergoes periodic audits conducted by clients to comprehensively assess whether there are any deficiencies in the implementation of confidential information protection. In 2024, there were no significant breaches of the protection of confidential information from customer audits or responses, and there were no customer complaints of invasion of privacy or loss of their confidential information.

Organizational Structure of the Information Security Management Committee

To strengthen its information security management and ensure the safety of data, systems, and networks, Lida has appointed both an Information Security Supervisor and an Information Security Officer. The Information Security Supervisor is responsible for establishing and reviewing information security policies, allocating resources, monitoring the implementation of various measures, and coordinating and promoting information security management initiatives. The Information Security Officer is responsible for executing daily security tasks, analyzing and handling security incidents, and properly documenting the processes and outcomes, which are reported to the Information Security Supervisor on an ad-hoc basis.

Information Security Organization Chart of Lida



Information Security Goals

To establish a secure and reliable computerized operating environment to ensure the security of the Company's computer data, systems, equipment and network, so that the Company's rights and interests and its sustainable operation can be protected.

Information Security Policy

To ensure the confidentiality, integrity, and availability of the Company's information, and to prevent unauthorized access, modification, use, or disclosure, as well as losses caused by natural disasters while ensuring timely access to complete and reliable information, the Company has established an information security policy as the guiding framework for its information security management. Through the operation of its internal information security organization, the Company effectively implements management measures to ensure the security of its information. By adopting proper management procedures and protective technologies, the Company aims to secure the processes of information collection, processing, transmission, storage, and circulation, thereby ensuring the continuity of its critical business operations. The Information Security Supervisor is scheduled to report to the Board of Directors in 2025 on the current information security policies and their implementation status.

Information Security Management Policy

Items of Information Security Control	Execution Strategy
Implementation of human resource security and information security training to enhance employees' information security awareness	<ol style="list-style-type: none">1. The Company incorporates personnel hiring, changes, and termination into its information security processes to ensure proper management of employees. This ensures that individuals in their respective roles can implement relevant information security measures, thereby reducing potential information security risks.2. The Company regularly provides training programs based on the nature of employees' jobs and current information security requirements, aiming to build awareness and enhance overall information security standards across the organization.3. To strengthen the training of information security management personnel and enhance the Company's information security management capabilities, the Company also arranges specialized training programs or competency-based courses in information security for designated personnel.4. From time to time, the Company sends out information bulletins on information security and anti-hacking to remind employees of the information security risks.
Implementation of information asset identification and risk management	<ol style="list-style-type: none">1. To identify company assets and ensure that all assets are protected according to their level of importance, the Company conducts an annual inventory and classification of information assets. This includes reviewing the confidentiality, availability, and integrity of each asset, assessing potential vulnerabilities and threats, and formulating risk treatment plans that are continuously tracked until the improvements are fully implemented.2. Conduct ad-hoc vulnerability scans and off-site backups3. ERP system vendors will periodically visit us for anti-virus scanning and software updates.
Information security incident notification and response	<ol style="list-style-type: none">1. If China's Internet surveillance authorities discover any abnormalities on the Company's network, they will notify the Company in a timely manner to deal with them2. The Company periodically obtains cybersecurity threat intelligence, including early warnings, threat alerts, and vulnerability information. It continuously monitors emerging security information, technologies, and trends to keep its defense and management strategies up to date. This enhances the Company's ability to respond and recover quickly, effectively mitigating new types of cyber threats, ensuring the resilience of information services, and minimizing the impact on operations.3. The Company conducts simulation drills for events that may impact business operations. In the event of an information security incident, all departments are required to report and provide feedback to the information unit promptly. The Information Security Officer will take immediate response measures, properly document the handling process and outcomes, and report them to the Information Security Supervisor.

Confidential Information Protection Policy

To protect confidential information, the Company has established regulations, including the “Intellectual Property Management Guidelines” and the “Information and Communication Security Policy.” These clearly outline the Company's management systems for safeguarding confidential information, covering areas such as intellectual property rights, personal privacy, and access control measures that may impact the confidentiality of company information. Upon onboarding, employees are required to sign a labor contract that clearly defines their confidentiality obligations. For projects involving confidential information, participating employees and suppliers are also required to sign relevant non-disclosure agreements. Comprehensive policies and management systems are in place to ensure the complete protection of both the Company and client confidential information. Access permissions for shared folders are carefully configured, and any data involving client privacy or personal information is handled and stored in accordance with relevant management regulations. These measures are implemented to prevent the leakage of client information, data loss, or theft.

3.8 Customer Service

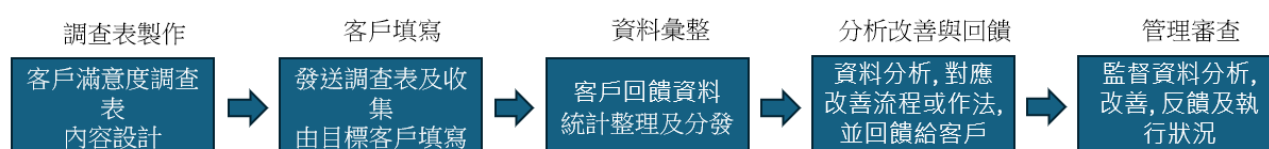
Management policy of material topics: Customer service	
Impact on the Company	Good customer service enhances customer satisfaction, increases brand loyalty and boosts revenue. On the contrary, it will lead to the loss of customers and damage to the reputation, which will further affect the company's image and market competitiveness, and ultimately affect the performance and long-term development.
Policies and Commitments	<ol style="list-style-type: none"> 1. Establishment of an efficient customer service system 2. Utilize an effective customer relationship management system 3. Personalized services for specific customers 4. Responding to customer needs in a timely manner 5. Build good customer relationship 6. Continuous improvement of customer service processes
Short-term Objectives	<ol style="list-style-type: none"> 1. Target Customer Satisfaction Survey Score ≥ 85. 2. Number of major customer complaints < 3 per year 3. The on-time delivery delay rate for customer orders is below 15%. 4. Provide customers with green and safe products. 0 cases of violation of customer health and safety or marketing labels were reported during the year. 5. 0 cases of complaints related to customer privacy violations or data loss during the year 6. The number of customer complaints about after-sales service is less than 3
Medium and Long Term Goals	<ol style="list-style-type: none"> 1. Target Customer Satisfaction Survey Score ≥ 95 2. 0 cases of material customer complaints during the year 3. The percentage of delay in delivery of customer orders is less than 5%. 4. Provide customers with green and safe products. 0 cases of violation of customer health and safety or marketing labels were reported during the year. 5. 0 cases of complaints related to customer privacy violations or data loss during the year 6. 0 cases of customer complaints about after-sales service
Investing Resources and Concrete Actions	<ol style="list-style-type: none"> 1. Define customer service objectives and standards, and provide customized services and product positioning 2. Maintain communication with customers through multiple channels and establish a highly efficient customer service team to respond promptly to customer needs and inquiries 3. Enhance interaction and contact with customers through regular customer visits and organizing customer events 4. Conduct customer satisfaction surveys
Performance Results of the Current Year	<ol style="list-style-type: none"> 1. The average customer satisfaction survey score for 2024 is 84 (three years of sustained positive growth), which meets the target. 2. The number of customer complaints has continued to decline and met the annual target, with no material complaints reported in 2024. 3. The on-time delivery delay rate for customer orders is below 15%. 4. No cases of customer health and safety or marketing label violations in 2024 5. No complaints related to violation of customer privacy or loss of customer information in 2024
Responsible Department	Price: Group Sales Department/Business Department Delivery/Quality: Group Production Department

Customers' purchases of the Company's products or services are the primary source of profit. Customers also have a clustering effect—satisfied customers spread positive word of mouth, attracting more new customers and creating a virtuous cycle. The feedback and suggestions provided by customers help the Company improve its products and services, thereby enhancing its market competitiveness.

To better serve customers, the Company implements standardized pricing for products sold to distributors. Distributors are prohibited from engaging in malicious price competition within their designated territories that could harm customers. The Company's sales department maintains regular communication with distributors in various regions through on-site visits, WeChat, phone calls, or email. Through communication, the Company gains an understanding of customer needs, suggestions for product improvements, and insights into market trends and product development directions. The sales department relays feedback gathered from communication with distributors and customers to the production department, R&D department, and the General Manager. Based on this feedback, the Company makes decisions regarding product innovation or whether to initiate the development of new products.

Lida is committed to building and maintaining good customer relationships and providing the best products and services. The customer satisfaction survey was completed in the fourth quarter of 2024 and will continue to be conducted once a year on a representative sample of key customers (target: top 20 customers), covering product design and quality, business services, technical services, and after-sales services. The results of the survey are fed back to the company's internal departments, including business, R&D, manufacturing, storage, and transportation, to serve as a basis for further improvement and to continuously enhance customer service satisfaction.

客戶滿意度調查流程(圖示)



實施頻率原則: 每年一次, 調查時間原則上為每年12月

Customer Satisfaction Survey Process

Survey Form Production	Customer Fill-in	Compilation of data	Analyzing Improvement and Feedback	Management Review
Customer Satisfaction Survey Content Design	Send out survey forms to target customers to fill in (WeChat Satisfaction Questionnaire)	Customer Feedback Organization	Analyze the data, improve the process or practice accordingly, and provide feedback to the customer	Report to the Supervisor at the Management and Review Meeting on the results of the Annual Customer Satisfaction Survey

Principle on Implementation Frequency: The survey is conducted annually, typically in the fourth quarter.

Customer Satisfaction in the Last Three Years

Year	2022	2023	2024
Average score	85	87	86

Note: Annual target of customer satisfaction: Average score ≥ 85 points.

Percentage of material customer complaints resolved in the past three years

2022	2023	2024
100%	100%	100%

Customer Information Protection and Customer Complaint Handling

The company has a privacy policy that regulates the collection, processing, storage and use of customer privacy. The privacy policy includes the following aspects: purpose of data collection, processing methods, types of data, storage period, data transmission methods, and data security measures. We maximize the security of customer privacy information through technical means. This includes data encryption, access control, network isolation, network intrusion detection, and data backup. Especially in the network era, enterprise information systems must be equipped with basic security measures such as firewalls, gateways, intrusion detection/protection, access control and data backup.

Enhance employees' awareness of customer privacy protection through security awareness training and implement various compliance checks in daily operations to ensure ongoing adherence to relevant laws, regulations, and standards. A comprehensive emergency response mechanism is established, including regular drills, security incident handling procedures, response plans, and contingency measures, to ensure that customer privacy information remains secure and is not leaked.

Lida values customer feedback. In addition to proactive visits by our salesperson, the Company has established a Stakeholder Section on its official website to provide customers with channels for inquiries, complaints, or suggestions. Upholding the principle of integrity, the Company handles all matters appropriately and provides timely responses to protect the rights and interests of its customers. The information provided by customers is filed and controlled by specialized personnel in the sales department, and non-related personnel are not allowed to obtain customer information or data arbitrarily. In 2024, there were no incidents of violation of customer privacy or leakage of personal data, which resulted in the damage of customer rights and interests.

Product Marketing, Labeling, and Customer Health and Safety

LIDA's products comply with current regulations and applicable industry standards. All products undergo strict quality inspection before shipment. In 2024, the Company received no customer complaints or reports related to violations of health and safety regulations concerning its products and services. Additionally, there were no incidents of non-compliance related to product and service information or labeling during the year.

3.9 Sustainable Supply Chain

✚ Supplier Management Strategy and Practical Implementation

Lida upholds the principle of mutual benefit and win-win cooperation with suppliers, implementing supply chain management policies from procurement to material warehousing. The procurement department conducts qualification assessments for both potential new suppliers and existing ones, evaluating factors such as financial status, supply capability, product quality, after-sales service, and reputation. Lida has established various procedures, including the “Supplier Management Process,” “Procurement Management Process,” and “Supplier Evaluation and Assessment,” to provide a clear basis for interactions between the Company and its suppliers. Contract terms also specify key requirements, such as delivery deadlines, quality standards, and relevant regulations to prevent damage to the commercial reputation and interests of both parties. Key components such as steel plates, main units, motors, valve bodies, and variable-frequency drives are sourced from at least two suppliers or agents. Strategic material stocking is planned in advance on a quarterly basis, and actual inventory levels are tracked and reviewed monthly..

✚ Local Procurement

Local procurement helps promote local economic development by providing job opportunities, generating tax revenue, and supporting community building. Localized procurement also enhances supply flexibility, shortens new product development timelines, and reduces production costs. At the same time, it lowers transportation expenses and carbon emissions, reduces fuel consumption and carbon footprint, and helps minimize negative environmental impacts. Lida adheres to a local procurement policy, prioritizing local partners for all purchasing projects. The Company’s main operating base is located in Fujian Province, China. In 2024, 28% of the Company's total procurement spending was made with local suppliers in Fujian Province.

<div>China</div> <div>Item</div>	2022	2023	2024
Percentage of local suppliers (%)	24%	25%	27%
Percentage of local procurement amount (%)	29%	27%	28%

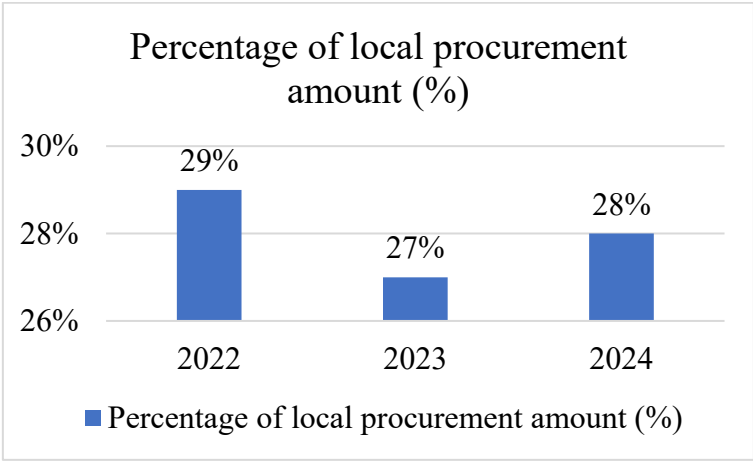
Note 1: The scope of “local” is based on the location of the operational site. For the Quanzhou plant, this refers to Fujian Province. Since the operational site in Taiwan is only a rented shared workspace, its data cannot be collected and calculated.

Note 2: Only raw material suppliers from Fujian Province are counted.

Note 3: Excluding items with a service nature (e.g. bank or photocopier maintenance).

Note 4: Procurement of overseas raw materials from agents are not considered local procurement.

Note 5: Percentage of local procurement amount = Procurement amount from local suppliers ÷ Total procurement amount x 100%.



Status on Annual Supplier Assessment

Evaluation Items

Lida conducts an annual performance evaluation and risk assessment of its suppliers in accordance with the “Supplier Management Procedure.” The evaluation covers several aspects, including the supplier’s financial condition, production capacity, technical level, and R&D capability; business reputation, such as contract fulfillment, after-sales service attitude, and logistics performance; product quality, including product qualification rate and quality management systems; as well as the supplier’s supply performance management. Based on the results of the assessment, the Company adjusts its procurement strategy and select suitable suppliers to ensure the stability and continuity of the supply chain. The evaluation results are communicated to the suppliers to encourage them to address deficiencies and enhance their overall capabilities and service quality.

Evaluation Process

1. Collect suppliers' qualification documents, sample test reports, quality management system certifications, and other relevant materials, and conduct an initial screening.
2. Conduct on-site inspections of qualified suppliers to assess their production facilities, management systems, and staff capabilities.
3. Evaluate each supplier based on established assessment criteria, with a focus on examining their capabilities, reputation, product quality, and service standards.
4. Rank suppliers based on their evaluation scores, identify top-performing suppliers, and establish long-term partnerships with them. We also make suggestions and recommendations for improvement to other providers.

Supplier Selection Mechanism and Supplier Evaluation Results for 2024

Existing Supplier Evaluation	<ol style="list-style-type: none">1. On-site audits are conducted for the top 10 suppliers by procurement value, with the number of audited suppliers possibly increasing due to factors such as proximity or smaller scale. Suppliers ranked 11 to 30 are assessed through written evaluations. Additionally, all suppliers undergo internal evaluations to classify their levels. The assessment covers key aspects such as product quality, pricing, on-time delivery, service standards, environmental protection, and social responsibility.2. The frequency of assessment is once a year, and the results are categorized into four grades, namely A, B, C and D, with D grade 60 being the threshold for failure. In 2024, a total of 58 suppliers underwent internal annual evaluations, achieving a 100% evaluation rate. Among them, 25 were rated as Grade A suppliers, 23 as Grade B, 9 as Grade C, and 1 as Grade D. A total of 21 suppliers completed self-assessments, and 12 underwent on-site audits, resulting in an overall audit rate of 56.90%.2. For failed suppliers, we required corrective actions to be taken. The suppliers have implemented targeted improvements and adjustments, and we have continued our cooperation with them. There are no suppliers identified as having significant or potential negative impacts on the environment or society.3. It is anticipated that all suppliers will be required to sign a “Supplier Sustainability Pledge” in 2025 and that the Supplier Sustainability Survey Project will be incorporated into the current annual Supplier Assessment Program.
New Supplier Screening	Lida places great importance on the environmental and social impact of its supply chain. Suppliers are selected based on a “Supplier Survey Form” to ensure they meet the required standards and are included in the “Approved Supplier List.” Selection criteria include product type, specifications, quality, pricing, delivery time, and green environmental considerations (including HSF). In 2024, two new suppliers were added, achieving a 100% overall screening rate.

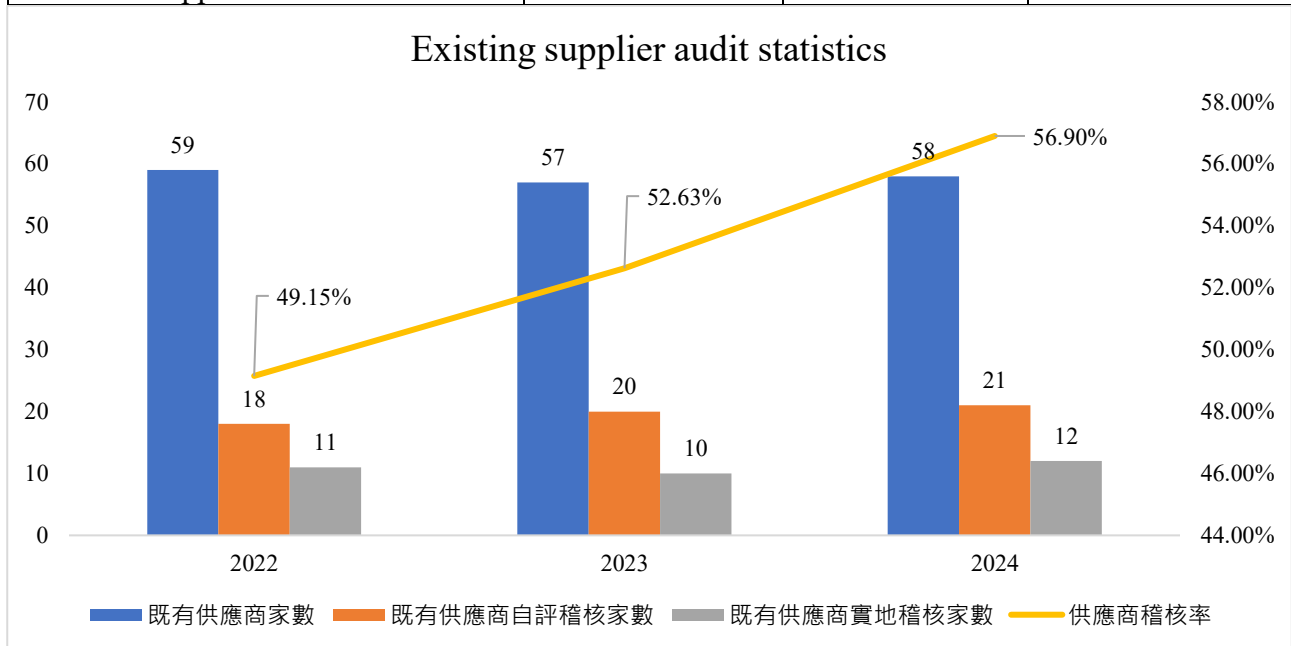
Implementation of Supplier Screening Over the Past Three Years

New Supplier Screening	2024
Number of new suppliers	2
Number of new screened suppliers	2
Screening rate of new suppliers %	100

Audit Implementation Status of Existing Suppliers Over the Past Three Years

Audit of existing suppliers	2022	2023	2024
Number of existing suppliers	59	57	58
Number of existing suppliers with self-assessment audits	18	20	21
Number of existing suppliers audited on-site	11	10	12
Supplier audit rate	49.15%	52.63%	56.90%

Existing supplier audit statistics



既有供應商家數 Number of existing suppliers

既有供應商自評稽核家數 Number of existing suppliers with self-assessment audits

既有供應商實地稽核家數 Number of existing suppliers audited on-site

供應商稽核率 Supplier audit rate

Lida's Supplier Management Policy



IV. Sustainable Environment

Under the premise of balanced development and sustainable operations, Lida entrusts the General Manager with the leadership and oversight of energy conservation and emission reduction efforts. The General Manager’s Office formulates and issues the “Energy Conservation and Emission Reduction Management Policy” to publicly declare the Company’s commitment to environmental protection and workplace safety. Internally, employees are encouraged to strengthen their professional expertise and develop environmentally friendly, energy-efficient products through green design that contribute positively to public lives. Environmental sustainability serves as a fundamental consideration in the Company’s sustainable operations.

Environmental Policy

- The Company complies with governmental laws and regulations, international environmental safety and health, energy-related trends, green product regulations and other related requirements.
- Enhancing energy efficiency and procuring energy-saving labeled equipment
- Energy conservation reduces greenhouse gas emissions, which in turn increases carbon credits.
- Encourage the use of environmentally friendly packaging materials and resource recycling to reduce resource consumption.
- Continuously communicate with employees, suppliers, contractors, and the general public, and expand consultation and participation to implement policies on the environment, energy, and green product management. Compliance with national energy laws

Specific Measures on Environmental Friendliness

Energy Saving and Carbon Reduction	<ul style="list-style-type: none"> ● Each year, through dedicated energy-saving projects, the Company maximizes energy efficiency and reduces carbon emissions. These efforts are incorporated into management objectives, with the goal of achieving year-over-year reductions in emissions, thereby fulfilling its responsibility as a corporate citizen. ● The company has passed and continues to maintain ISO 9001, ISO 14001, ISO 45001 and ISO 50001 certifications.
Industrial Waste Handling in Accordance with the Law	<ul style="list-style-type: none"> ● Industrial waste is managed in accordance with legal regulations, with classification and storage carried out based on the chemical characteristics of each type of waste. The waste is then handled and disposed of by contractors approved by the competent authorities.
Waste Sorting and Reduction	<ul style="list-style-type: none"> ● Promoting waste sorting and setting up recycling bins to achieve waste reduction ● Promote the elimination of single-use tableware to reduce household waste generation
Green Product Guarantee	<ul style="list-style-type: none"> ● Commitment to providing products that comply with the Substances of Very High Concern (SVHC) as announced by REACH. ● We comply with the EU RoHS green regulations and promote green procurement management, requiring suppliers to provide raw materials and processes that do not contain hazardous substances. ● In 2024, there was no incidents that violate green product regulations and customer agreements.

4.1 Raw Materials Management

Lida belongs to the electrical machinery industry, and the main raw materials used in the manufacturing process include mainframes, screw motors, piston motors, coolers, variable-frequency drives, sheet metal, fan assemblies, connectors, centrifugal fans, crankcases, wooden boxes, air intake valve assemblies, controllers, as well as lubricants and adhesives required for assembly, and there are no materials that can be recycled in the production process.

In response to global instability and supply chain uncertainties, the Company ensures the stable supply of key materials (eg., main units, screw compressor motors, coolers, and variable-frequency drives) by establishing multiple backup suppliers, signing long-term supply agreements, and regularly assessing supplier risks to reduce the risk of supply disruption. At the same time, the Company optimizes inventory management and maintain a safe inventory of core components such as iron plates and controllers to ensure the continuous operation of the production line and to stabilize the manufacturing and sales of air compressors under our own brand name.

4.2 Energy Management

Management policy of material topics - Energy management	
Impact on the Company	Energy management helps reduce operating costs, improve efficiency and promote sustainable development. Improper management may lead to energy wastage, cost increase and even fines under environmental laws and regulations, damaging the company's reputation and affecting its competitiveness in the market, and ultimately affecting the long-term profitability and development of the enterprise.
Policies and Commitments	<ol style="list-style-type: none"> 1. Equipment Upgrade, Leading on Energy Saving 2. Craftsmanship Innovation, Waste Reduction and Efficiency Enhancement 3. Flexible Scheduling, Saving Energy and Cost 4. Optimize Strategy, Efficient Energy Use
Short-term Objectives	<ol style="list-style-type: none"> 1. Achieving a 5% annual reduction in energy consumption per unit of output value through optimization of production processes and elimination of obsolete equipment 2. In the short term, priority is given to replacing high-energy-consuming core equipment with products certified with Level 1 Energy Efficiency Grading Labeling under national standards. 3. To achieve the target of reducing carbon intensity in 1-3 years through green procurement and energy efficiency enhancement
Medium and Long Term Goals	<ol style="list-style-type: none"> 1. Increasing the proportion of clean energy usage and promoting green power consumption to cover energy-intensive industries 2. Constructing a diversified energy supply system, realizing complementarity between renewable energy and traditional energy, and enhancing energy resilience. 3. Improve the energy management system, incorporate carbon emission reduction targets into corporate strategic planning, and connect them to performance assessment.
Resource Allocation and Concrete Actions	<ol style="list-style-type: none"> 1. In recent years, the Company has continued to promote energy conservation and environmental protection, and has utilized vacant rooftop areas to build solar photovoltaic systems, totaling 2,200kW, which are integrated into the plant's power grid system to reduce electricity consumption. 2. Elevator Sleep Time Adjustment, Elevator Shutdown During Off-Hours 3. Raw material storage is arranged in close proximity to the production floor, reducing the distance traveled by trucks and lowering carbon emissions.
2024 Performance	Solar Photovoltaic System (Reduced the Company's Electricity Consumption by 2,300,000 kWh)
Performance Assessment Mechanism	<ol style="list-style-type: none"> 1. Regularly verify the energy consumption per unit of output on an annual basis 2. Regular meetings are held to review the achievement rate of energy saving projects
Department-in-Charge	Production Department

Energy Use Statistics

In 2024, Lida's energy sources include non-renewable energy (purchased electricity, gasoline, and natural gas) and renewable energy (photovoltaic power). All energy consumption is currently for internal use only, with no external sales. Internal energy use mainly consists of electricity for the headquarters and plants, gasoline for company cars, and natural gas for the staff cafeteria. The scope of the Company's disclosed energy usage includes only internal organizational energy consumption. External energy consumption, such as upstream/downstream transportation and distribution, employee commuting, business travel, purchased goods, and waste disposal, is currently excluded due to the difficulty in data collection. As a result, only a qualitative listing of these items is provided, without quantitative analysis at this stage.

In 2024, purchased electricity accounted for 71.32% of total energy consumption, a significant decrease of 6% (approximately 1,336,957 kWh) compared to 77.58% in 2022 and 77.28% in 2023. This reduction is mainly due to the official launch of the solar power system in 2024, which led to a notable drop in total electricity usage. Gasoline consumption from company cars accounted for 27.05% in 2024, marking a 6-7% increase compared to the previous two years, primarily due to a higher frequency of business travel. Natural gas usage in the employee cafeteria has declined year by year, mainly because of a reduction in staff, with nearly half of the employees now living near the company and therefore not dining on-site.

In the future, Lida will continue conduct energy usage inventories to understand the rate of energy consumption throughout the year. In terms of energy intensity, the Company experienced a decrease in revenue in 2024, resulting in a higher energy intensity compared to the previous two years. Moving forward, the Company plans to implement energy conservation and emission reduction projects to continuously reduce energy consumption and greenhouse gas emissions.

Internal Energy Activity Data

Year	Purchased electricity usage (kWh)	Automobile gasoline usage (L)	Natural gas usage (m ³)
2022	10,370,176.00	227,417.00	28,000.00
2023	9,781,994.00	218,133.00	26,880.00
2024	8,445,037.00	267,690.00	19,600.00

Note: Since the operational site in Taiwan is only a rented shared workspace, statistics are not available.

Total internal energy consumption

Year	Energy consumption of purchased electricity (GJ)	Energy consumption of gasoline in cars (GJ)	Energy consumption of natural gas (GJ)	Total energy consumption (GJ)
2022	37,332.6336	9,794.8502	996.3660	48,123.8498
2023	35,215.1784	9,394.9883	956.5114	45,566.6781
2024	30,402.1332	11,529.4083	697.4562	42,628.9977

Note 1: Each kilowatt-hour (kWh) of electricity equals 3.6 megajoules (MJ). The calorific value of gasoline is 43,070 kilojoules per liter (kJ/L). The calorific value of natural gas ranges from 32,238 to 38,931 kJ/m³, with an average value of 35,584.5 kJ/m³. 1 GJ equals to 10⁹ joules (J).

Note 2: The calorific values of gasoline and natural gas were based on the "China Energy Statistics Yearbook 2023" published by the National Bureau of Statistics of China.

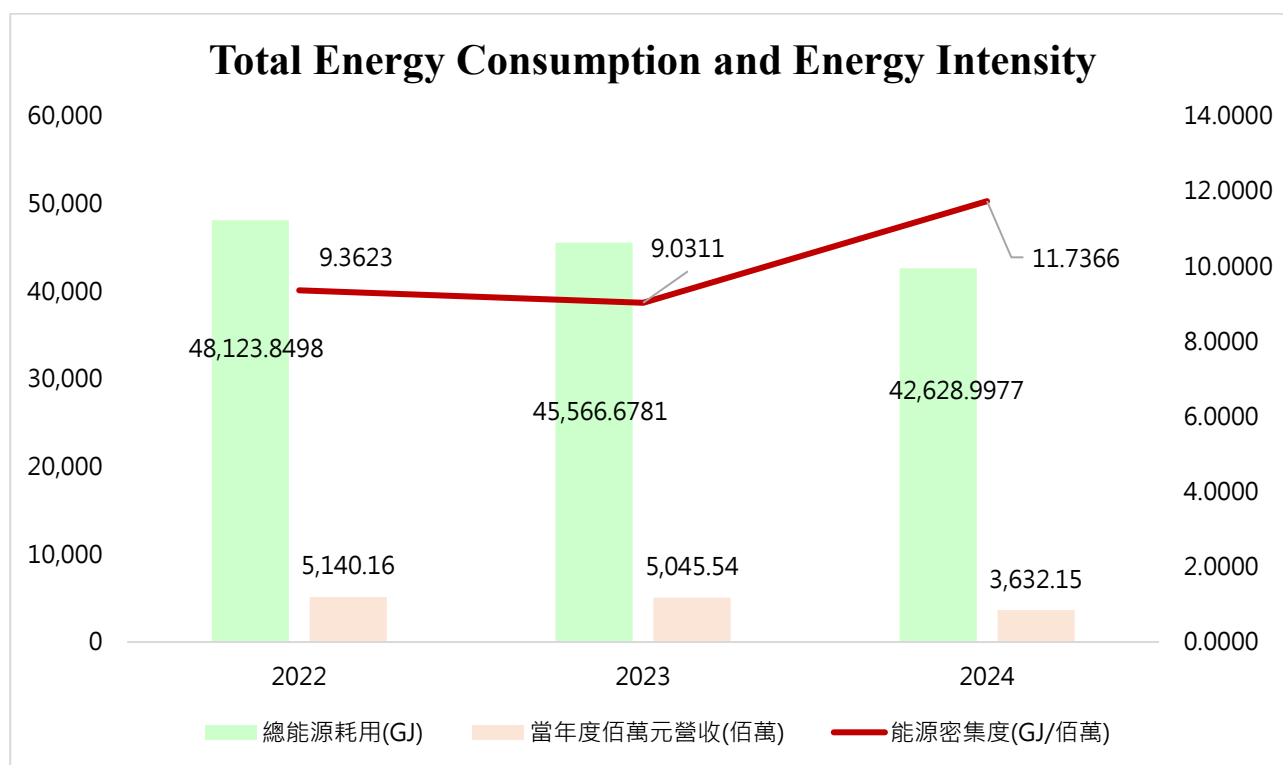
Proportion of internal energy consumption

Year	Proportion of purchased electricity consumption	Proportion of gasoline consumption for vehicles	Proportion of natural gas consumption
2022	77.58 %	20.35 %	2.07 %
2023	77.28 %	20.62 %	2.10 %
2024	71.32 %	27.05 %	1.64 %

Energy intensity

Year	Total energy consumption (GJ)	Current year's revenue (NTD million)	Energy intensity (GJ/B million NTD)
2022	48,123.8498	5,140.16	9.3623
2023	45,566.6781	5,045.54	9.0311
2024	42,628.9977	3,632.15	11.7366

Note: Energy Intensity = Total Energy Consumption (GJ) ÷ Company Revenue by Year in Millions NTD



總能源耗用(GJ) Total Energy Consumption (GJ)

當年度佰萬元營收(佰萬) Revenue per million NTD in the year (million NTD)

能源密集度(GJ/佰萬) Energy Intensity (GJ/million NTD)

Energy Efficiency

Year	Energy Saving Projects	Energy Savings
2024	Installation of solar panels on the roof of the plant from 2023 onwards. Officially completed and put into operation in 2024	In that year, the Company reduced electricity consumption by 2,300,000 kilowatt-hours (kWh)

Product Energy Efficiency

According to the current technology, it is not yet possible for the products manufactured by the Company to further reduce its own energy utilization rate. However, the characteristics of the Company's products lie in the fact that customers can effectively reduce the energy utilization rate of their products after choosing the air compressors manufactured by the Company.

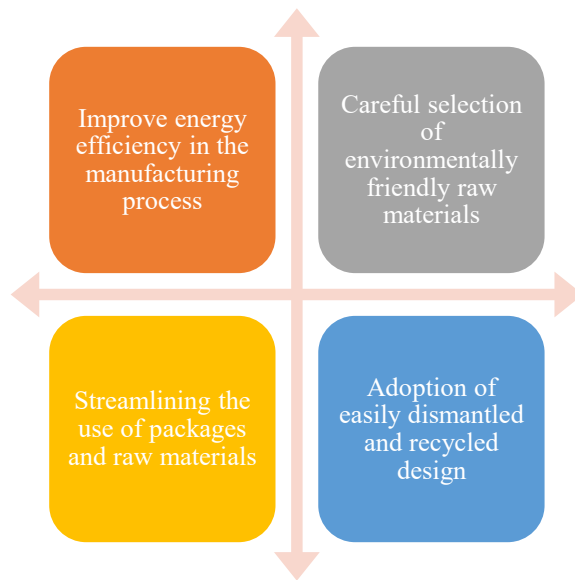
Item	Before putting into use	After putting into use
Exhaust pressure	0.57-0.61 Mpa	0.57 Mpa
Exhaust flow	60-75 m ³ /min	60-75 m ³ /min
Power to weight ratio	7.224 Kw/m ³ /min	5.160 Kw/m ³ /min
Energy consumption per unit	0.1204 Kwh/m ³	0.086 Kwh/m ³
Air quality	With oil	100% oil-free
System energy saving rate	> 28%	
Expected gas consumption (on an annual basis)	Calculated based on an average gas consumption of 65m ³ /min and 11 months of operation per year, 65m ³ *60min*24h*30d*11m=30,888,000m ³	
Annual electricity consumption	30,888,000m ³ *0.1204Kwh/m ³ = 3,718,915Kwh	30,888,000m ³ *0.086Kwh/m ³ =2 ,656,368Kwh
Annual electricity savings	3,718,915-2,656,368=1,062,547Kwh	

4.3 Green Products and Product Responsibility

Management policy of material topics - Green products and product responsibility	
Importance to the Company	Product responsibility is related to consumer safety and rights, and also affects corporate reputation, brand image and market competitiveness. If there are problems with the product, the company may face lawsuits, liability and trust crisis, which may lead to a decline in sales and economic losses, so companies should emphasize product quality and risk management to ensure sustainable operation.
Policies and Commitments	Ensure that products are harmless to human health and safety Careful selection of raw materials that do not affect health and are environmentally friendly Be environmentally friendly by minimizing the use of packaging materials and raw material components as much as possible Adoption of an easily dismantled and recycled design
Short-term Objectives	<ol style="list-style-type: none"> 0 material product liability accidents related to product health or safety (injuries or cases requiring regulatory notification) 100% Completion of quality inspection and safety testing of shipped products Establishment and implementation of a product traceability system covering major components and parts
Medium and Long Term Goals	<ol style="list-style-type: none"> 0 major product liability accidents (injuries or cases requiring regulatory notification) in which product health or safety is continuously maintained Brand trust survey upgraded to the top 10% of the industry Completion of in-house product responsibility education and training to reach 100% staff coverage. Perform product liability risk audits twice a year and track improvements.
Resource Allocation and Concrete Actions	The quality assurance department conducts routine quality inspections and safety tests on shipped products according to customer requirements and safety standards, and conducts third-party inspections periodically to obtain relevant safety labels and test reports.
Current Year Performance	<ol style="list-style-type: none"> All Lida products are 100% compliant with the limit values specified in the RoHS Directive, with no instances of product returns due to RoHS violations. All products designed by Lida had no incidents of violations or customer complaints related to health or product safety in 2024
Responsible Unit	Group Production Department, Quality Management Unit

Environmentally friendly by reducing product material usage

Product catalogs have been digitized, and printed manuals are no longer provided. This effectively reduces paper consumption and lowers the carbon footprint, while also enhancing convenience in reading and document management.



Guarantee that the product is free of hazardous substances, e.g. in accordance with the Restriction of Hazardous Substances Directive

In view of the growing environmental impact caused by waste electrical and electronic equipment, the European Union issued the RoHS Directive (Restriction of the Use of Certain Hazardous Substances) in 2002, which regulates the concentration levels of 10 hazardous substances. All of Lida's products are 100% RoHS compliant and have no incidents of return due to RoHS violation.

Product Safety and Product Labeling

All products designed by Lida have passed laboratory tests and certifications according to customers' requirements before they are mass-produced for sale, thus ensuring the safety of users. Certifications include European Union's CE certification and Noise Directive certification, England's UKCA certification, China's GCCA certification, and energy efficiency certification. In 2024, there were no violations or customer complaints related to health or product safety.



Implementing the Circular Economy Perspective



4.4 Greenhouse Gas Emissions Management

Although Lida is not classified as a major energy consumer, it still recognizes its responsibility as a global citizen. Reducing greenhouse gas (GHG) emissions is a shared goal among enterprises. Lida conducts self-assessments of its GHG emissions to better understand current conditions and trends, allowing for early response measures. The Company continues to estimate the GHG emissions generated from its energy use as a reference for future energy-saving and carbon reduction performance. In 2024, the Company's total carbon emissions amounted to 5,183.9358 metric tons of CO₂e, representing a reduction of 946.8179 metric tons compared to 6,130.7537 metric tons of CO₂e in 2023. From an emission intensity perspective, a downward trend is also evident year over year. In addition to greenhouse gases, the Company does not emit odorous laminates, nitrogen oxides, sulfur oxides, or any other significant pollutant gases.

Scope I - Direct GHG Emissions	The direct emission sources owned or controlled by the Company are mainly automobile gasoline (business cars) and natural gas (employee cafeteria).
Scope II - Energy Indirect GHG Emissions	The Company's indirect emissions are primarily indirect greenhouse gas emissions from purchased electricity. This includes electricity for factories, offices and public areas.
Scope III - Other Indirect GHG Emissions	Other indirect emissions from the Company's activities are not quantified and are only distinguished by their source of emissions because it is not possible to control their activities and greenhouse gas emissions. The qualitative list includes: a. Waste is outsourced for incineration treatment, and emissions are generated from the transport vehicles and incineration facilities of the contracted service providers b. Travel of staff on business trips c. Staff commuting d. Upstream and downstream transportation

Statistics on Greenhouse Gas Emissions and Share in Various Sectors					
Year	Scope I		Scope II		Greenhouse Gases Total Emissions (metric tons CO ₂ e)
	Direct greenhouse gas emissions (metric tons CO ₂ e)	Scope I Proportion (%)	Energy Indirect Greenhouse Gas Emissions (metric tons CO ₂ e)	Scope II Proportion (%)	
2022	575.5415	8.87%	5,914.1114	91.13%	6,489.6529
2023	552.0825	9.01%	5,578.6712	90.99%	6,130.7537
2024	652.3289	12.58%	4,531.6069	87.42%	5,183.9358

Note 1: The categories included in the GHG inventory include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

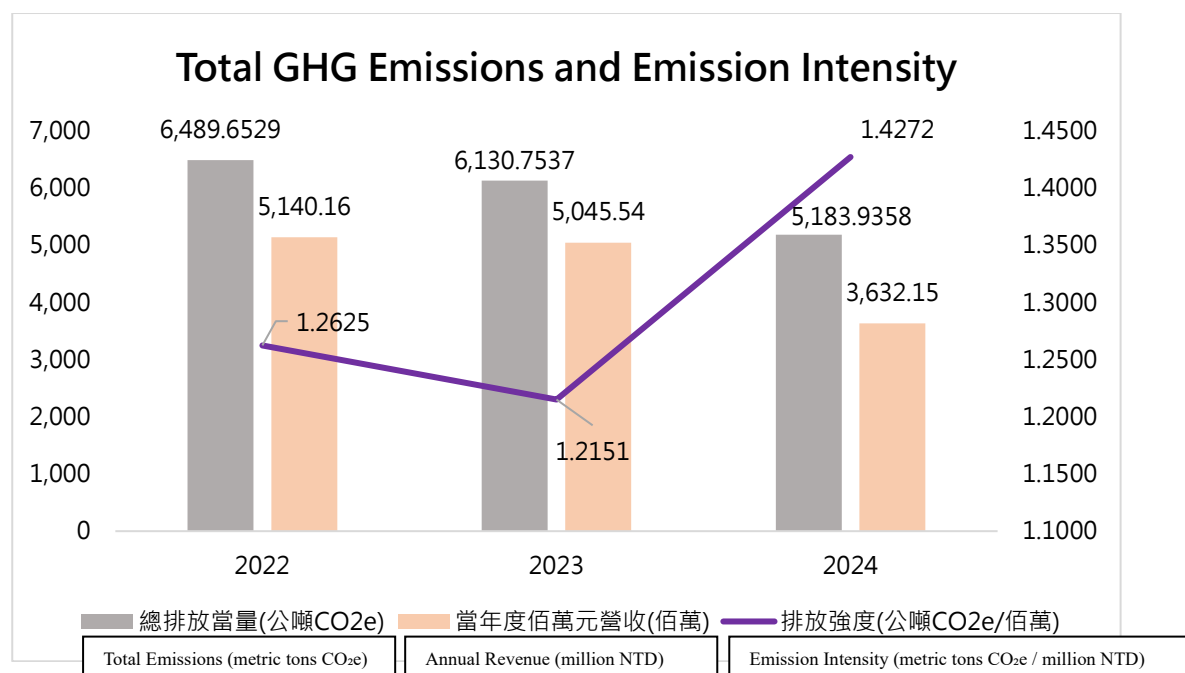
Note 2: The statistical method adopted is the “Emission Factor Method.” The emission factor for purchased electricity follows the guidelines set forth in the notice issued by the Ministry of Ecology and Environment of the People’s Republic of China titled “Notice on Doing a Good Job in 2023-2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises.” The emission factor used for 2022 and 2023 is 0.5703 kg CO₂e/kWh (the 2022 average emission factor of the China power grid), and for 2024, 0.5366 kg CO₂e/kWh (the 2022 national average carbon dioxide emission factor for electricity).

In addition to electricity-related emissions, emission data from other energy sources are calculated using the estimation tool provided by the Ministry of Environment. The emission factors are based on the Greenhouse Gas Emission Factor Management Table, Version 6.0.4.

Greenhouse Gas Emission Intensity by Category					
Year	Revenue (million NTD)	Scope I		Scope II	
		Direct Greenhouse Gas Emissions (metric tons CO ₂ e)	Emission intensity (metric tons CO ₂ e/million)	Energy Indirect Greenhouse Gas Emissions (metric tons CO ₂ e)	Discharge intensity (metric tons CO ₂ e/million)
2022	5,140.16	575.5415	0.1120	5,914.1114	1.1506
2023	5,045.54	552.0825	0.1094	5,578.6712	1.1057
2024	3,632.15	652.3289	0.1796	4,531.6069	1.2476

Total GHG Emissions and Emission Intensity			
Year	Total greenhouse gas emissions (metric tons CO ₂ e)	Revenue (million NTD)	Greenhouse Gas Emission Strength (metric tons CO ₂ e/million)
2022	6,489.6529	5,140.16	1.2625
2023	6,130.7537	5,045.54	1.2151
2024	5,183.9358	3,632.15	1.4272

Note: GHG Emission Intensity = Total GHG Emissions (metric tons of CO₂e) / Revenue (millions NTD)



4.5 Water Resources Management

Lida's Taipei office sources its water from the tap water provided by the Taipei Water Department, which originates from the Feitsui Reservoir. The factory, located in the Quanzhou Taiwanese Investment Zone in Fujian Province, sources its water from the Shanmei Reservoir in Quanzhou. Both sources are classified as municipal tap water (third-party freshwater with total dissolved solids $\leq 1,000$ mg/L). No water is drawn from surface water, seawater, groundwater, or process-generated sources. As the Company is engaged in the production of air compressors, there is no significant water demand in the production process—water usage is limited to domestic purposes. Wastewater is discharged through the public sewage treatment system after proper treatment. According to the World Resources Institute (WRI) water risk assessment tool, Taiwan was classified as a low water stress area in 2024, while Quanzhou was identified as a high water stress area. In response, the Company has fully implemented water resource management measures. Office water use primarily focuses on infrastructure maintenance and improvement, while continued efforts are made to promote water-saving awareness among employees through environmental education. The Company is committed to conserving water and reducing its impact on water resources and the environment. In addition, the Company is not located in an ecological protection area or in a location surrounding an ecological protection area, which will not cause any significant environmental impact on water resources and the ecological environment of water sources.



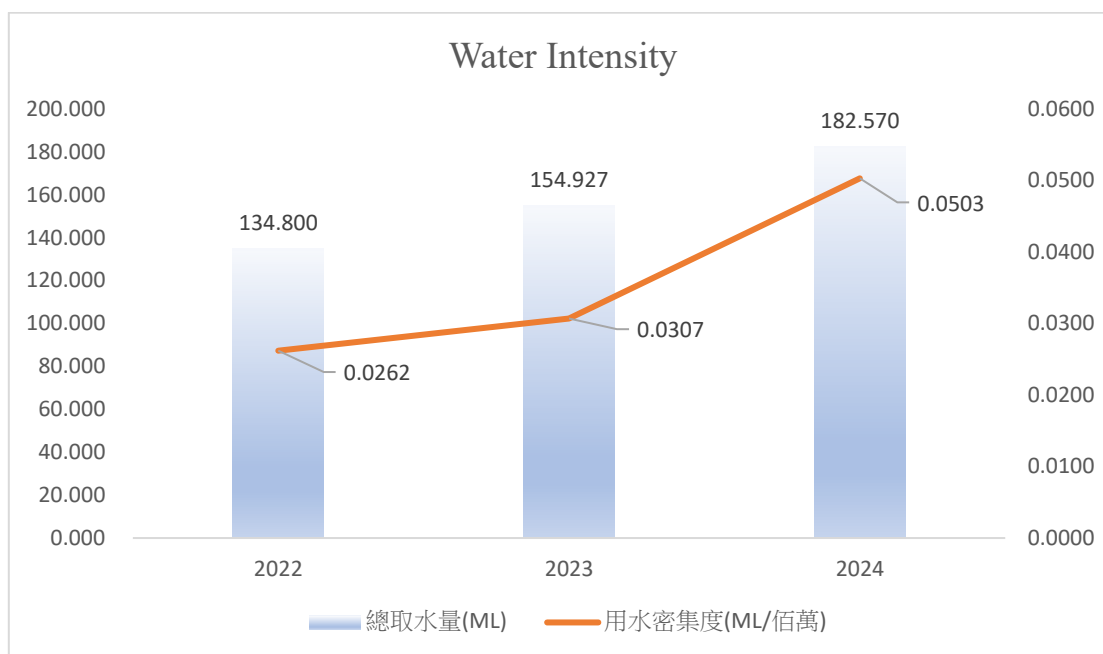
Water usage

Year	Region	Total water intake (millions of liters)	Total volume of discharged water (millions of liters)	Water consumption (millions of liters)
2022	Quanzhou Factory	134.8000	134.8000	0.0000
2023	Quanzhou Factory	154.9270	154.9270	0.0000
2024	Quanzhou Factory	182.5700	182.5700	0.0000

Note: Since the operational site in Taiwan is only a rented shared workspace, statistics are not available.

Water intensity

Year	Total water intake (millions of liters)	Current year's revenue (NTD million)	Water intensity (Millions of liters/ million NTD)
2022	134.8000	5,140.16	0.0262
2023	154.9270	5,045.54	0.0307
2024	182.5700	3,632.15	0.0503



Water Resources Management Measures

1. Installation of water-saving devices: Install water-saving devices, such as water-saving toilets, water-saving showers and water-saving faucets in company toilets, restrooms, kitchens, and other places.
2. Optimize water usage process: Develop a water use plan to reasonably schedule water usage time and volume, thereby avoiding waste.
3. Maintenance and Inspection: Regularly inspect and maintain water-use equipment, promptly repairing issues such as leaks or drips to prevent water waste.
4. Increase employee awareness: Through publicity and education, incentives and penalties, etc., to enhance employees' awareness of water conservation and the importance they attach to it.
5. Strengthening management and supervision: Setting up water testing points, conducting regular testing and statistics on water consumption, and following up and solving problems in a timely manner to ensure that the company's water consumption is reasonable and scientific.
6. Maintain the greenery of the office area, the lawn should be watered on time and guarded by the staff on duty, and no spillage should be allowed.
7. Use water dispensers in meeting rooms and office reception rooms as much as possible, and gradually eliminate the wasteful use of hot water bottles that are filled on one day and emptied on the next.

4.6 Waste Management

The Company's waste consists mainly of general business waste from production and manufacturing, as well as a small amount of chemicals used in research and development and experiments. Waste has been managed in accordance with regulations to avoid the risk of violation of the law or pollution of the environment due to improper handling. The Company also actively monitors updates to environmental regulations and promotes reduction efforts from the R&D stage by adjusting process designs or improving material utilization efficiency, thereby putting environmental friendliness into practice.

Lida has established a clear waste management plan within its plant, with defined responsibilities for each department. For example, the production department is responsible for waste classification, while the warehouse department handles storage. Relevant units have also formulated detailed waste disposal procedures and corresponding reward and penalty mechanisms. Waste is classified based on material type (e.g., metal, plastic, paper), physical state (solid, liquid, gas), and level of hazard (hazardous/non-hazardous waste). Hazardous waste must be securely sealed and stored in leak-proof areas. General waste is sorted by category into designated containers, which are color-coded according to classification (for example, yellow for hazardous waste and green for recyclables) and stored in designated storage zones. The weight and quantity of waste generated daily are counted, inventoried regularly, and scheduled for removal according to production volume.

Waste Management Policy	<ul style="list-style-type: none"> ● Compliance with national waste management laws and regulations ● Commitment to not using banned substances and ingredients in our products ● Actively promote waste reduction and recycling
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Historical Waste Generation Statistics

Category	Waste Items	Unit	2022	2023	2024	Method of Handling	Venue of Handling
General utility waste	Scrap iron core	metric tons	0.007	0.007	0.005	Recycle	Off-site
	Waste Lubricant	metric tons	4.57	4.29	3.14	Recycle	Off-site
	Scrap metal plate	metric tons	121.78	120.51	85.02	Recycle	Off-site
	Waste curing agent	metric tons	0.64	0.61	0.45	Recycle	Off-site
	Waste thinners	metric tons	1.40	1.36	0.94	Recycle	Off-site
	Waste water paint	metric tons	1.39	1.35	0.97	Recycle	Off-site
	Waste plastic material	metric tons	0.78	0.74	0.52	Recycle	Off-site
	Waste flux	metric tons	0.44	0.43	0.3	Recycle	Off-site
	Waste glue	metric tons	0.07	0.07	0.05	Recycle	Off-site
Total Weight		metric tons	131.08	129.37	91.40	-	

V. Social Care

Lida values the labor rights of its employees and is committed to providing a friendly and equal work environment. The Company implements gender equality policies to foster a culture of mutual respect and offers competitive remuneration to strengthen employee loyalty. These efforts help reduce staff turnover and support the stable and sustainable growth of the Company's operations. Lida periodically organizes various training programs to enhance employees' professional competencies and strengthen their workplace competitiveness. A transparent promotion pathway allows employees to anticipate potential career development opportunities. Positive labor-management relations foster open communication, enabling the Company to respond constructively to employee feedback and achieve a mutual understanding. Additionally, Lida has implemented the ISO 45001 Occupational Health and Safety Management System to enhance its performance in occupational health and safety, thereby effectively safeguarding the physical and mental well-being of its employees.

5.1 Staff Profile

5.1.1 Safeguarding Human Rights

Lida values employee rights and has established a Human Rights Policy, which is publicly available in the Sustainability section of the Company's official website. The policy is formulated in accordance with the principles outlined in the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Company recognizes and upholds internationally recognized fundamental human rights, including respect for employees' freedom of association, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, prevention of employment and workplace discrimination, prohibition of any acts that infringe upon or violate human rights, promotion of gender equality, and fair treatment of all employees. Lida's remuneration policy also ensures that there is no disparity in the salary of employees due to their gender, age, race, religion or political affiliation.

At the same time, Lida complies with the labor and human rights laws and regulations of each of our operating locations, and educate new and existing employees on important issues such as human rights protection and labor rights. In addition, Lida provides whistleblowing channels for employees. Reports are handled by designated personnel who conduct thorough and responsible investigations. The identity and personal information of whistleblowers are kept strictly confidential, and the Company is committed to ensuring that no retaliatory actions are taken against them. In 2024, Lida recorded no incidents of human rights violations.

Lida's human rights policy



5.1.2 Staff Statistics

Specifically, Lida operates within the electromechanical machinery industry. In alignment with labor practices commonly adopted in mainland China, all Company employees are classified as temporary or non-hour-guaranteed workers. Employees initially sign a three-year contract, and after six years of continuous service, are eligible to sign a permanent contract. There are no non-employee workers engaged in Company operations. Employees are generally categorized as managerial and non-managerial staff. Due to the nature of production line work, the majority of non-managerial employees are male. In terms of age distribution, in recent years, 90.21% of all employees, whether supervisors or non-supervisors, are under the age of 50. This means that at this stage, Lida has been focusing on the middle-aged and the young workforce, and senior supervisors with practical experience are leading the young team in the sprint. The manpower structure is stable, and there is no risk of manpower shortages.

At Lida's Taiwan operating site, 100% of senior management positions are held by local residents. At the Quanzhou plant, the proportion is 83.33% (5 senior managers are from Fujian Province, and 1 is from outside the province). This demonstrates the Company's commitment to collaborating with local communities to identify and develop talent, attracting skilled individuals to work close to home. Such efforts help strengthen local community recognition and contribute to the enhancement of regional economy.

Statistics/Year		2022		2023		2024	
Total number of employees		974		964		681	
Employment Contracts		Permanent Employees	Temporary staff and staff without guaranteed hours	Permanent Employees	Temporary staff and staff without guaranteed hours	Permanent Employees	Temporary staff and staff without guaranteed hours
Gender	Male	0	784	0	770	0	547
	Female	0	190	0	194	0	134
Region	Taiwan	2	0	2	0	2	0
	Quanzhou	0	972	0	962	0	679
Type of Employment		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Gender	Male	784	0	770	0	547	0
	Female	190	0	194	0	134	0
Region	Taiwan	2	0	2	0	2	0
	Quanzhou	972	0	962	0	679	0

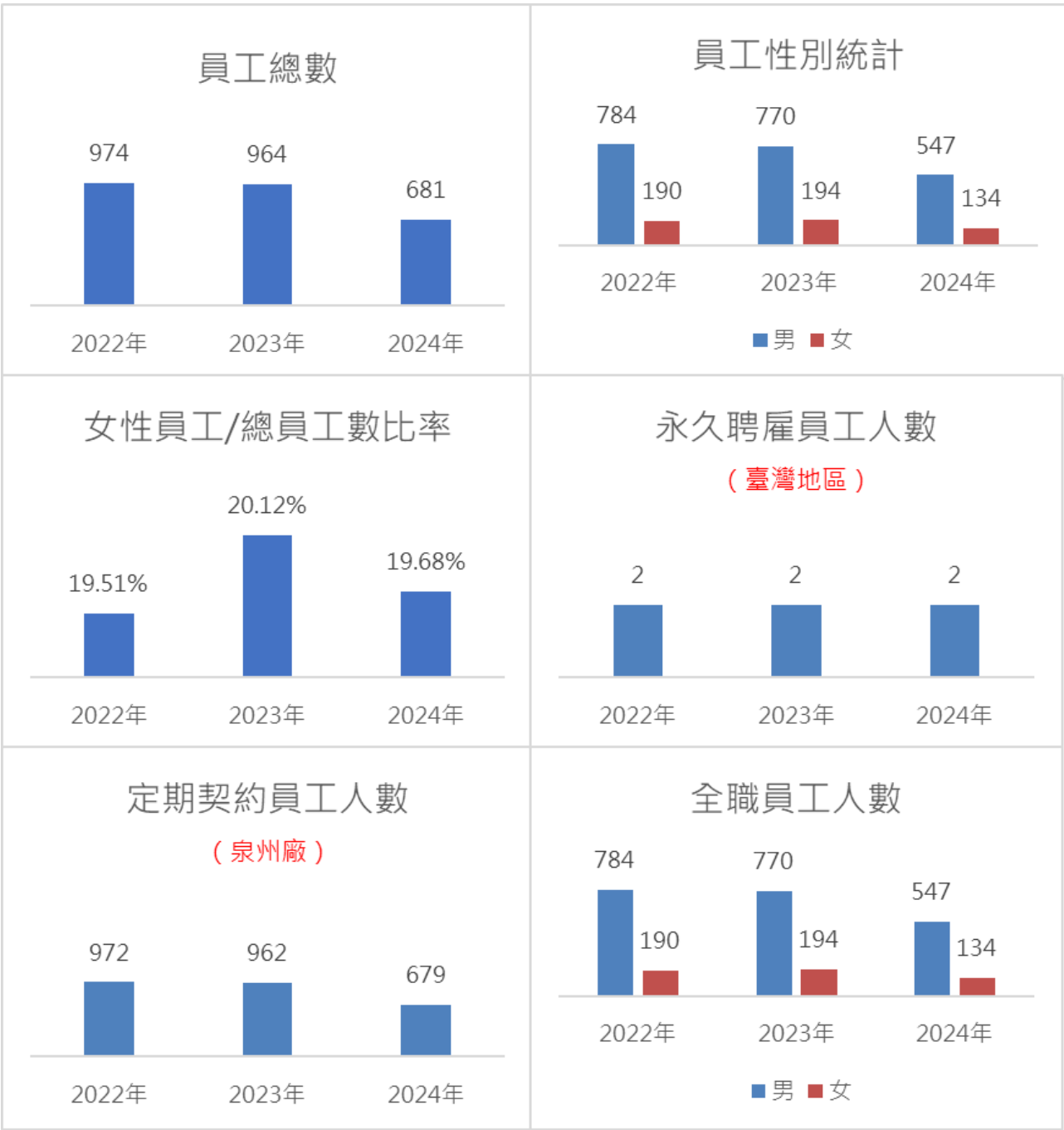
Note 1: The total number of employees and related statistics are based on information as of December 31 of the current year.

Note 2: Employment contracts at Lida are categorized into two types: permanent employees (full-time staff) and fixed-term contract employees (including temporary and non-hour-guaranteed workers). Fixed-term contracts apply to short-term, seasonal, or project-based positions, as well as to roles temporarily filled by substitute employees during maternity or parental leave. These substitute employees serve until the original employee returns to work.

Note 3: Employment types are classified into full-time and part-time employees. Full-time employees work the maximum legal weekly hours, while part-time employees work fewer than the legal weekly limit (Part-time roles include interns, hourly workers, and company-employed medical personnel.)

Note 4: Non-hour-guaranteed employees: These are employees who are not guaranteed a minimum or fixed number of working hours by the Company. They may be expected to remain available for work based on the Company's needs, but the Company has no contractual obligation to provide a minimum or fixed number of working hours per day, week, or month.

Note 5: In 2024, due to a sluggish market, revenue declined, leading to adjustments in production volume and a corresponding decrease in demand for production labor. Some of our production staff have been adjusted to meet operational needs, with some chose to resign voluntarily, while others were subject to workforce optimization arrangements.



員工總數 Total Number of Employees

員工性別統計 Employee Gender Statistics

女性員工/總員工數比率 Female-to-Total Employee Ratio

永久聘雇員工人數 (臺灣地區) Number of Permanent Employees (Taiwan)

定期契約員工人數 (泉州廠) Number of Fixed-Term Contract Employees (Quanzhou Plant)

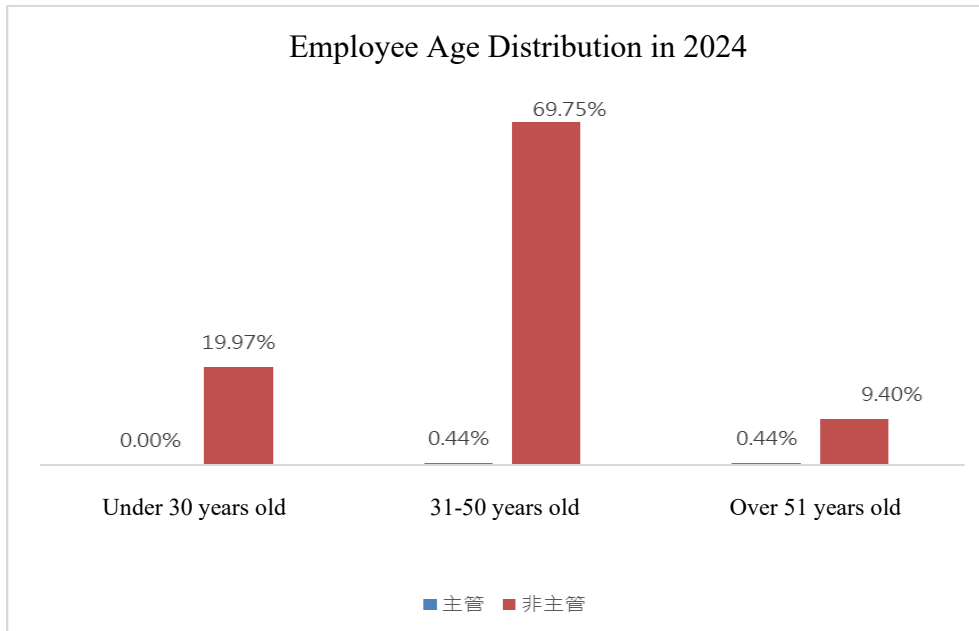
全職員工人數 Number of Full-Time Employees

Employee Diversity Statistics

Employee Diversity Statistics/Year			2022		2023		2024	
			Number of persons	Percentage	Number of persons	Percentage	Number of persons	Percentage
Supervisors	Gender	Male	5	0.51%	5	0.52%	5	0.73%
		Female	1	0.10%	1	0.10%	1	0.15%
	Age	Under 30 years old	0	0.00%	0	0.00%	0	0.00%
		31-50 years old	3	0.31%	3	0.31%	3	0.44%
		Over 51 years old	3	0.31%	3	0.31%	3	0.44%
	Education	Graduate institutes	1	0.10%	1	0.10%	1	0.15%
		Tertiary institutions	2	0.21%	2	0.21%	2	0.29%
		Others	3	0.31%	3	0.31%	3	0.44%
Non-supervisor	Gender	Male	765	78.54%	752	78.01%	531	77.97%
		Female	203	20.84%	206	21.37%	144	21.15%
	Age	Under 30 years old	203	20.84%	199	20.64%	136	19.97%
		31-50 years old	672	68.99%	669	69.40%	475	69.75%
		Over 51 years old	93	9.55%	90	9.34%	64	9.40%
	Education	Graduate institutes	1	0.10%	1	0.10%	1	0.15%
		Tertiary institutions	407	41.79%	379	39.32%	275	40.38%
		Others	560	57.49%	578	59.96%	399	58.59%

Note 1: The employee headcount is based on the total number of employees as of the end of the year (December 31).

Note 2: The statistics of each item are based on the number of persons in the item / the total number of staff at the end of the year, e.g. Percentage of direct staff under 30 years of age = (total number of direct staff under 30 years of age at the end of the year / total number of staff at the end of the year) * 100%; Percentage of indirect staff with institute qualification = (total number of indirect staff with institute qualification at the end of the year / total number of staff at the end of the year) * 100%.



Employee Variation Statistics

Employee Variation Statistics/Year		2022		2023		2024	
		Total	Ratio	Total	Ratio	Total	Ratio
New Employees							
Age	Under 30 years old	2	0.21%	28	2.90%	10	1.47%
	31-50 years old	8	0.82%	23	2.39%	18	2.64%
	Over 51 years old	0	0.00%	3	0.31%	1	0.15%
Gender	Male	7	0.72%	37	3.84%	21	3.08%
	Female	3	0.31%	17	1.76%	8	1.17%
Education	Graduate institutes	0	0.00%	0	0.00%	0	0.00%
	Tertiary institutions	4	0.41%	12	1.24%	18	2.64%
	Others	6	0.62%	42	4.36%	11	1.62%
Region	Taiwan	0	0.00%	1	0.10%	0	0.00%
	Quanzhou	10	1.03%	53	5.50%	29	4.26%
Departed Employees							
Age	Under 30 years old	3	0.31%	31	3.22%	94	13.80%
	31-50 years old	10	1.03%	24	2.49%	188	27.61%
	Over 51 years old	2	0.21%	9	0.93%	30	4.41%
Gender	Male	11	1.13%	45	4.67%	272	39.94%
	Female	4	0.41%	19	1.97%	40	5.87%
Education	Graduate institutes	0	0.00%	1	0.10%	0	0.00%
	Tertiary institutions	6	0.62%	18	1.87%	15	2.20%
	Others	9	0.92%	45	4.67%	297	43.61%
Region	Taiwan	1	0.10%	1	0.10%	0	0.00%
	Quanzhou	14	1.44%	63	6.54%	312	45.81%

Note 1: New Entry Rate = (Number of new employees in the category in the year / Total number of employees at the end of the year) *100%.

Female new employee rate = (number of female new employees in the year / total number of employees at the end of the year) * 100%

Note 2: Turnover rate = (number of employees who left the company during the year / total number of employees at the end of the year) *100%.

Turnover rate of employees under 30 years old = (number of employees under 30 years old who left the company at the end of the year / total number of employees at the end of the year) *100%.

Note 3: The total number of employees and related statistics are based on information as of December 31 of the current year.

Parental Leave Statistics

Employee Parental Leave / Year	Gender	2022	2023	2024
Number of employees applying for parental leave	Male	0	0	0
	Female	15	12	8
Number of employees who should be reinstated upon expiry of their parental leave (A)	Male	0	0	0
	Female	15	12	8
Number of employees actually reinstated upon expiry of the parental leave (B)	Male	0	0	0
	Female	15	12	8
Reinstatement rate (B/A)	Male	-	-	-
	Female	15	10	8
Number of employees who have completed their parental leave and are still in service 12 months after resumption of duty (C)	Male	100.00 %	83.33%	100.00%
	Female	11	14	10
Retention rate (current year C/previous year B)	Male	-	-	-
	Female	100.00 %	93.33%	100.00%

Note: The number of employees eligible for parental leave is based on the number of male and female employees who have applied for maternity and paternity leave in the past three years.

Note: The number of employees who returned to work after the end of parental leave includes those who resumed work earlier than the scheduled return date.

Note: Reinstatement rate = (total number of employees actually reinstated in the year / total number of employees who should be reinstated in the year) * 100%

Note: Retention rate = (total number of employees still in service 12 months after reinstatement in the previous year / actual number of employees reinstated in the previous year) * 100%

5.2 Remuneration and Welfare

A strong and well-structured human resources foundation is key to Lida's sustainable development. To attract top talent, the Company offers competitive remuneration and welfare, rewarding employees for both performance and long-term contributions. Upholding the principle of equal treatment, Lida has established a transparent evaluation and reward system that fosters a fair and positive working environment. This encourages employees to devote greater effort not only to their job performance but also to shaping a corporate culture that promotes retention and enhances employee loyalty. As a result, employees are more engaged and actively participate in company affairs. Furthermore, in terms of career advancement, when the Company ensures transparency in promotion opportunities, employees with outstanding performance are given fair chances for advancement, fostering a culture of learning and peer benchmarking. This enables the Company to continuously cultivate exceptional talent. Additionally, scheduled training programs are implemented to support ongoing professional development, enabling employees to grow in their respective fields and reach their full potential. Lastly, Lida maintains multiple channels for open communication with employees. These platforms enable staff to express their views in a timely manner, and the Company responds constructively. This interaction, built on mutual trust, helps maintain harmony between labor and management.

Employee Career Development Review

Lida determines employee remuneration based on the achievement of annual operational goals and the Company's overall profitability. The Company offers salaries and benefits that not only exceed local legal requirements but are also competitive within the market. To ensure that employees' job performance is appropriately reflected in their remuneration, all employees undergo regular performance and career development evaluations. The results of these evaluations are taken into account for promotions and career advancement opportunities. This allows employees with specialized technical skills to grow into experts in their respective fields through their own efforts, while those with managerial capabilities and leadership potential can advance into management roles. In doing so, the Company provides ample opportunities and a clear pathway for professional growth and career development.

2024 Performance Evaluation Statistics		Actual number of persons evaluated	Number of employees in that category	Percentage
Gender	Male	536	536	100%
	Female	145	145	100%
Employee Category	Supervisors	6	6	100%
	Non-supervisor	675	675	100%

Note: Employee statistics as of December 31, 2024, for those still employed.

Overall, Lida determines employee remuneration primarily based on factors such as years of service, educational background, and professional capabilities. The Company does not differentiate pay based on any physical or psychological characteristics. As employees accumulate seniority, their industry knowledge and expertise deepen. In return, the Company shares its profits with employees. This is reflected in the steady year-over-year growth of both the average and median annual salaries for non-supervisory employees in Taiwan. This approach ensures that employees are not only recognized for their contributions but also supported in their personal financial well-being, thereby strengthening their sense of loyalty and belonging to the Company.

Unit: person; thousands NTD

Non-Supervisory Full-Time Employees	Number of employees	Average annual salary	Median annual salary
2023	956	383,868	345,488
2024	673	403,043	360,288
Difference	-283	19,175	14,801

Among the different genders of employees, there is a distinction between supervisors and non-supervisors, and their salaries vary according to their positions. Male employees are mainly engaged in research and development, senior executives, mid-level management and core product manufacturing, thus their average salary is higher than that of female employees. In terms of salary for junior staff, the standard salary of Lida's direct staff, regardless of gender, is higher than the local minimum wage.

Employee Category	Gender	Standard salary/ Local basic wage
Taiwan	Male	1.40
	Female	1.40
Quanzhou Factory	Male	4.03
	Female	3.24

Note 1: Frontline employees are defined as production line employees, warehouse employees, etc.; and they are limited to regular employees and do not include interns or dispatched employees.

Note 2: The standard salary is the monthly regular salary offered to frontline employees.

Note 3: Since the production line personnel of the Quanzhou plant are paid on a piece-rate basis, their standard salary is much higher than the local basic salary.

Note 4: Currently, there is only one female executive staff in Taiwan. If there are any future applications for male frontline staff, the salary standard will be consistent.

Ratio of basic salary to remuneration			2022		2023		2024	
Significant Operating Locations	Employees Category	Item	Male	Female	Male	Female	Male	Female
Quanzhou Factory	Supervisors	Basic Salary	2.51	1	2.51	1	2.51	1
		Remunerations	2.35	1	2.35	1	2.35	1
	Non-supervisor	Basic Salary	1.38	1	1.42	1	1.34	1
		Remunerations	1.39	1	1.41	1	1.33	1

Note 1: Basic salary refers to the minimum fixed amount paid to employees for performing their duties. It does not include any additional compensation such as overtime pay, bonuses, or various allowances. Remuneration refers to the basic salary plus any additional amounts paid to the worker. "Additional amounts paid to the worker" include seniority allowances, bonuses (both cash and equity), benefits, overtime pay, compensatory leave, and any other subsidies (e.g., transportation allowances, living stipends, and childcare subsidies).

Note 2: There is one supervisor and one non-supervisor in the Taiwan operation site, so no comparison can be made.

Note 3: Male executives mainly serve as senior managers and heads of R&D and sales units, and therefore receive higher remuneration compared to female executives.

To enhance employee productivity, Lida provides a range of welfare measures and a comfortable working environment. For example, pregnant employees are entitled to two months of paid maternity leave after childbirth. The Company also organizes various employee welfare activities on an irregular basis, helping staff relieve work-related stress while fostering positive interaction among colleagues.

Employee Welfare Items	Taiwan	Quanzhou Factory
Wedding/Funeral subsidies	V	V
Three festival bonuses	-	V
Year-end bonus	V	V
Transportation subsidy	V	V
Maternity allowance	V	V
Accommodation allowance	-	V
Employee stock ownership	V	-
Staff restaurant	-	V
Staff dormitory	-	V
Staff transportation vehicle	-	V
Gymnasium	-	V
Badminton courts	-	V

Labor-Management Communication

Smooth communication between labor and management helps promote cooperation, allowing employees to better understand the Company’s production plans, business operations, and market conditions. Although the Company has not yet established a labor union or signed a collective agreement, it holds labor-management meetings regularly in accordance with legal requirements. These meetings are attended by representatives from management and the Human Resources Department, serving as the employer’s delegates. The meetings aim to coordinate labor relations, facilitate regular dialogue and communication, ensure the smooth expression of opinions, and strengthen mutual cooperation. These efforts contribute to creating a stable and friendly workplace environment.

Lida has also established multiple communication channels to facilitate two-way dialogue, enabling employees to fully express their opinions while allowing the Company to respond in a timely manner and gradually translate employee suggestions into actionable policies. As of the end of 2024, the Company had received no complaints from employees regarding human rights or labor law violations. There were no labor disputes, no losses incurred due to labor-related conflicts, and no incidents of mass layoffs. (In the event that mass layoffs were to occur, the Company would comply with the “Act for Worker Protection of Mass Redundancy” by providing at least 60 days’ advance notice to ensure employees are properly informed.)

Retirement Protection

To ensure proper retirement planning for employees, Lida has established a retirement policy in accordance with the “Labor Standards Act” and the “Labor Pension Act”. The Company adopts a defined allocation plan (the new pension system), under which it allocates 6% of each employee’s monthly salary—based on the contribution scale approved by the Executive Yuan—into the employee’s individual pension account of the Bureau of Labor Insurance. For employees in China, the Company complies with the “Social Insurance Law” and “The Regulation on the Administration of Housing Accumulation Funds” by making timely contributions to the “Five Insurances and One Fund,” which include pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and the housing provident fund. The Company also makes corresponding contributions to local authorities in accordance with regulatory requirements.

Factory Environment



Company Hall



Staff restaurant



Staff dormitory



5.3 Matching Talents with Roles

Each year, Lida develops an annual training plan based on its talent pool and strategic development goals. In 2024, training was categorized into four main types: new employee orientation, general internal training (covering topics such as manufacturing quality, inspection equipment, incident handling, information security, and sexual harassment prevention), professional training (including various technical skill programs, accounting courses, internal audit training, occupational safety, specific chemical substances, and waste management), and other courses. These programs are tailored to different job roles and operational needs to ensure employees receive appropriate and relevant training.

Management policy of material topics: Talent cultivation	
Importance to the Company	Cultivating talents is the key to the sustainable operation of an enterprise. Only when all employees continue to learn and grow, optimize their abilities, and apply the knowledge and skills they have learned in the company's various professional fields can we ensure that the company has the motivation to innovate in research and development and the ability to respond to the challenges of global industrial changes.
Policies and Commitments	Training and development are essential for ensuring the continuous enhancement of human capital. Therefore, Lida provides comprehensive training programs and abundant learning resources for both employees and management personnel. Through the systematic identification, development, and cultivation of strategic backup talent, the Company builds a structured talent pipeline aligned with its organizational needs. Lida continuously promotes its corporate culture by organizing a variety of cultural and recreational activities to enhance interaction among employees and strengthen their sense of identity and belonging within the Company.
Short-term Objectives	<ol style="list-style-type: none"> 1. The competency training coverage rate for new employees reached 100% 2. 15 hours of training per year for all categories of staff 3. Through centralized theoretical training, probationary assessments, and on-the-job practice, the Company ensures that new employees quickly acquire core business skills 4. Based on performance evaluations, high-potential employees are identified to build a pool of reserve talents, enabling the Company to fill key position vacancies in the short term 5. By providing comprehensive onboarding training and standardized job skill courses, the Company shortens the adaptation period for new employees.
Medium and Long Term Goals	<ol style="list-style-type: none"> 1. Establishing a multi-level talent cultivation system, covering the full career cycle of development paths for frontline staff, mid-level managers and senior leaders 2. Through job rotation mechanisms and cross-departmental collaboration, the Company cultivates versatile management talent to meet the needs of strategic business expansion 3. Promote self-directed learning and knowledge-sharing mechanisms (e.g., internal knowledge base, regular sharing sessions) to form an atmosphere of continuous learning for all staff 4. Talent development planning is deeply integrated with corporate strategic objectives to ensure that talent reserves match the pace of business expansion

Investing Resources and Concrete Actions	<ol style="list-style-type: none"> 1. Invite external experts from Taiwan to conduct studies on corporate governance, sustainable management and corporate law for the company's management team, with 6 hours of on-line learning per year 2. The Chief Financial Officer and audit personnel receive annual online training related to finance, completing 12 hours of coursework and passing a final exam with a perfect score requirement 3. Industry experts in air compressor technology are invited to conduct technical seminars for the R&D department to enhance their technical proficiency and research capabilities. These seminars are held 2 to 3 times per year. 4. Training sessions on refined production management are conducted with the participation of all production staff. 5. Marketing skills training sessions are organized for all sales staff to participate, with marketing experts sharing online about their sales expertise
2024 Performance	In 2024, the Human Resources Department and various departments of the company organized internal professional training sessions at the factory, with each employee receiving an average of approximately 25 hours of training. The total number of training participants reached 679.
Responsible Unit	Human Resources Department

The company designs differentiated training programs for different levels of employees to enhance overall competence and adaptability. For new employees, training focuses on product knowledge, basic operations, and safety regulations, supported by a mentorship system to help them integrate quickly. For existing employees, specialized training programs are provided to address performance gaps (such as communication skills and innovative thinking), while job rotation is used to develop multi-disciplinary capabilities. For management-level staff, the emphasis is on strengthening leadership (decision-making and motivation) and risk management skills through scenario simulations and cross-departmental collaboration exercises. This ensures that employees at all levels can grow effectively and support the company's development. If it is necessary to continue to employ retired staff, both parties will sign a Labor Service Agreement after consultation and agreement to specify the job content, remuneration and division of responsibilities.

Overall, with the continuous development of the Company's business, there is an increasing demand for staff competence, and therefore the number of staff training hours has increased accordingly. As the Company's management needs increase, supervisors are usually required to undergo more advanced training to strengthen their management competence. However, based on the 2024 data, the number of hours of further education for supervisors and non-supervisors has almost equalized, indicating a more balanced distribution of training resources. At the same time, from a gender perspective, the number of hours of study for both male and female employees is comparable, reflecting the company's commitment to equal learning opportunities.

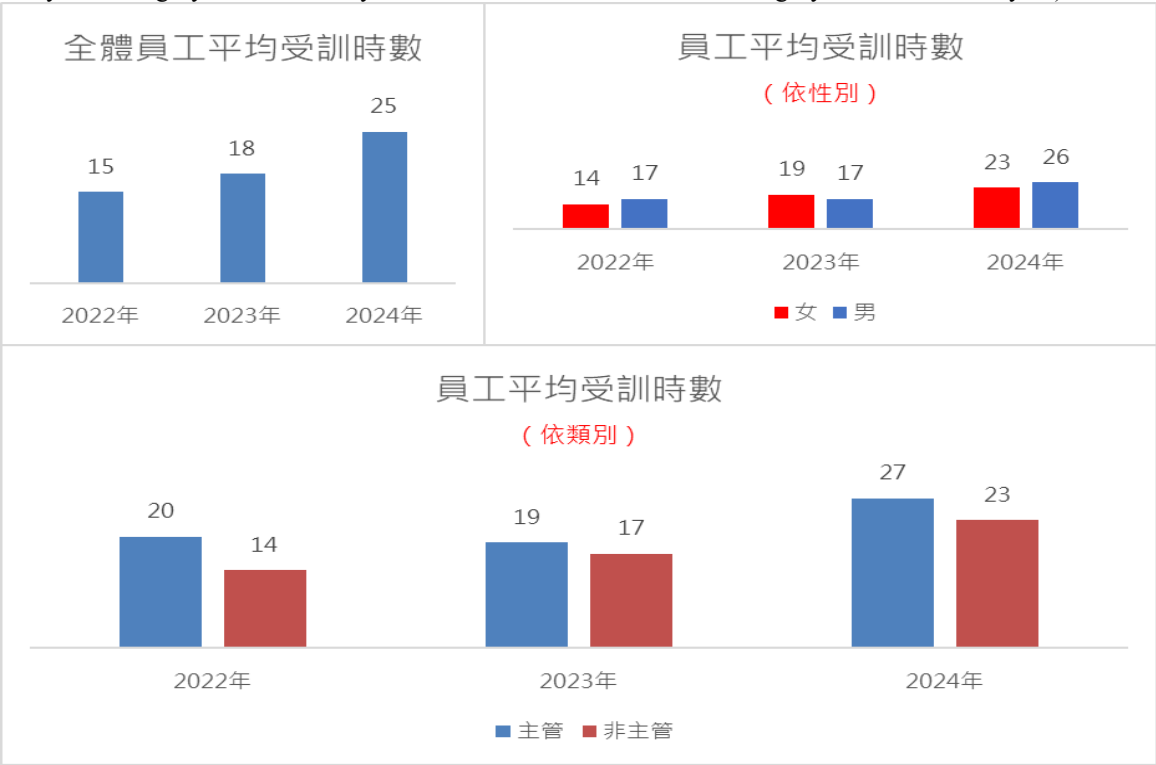
Average annual training hours per employee

Statistics/Year		2022	2023	2024
Average annual training hours per employee		15.2	17.8	24.9
Average annual training hours for staff classified by gender	Male	16.6	17.1	26.2
	Female	14.2	18.9	23.4
Average annual training hours of staff by category	Supervisors	20.3	19.4	26.8
	Non-supervisor	14.0	16.8	23.3

Note: The average number of hours of training for all employees is (total number of hours of training for all employees in the year ÷ total number of employees at the end of the year).

The average number of hours of training received by each female employee is (total number of hours of training received by female employees in the year ÷ total number of female employees at the end of the year).

The average number of hours of training received by each category of staff is (total number of hours of training received by that category of staff in the year ÷ total number of staff in that category at the end of the year).



全體員工平均受訓時數 Average training hours of all employees

員工平均受訓時數(依性別) Average training hours of employees (by gender)

女 Female

男 Male

員工平均受訓時數(依類別) Average training hours of employees (by staff category)

主管- Managerial staff

非主管- non-managerial staff

5.4 Occupational Safety and Health

5.4.1 Occupational Safety and Health Management System

Lida complies with all applicable local regulations, and its Quanzhou plant has obtained third-party certification for ISO 45001:2018. Other workplaces are managed in accordance with relevant occupational safety and health regulations. The Occupational Health and Safety Management System (hereinafter referred to as the OHS Management System) covers all workers within the group, including both full-time employees and dispatched labor (non-employee workers performing Company-assigned tasks). All occupational safety and health management personnel at Lida possess the necessary qualifications and capabilities, holding relevant certifications and having completed various environmental, health, and safety training programs. The number of registered safety engineers, safety managers, safety officers, and occupational injury prevention personnel assigned also fully complies with local laws and regulations.

Number of Workers Covered by the Occupational Safety and Health Management System (OSHMS)

Management System/Laws and Regulations	Inspection Category	Number of people covered by audit/inspection	Ratio	Description
ISO 45001 : 2018	Inside Lida Autonomous audit	679	99.71%	The scope of the verification was all employees of the Quanzhou Plant. The two employees working in Taiwan were not included in the survey, and their management was in compliance with Taiwan regulations.
	External unit Factory Inspection	679	99.71%	

5.4.2 Worker engagement, Consultation and Communication

Lida has established relevant safety management systems and formed an Emergency Response Committee to address safety incidents, comprising five members. The committee is chaired by the General Manager, with the Directors of Procurement, Production, R&D, and Sales serving as executive members. Meetings are held on an ad-hoc basis and are responsible for reviewing, coordinating, and advising on matters related to occupational safety and health, approving the results of workplace accident investigations, discussing workplace environment monitoring outcomes, proposing health management and promotion initiatives, and evaluating on-site safety and health management performance. These efforts aim to prevent occupational accidents and ensure the safety and well-being of employees. In 2024, the committee convened four times, and no major occupational accidents occurred during the year.

To encourage employees to report near-miss incidents for early risk identification and hazard prevention, as well as to provide suggestions on the company's occupational safety and health policies or file complaints regarding any concerns about the working environment, health issues, or safety hazards, an occupational safety and health feedback and complaint channel has been established. The Human Resources Department is responsible for handling all submissions. In 2024, no occupational safety and health-related complaints were received.

5.4.3 Occupational Safety, Health Education and Training

An annual training plan is established for all employees covering general occupational safety and health training as well as relevant professional training. Based on this plan, job safety training and evaluations are conducted to ensure employees operate in accordance with safety regulations, thereby reducing the occurrence of workplace injuries. If there is any news of occupational accidents in the related industries, we will analyze the causes and conduct safety advocacy for similar risks in the plant. All training and consultation programs provided at the plant are offered free of charge. At the end of the two-month probationary period, an assessment is conducted, which includes content

such as equipment operation, to ensure that employees are familiar with occupational safety and health concepts.

2024 Training Program	Number of Participants	Time per session	Total Training Hours
Annual Fire Drill	679 persons	2 hours	1,358
Electrical Shock Incident Response Plan	679 persons	2 hours	1,358
Emergency Evacuation Drill	679 persons	2 hours	1,358
Total number of hours of training related to direct consolation in 2024 (Note)			4,074

Note: Total number of training hours = number of training sessions * number of training hours per person

5.4.4 Hazard Identification, Risk Assessment and Accident Investigation

Hazard Identification

Hazards identified by Lida include:

1. Noise hazards from manufacturing processes that may cause hearing loss
2. Non-ionizing radiation hazards, mainly eye injuries that may be caused by the application of lasers in welding
3. Prolonged inhalation of dust generated during the manufacturing process may lead to pneumoconiosis and fibrosis of the lungs.
4. Productive toxins produced during the manufacturing process enter the human body through the respiratory tract or skin that may cause neurological damage.

Risk Classification Assessment and 2024 Inventory Results

Annually, we review the company's existing risk points using a risk assessment system to ensure its effective operation. Operational activities are assessed using the Risk Matrix Method, defined as $R = L \times S$. R is the overall level of risk, while L is the probability of an accident occurring (with emphasis on the frequency of incidents and how frequently individuals are exposed to the hazardous environment). S is the severity of the consequences if an accident occurs (focusing on the extent of injury and the duration of impact). By evaluating both likelihood and severity, risks are categorized into four levels: Significant, high, moderate and low risks.

Risk classification standards categorize hazards into three levels based on their potential severity: Significant Risk refers to hazards that could lead to fatalities or widespread occupational illnesses, such as highly hazardous chemical leaks; High Risks include hazards that could cause severe injuries or occupational contraindications, such as prolonged noise exposure leading to hearing loss; Moderate or Low Risk refer to hazards that can be controlled through routine management practices, such as areas with light dust.

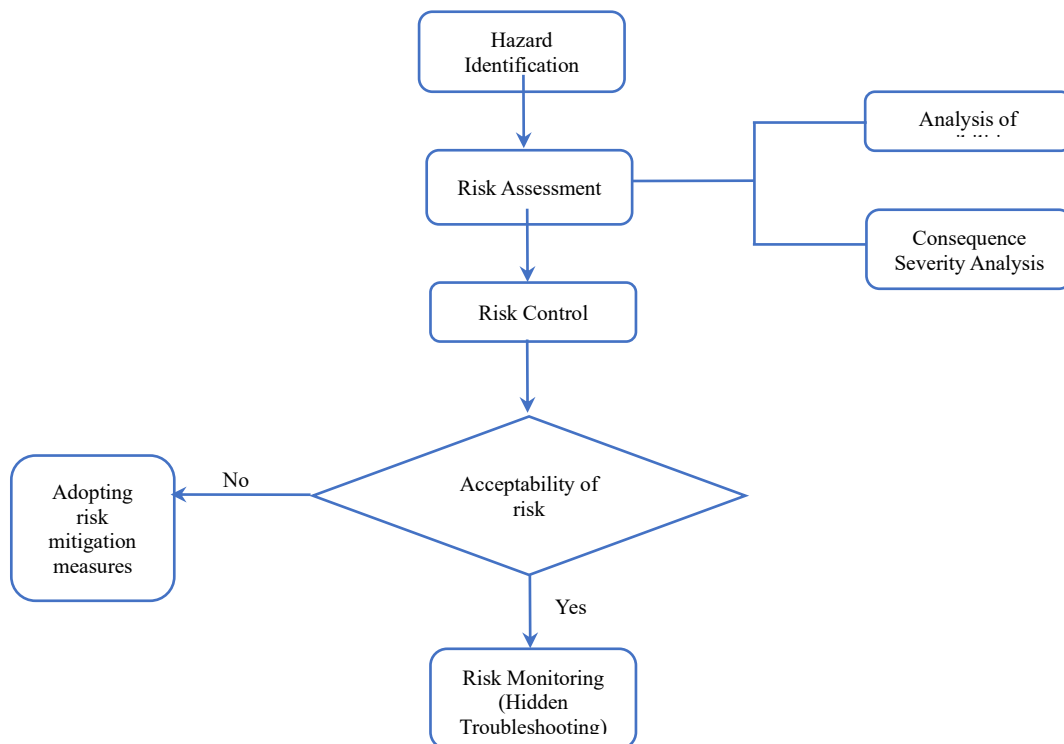
In 2024, Lida identified a total of 10 risk points, of which 10 are moderate risks, with no points of low risks, high risks or significant risks.

List of Principal Risks of Lida

Serial Number	Risk Type	Vulnerable areas	Causes, possible time	Warning sign	Severity Scope of Impact	Collateral accidents that may occur	Risk Level
1.	High Pressure Gas Leaks and Explosions	Gas Tank Manufacturing Factory Floor	Rupture of compressed air pipelines and storage tanks due to overpressure, corrosion, or safety valve failure	Sudden drop in pressure gauge value	High-pressure gas leakage can shock the human body (e.g., eye and eardrum damage).	Blind and deaf (if improperly treated)	Moderate Risks
2.	Mechanical Damage	Various types of machinery and equipment	The rotating parts of air compressors, such as drive system and grinding wheels in the cutting machine, can easily cause pinching and cutting accidents	Increased risk in the event of operational errors or equipment maintenance failures	Serious injuries	Impact on production	Moderate Risks
3.	Electric shock	Scenarios include various stages of electrical work, such as substations, power supply lines, electrical	Exposed wires, defective equipment, failure to wear protective gear	Leakage protection device activated	Injuries and deaths, power outages in some areas of the plant, the plant area	Injury (if improperly treated)	Moderate Risks

		equipment, handheld power tools, and all contact with electrical equipment and power-consuming operations.					
4.	Risk of vessel explosion	Gas Tank Factory Floor, Warehouse	If a gas tank is not inspected regularly or if the pressure interlock device fails, it may result in a physical explosion due to overpressure	Abnormal signal detected from the pressure interlock device	Injury to officers	Affecting other equipment	Moderate Risks
5.	Object Strike	Elevated platforms, underneath equipment, and venues of machinery processing	No skirting boards on platforms, tools placed randomly, and cross work.	Tool or item drop occurs	Injury to officers	/	Moderate Risks
6.	Poisoning/asphyxiation	Heat treatment area, Area for using gas cylinders	Poor ventilation in heat treatment areas, leakage of propane, liquid ammonia, etc.	Officials may encounter dizziness, nausea, vomiting, chest pain, numbness of limbs, impaired consciousness and coma	casualties	Personnel Injury (If improperly treated)	Moderate Risks
7.	Dropping from a high place	Operating platforms of the factory floor, upper part of an equipment, roofs	Working at height without wearing a safety helmet or fastening a safety harness, using a defective work platform, with damaged or weak guardrails	Platform tilt, discomfort	Injury to personnel and inability to complete timely maintenance of equipment and facilities	/	Moderate Risks
8.	Scorch	Welding area, casting process, dewaxing process, heat treatment process and heating process	Contact with high-temperature equipment or workpieces, spatter of welding slag or molten material	Inattentive or unauthorized work, failure to wear protective gear	Injury to officers	/	Moderate Risks
9.	Lubricant-related hazards	Manufacturing factory floor	Lubricant leakage and air mixing can form a flammable aerosol, easy to explode when contacting static electricity or a high temperature ignition source.	Lubricant leakage due to failure to lock valves during air compressor production	Injury to personnel, damage to equipment	/	Moderate Risks
10.	Hazards due to lack of operational procedures	Manufacturing factory floor	Non-compliance behaviors such as operating the cutting machine without goggles and carrying out maintenance at height without seat belts can directly increase the chance of accidents	Inattentive work or unauthorized operation	Finger injuries	/	Moderate Risks

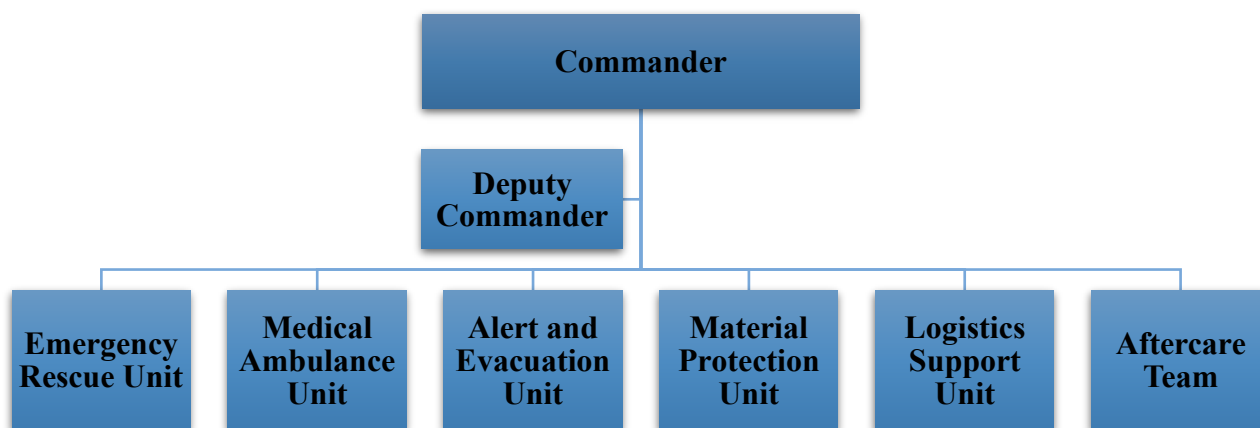
Risk Control Process



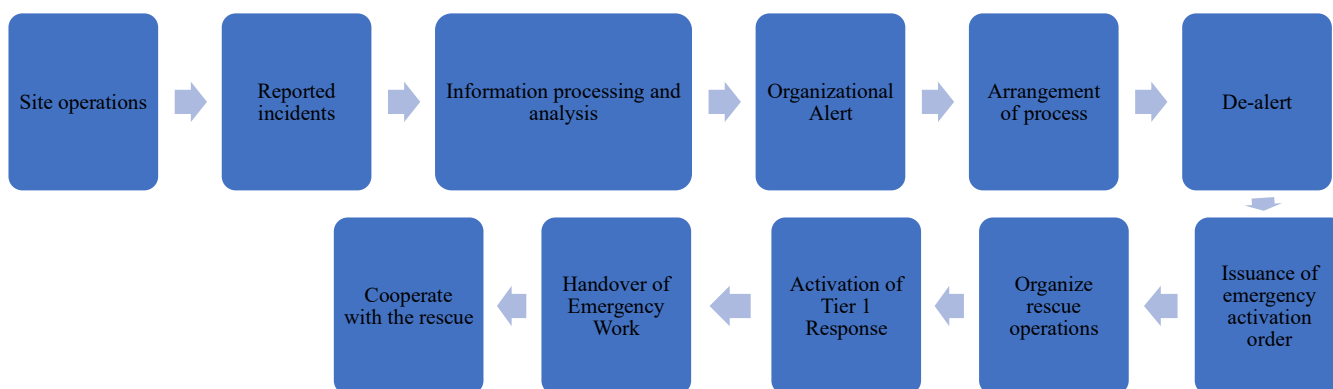
In order to implement risk education and make it easier for employees to understand the concepts of risk classification and control, and to facilitate the practical application of these concepts to their work positions in the future, the outdoor bulletin boards in Lida 's factory are also posted with large notices for visual management, so that employees can find information on the principles and theories of risk control at any time.

At the end of each year, the Production Department is responsible for conducting a statistical analysis of all accidents and incidents that occurred during the year. According to the classification requirements for accidents and incidents, all occurrences are to be categorized and analyzed to identify their root causes. Preventive measures shall be formulated to avoid recurrence of similar events. In 2024, the company did not experience any major incidents related to occupational safety, health, or hygiene, nor did it receive any internal or external complaints or incur any penalties for violations of laws or regulations.

Organizational Structure for Emergency Response



Emergency Response Process



2024 Annual Emergency Response Drills

In response to various occupational accidents and emergency response, the Company has specially prepared the "Measures for the Administration of Contingency Plans for Work Safety Accidents" and distributed it to all employees in the plant area for learning and mastering, so as to enable them to understand more about the way of emergency handling in the event of accidents. In 2024, three fire drills were completed, with a total number of 679 participants, and the total number of hours spent in the drills was 6 hours.

Date of implementation	2024/05/06	2024/07/09	2024/09/25
Drill Items	Annual Fire Drill	Electrical Shock Incident Response Plan	Emergency Evacuation Drill
Content	A general assembly for all employees to train on and familiarize themselves with the emergency response plan. Enhance staff training on basic firefighting knowledge and the use of fire extinguishers to increase self-protection awareness. For key positions and critical areas, the ability of staff to cope with emergencies will be practically upgraded.	Description of the simulation: An electric shock incident occurred when a factory electrician was inspecting the electrical cabinet in the power distribution room. On-site personnel immediately notified the team leader, supervisor, and company physician. Upon arrival, the physician performed emergency first aid on-site. Once the injured worker regained consciousness, an ambulance (dialed via 120) was called to transport the individual to the hospital for further treatment. Through this drill, the emergency response skills and safety awareness of maintenance personnel were effectively strengthened.	Description of the simulation: An employee accident occurred in the Eastern Plant's heat treatment factory floor. On-site personnel immediately reported it to their team leader and supervisor. Upon receiving the report, the supervisor promptly organized other employees to fight the fire. When it became clear the fire was uncontrollable, the supervisor issued an emergency evacuation order. All employees immediately began an urgent evacuation of the site. This exercise trained all employees in emergency evacuation and escape capabilities and enhanced their fire safety awareness.

5.4.5 Healthy Workplace Promotion

Each year, Lida conducts an occupational health examination, including designated health check items, and carries out assessments for occupational hazard factors such as dust, chemical hazards, physical hazards, and specific job types. Based on the examination results, abnormal findings are categorized for graded management. The company also provides employees with personalized health guidance, reinforces health education initiatives, conducts follow-up examinations, and implements improvements to reduce hazard exposure. These measures ensure the continuous management of employee health. In 2024, a total of 679 colleagues received occupational health examinations, and all of the 10 people with abnormalities were reviewed and passed, and no occupational diseases or suspected occupational diseases were detected.

Implementation of the 2024 Annual Health Check

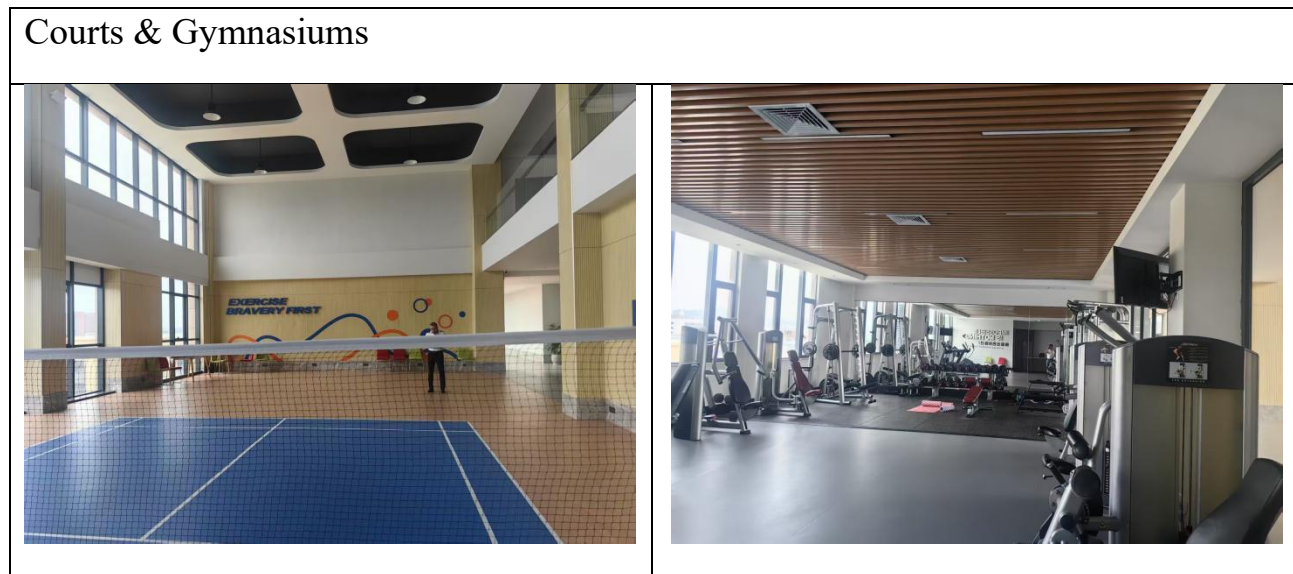
Number of persons to be examined	Actual number of persons to be examined	Tracking situation
679	679	No abnormalities were found in 669 individuals; 10 individuals had other health issues, none of which were related to occupational diseases. All 10 individuals with abnormalities have undergone re-examinations, and all have passed the follow-up assessments.

Occupational Hazards Detection Implementation in 2024

Test Items	Total Inspection Points	Detecting job types	Test Results
Dust and Pollutants	3	Sheet Metal/Painting/Laser Welding	Three locations were tested and the results met the occupational exposure limits.

5.4.6 Health promotion and care for workers

The Company's occupational safety-related announcements and employee health promotion initiatives are posted on the bulletin board from time to time. In 2024, to promote employees' physical and mental well-being and relieve work-related stress, the company provided facilities such as a gym, badminton court, and staff cafeteria for employees to use, aiming to enhance overall health.



5.4.7 Preventing and mitigating occupational safety and health impacts directly related to business relationships

Lida is in the electrical machinery industry, with work environments that include general offices and manufacturing factory floors. Our occupational safety and health personnel diligently investigate and collect information on significant occupational safety and health incidents that have occurred domestically and within our industry. Based on this, we've developed the "Occupational Safety and Health Management Operating Standards" and the "Outsource/Contractor Management Regulations." We also implement routine on-site inspection records for contractors to ensure that workers and the work environment are free from similar issues or related operational risks found in past incidents. If a hazard risk is identified during review, we proceed with hazard identification, countermeasure formulation, countermeasure implementation, and verification and review of implementation results, striving to prevent and mitigate potential hazard risks. For contractors or subcontractors who fail to comply with the company's occupational safety and health regulations and cause harm, immediate corrective action will be required. In addition, the incident will be handled in accordance with established procedures based on the severity of the hazard. When necessary, the party may be blacklisted and excluded from future cooperation.

5.4.8 Statistical analysis of occupational hazards

According to the statistical data and analysis of employee occupational injuries and occupational diseases shown in the table below, there were no cases of occupational injury-related fatalities or occupational diseases among all employees from 2022 to 2024, achieving the goal of zero occupational incidents.

Year of Statistics		2022	2023	2024
Total Working Hours		2,283,056	2,167,072	1,536,336
Fatalities Caused by Occupational Injuries	Number of persons	0	0	0
	ratio	0	0	0
Serious Occupational Injuries (death excluded)	Number of persons	0	0	0
	ratio	0	0	0
Recordable Occupational Injury	Number of persons	0	0	0
	ratio	0	0	0
Fatalities due to Occupational Diseases	Number of persons	0	0	0
	ratio	0	0	0
Recordable Occupational Diseases	Number of persons	0	0	0
	ratio	0	0	0

Note 1: Total working hours refer to the actual total number of hours worked during the year by all employees and non-employees (including overtime hours and excluding all types of leave taken by employees).

Note 2: Serious occupational injuries are injuries resulting in an inability or difficulty for employees to return to their pre-injury state of health within six months, provided that the number of fatalities is excluded.

Note 3: Recordable occupational injuries consist of occupational injuries caused by any of the following conditions, such as death, absence from work, restriction or change of job, exceeding emergency medical treatment, or loss of consciousness, or major injuries diagnosed by a physician or other licensed health care professional (even if not resulting in death, absence from work, restriction or change of job, exceeding emergency medical treatment, or loss of consciousness). They also include number of fatalities and serious occupational injuries, excluding occupational injuries caused by commuting to and from work; this statistic excludes minor injuries (minor workplace injury treated with basic first aid on-site).

Note 4: Occupational diseases include, but are not limited to, musculoskeletal disorders, skin and respiratory disorders, malignant cancers, physical disorders (e.g., noise-induced hearing loss, vibration-induced disorders), and mental disorders (e.g., anxiety, post-traumatic stress syndrome).

Note 5: The ratio of each category is calculated as (number of employees in each category ÷ total number of working hours) x 1,000,000. Since the total number of employees in 2022~2024 exceeds 500, the ratio of 1,000,000 hours is used for calculation.

Appendix I: GRI Index Table

Terms of Use	Lida Holdings Limited, a British Cayman Islands company has reported with reference to the GRI Standards for the period from January 1, 2024 to December 31, 2024				
Used GRI 1	GRI 1: Foundation 2021				
Applicable GRI Industry Standards	The company falls under the Other Electrical and Machinery Industries category as defined by the Market Observation Post System. Currently, GRI has not released specific sector standards for this industry.				
Note	Material topics are marked with an * in front of them				
Topics	Disclosure of items	Item Description	Chapter	Page	Omission/Remarks
GRI 2: General Disclosures 2021					
Organization and Reporting Practices	2-1	Detailed information of the organization	2.1 Company Profile		
	2-2	Entities included in organization sustainability reporting	About this Report		
	2-3	Reporting period, frequency and contacts	About this Report		
	2-4	Information restatement	About this Report		
	2-5	External assurance	About this Report		
Events & Workers	2-6	Events, value chains and other business relationships	2.1 Company Profile		
	2-7	Employees	5.1 Staff Profile		
	2-8	Non-employee workers	5.1 Staff Profile		
Governance	2-9	Governance structure and composition	1.1 Sustainability Strategy / Sustainability Team Organizational Chart 2.2 Business Philosophy and Governance Structure 3.1 Governance Practices		
	2-10	Nomination and selection of top governance units	3.1 Governance Practices		
	2-11	Chairman of the highest governance unit	3.1 Governance Practices		

	2-12	Role of the top governance unit in overseeing impact management	3.1 Governance Practices 3.2 Risk Management		
	2-13	Personnel in charge of impact management	3.1 Governance Practices 3.2 Risk Management		
	2-14	The role of the top governance unit in sustainability reporting	1.1 Sustainable Development Strategy		
	2-15	Conflict of interest	3.1 Governance Practices		
	2-16	Key communication material events	3.1 Governance Practices		
	2-17	Groupthink at the highest level of governance	3.1 Governance Practices		
	2-18	Performance assessment of top governance units	3.1 Governance Practices		
	2-19	Remuneration policy	3.1 Governance Practices		
	2-20	Remuneration decision process	3.1 Governance Practices		
	2-21	Annual total remuneration ratio	--	--	Confidentiality restrictions: Confidential information of the Company
Strategy, Policy and Practice	2-22	Statement of sustainable development strategy	Message from the Chairman		
	2-23	Policy commitments	1.1 Sustainable Development Strategy		
	2-24	Inclusion of policy commitments	1.1 Sustainable Development Strategy		
	2-25	Procedures for remediating negative shock	3.1 Governance Practices 3.2 Risk Management		

	2-26	Mechanism for seeking advice and raising concerns	3.1 Governance Practices		
	2-27	Compliance with laws and regulations	3.4 Regulations Compliance		
	2-28	Membership of the HKSA	2.3 Corporate Honors and Engagement in External Organizations		
Stakeholder Engagement	2-29	Stakeholder engagement approaches	1.3 Stakeholder Communication Channels and Issues of Concern		
	2-30	Organization agreement	5.2. Remuneration and Welfare		Not applicable: The Company has not yet entered into a group agreement
GRI 3: Material Topics 2021					
*Material Topics	3-1	Process for determining material topics	1.4 Identification of Material Topics		
	3-2	List of material topics	1.4 Identification of Material Topics		
*Operational Performance					
GRI 3: Material Topics 2021	3-3	Material topics management	1.4 Identification of Material Topics		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed by the organization	3.5 Operational Performance		
	201-2	Financial impacts of climate change and other risks and opportunities	3.3 Climate-related Financial Disclosure		
	201-3	Defined welfare plan obligations and other retirement plans	5.2 Remuneration and Welfare		
	201-4	Financial assistance from the government	3.5 Operational Performance		
GRI 207: Taxation 2019	207-1	Tax policy	3.5 Operational Performance		

	207-2	Tax governance, control and risk management	3.5 Operational Performance		
	207-3	Stakeholder negotiation and management of tax-related issues.	3.5 Operational Performance		
	207-4	Country reports	3.5 Operational Performance		
*Innovative R&D					
GRI 3: Material Topics 2021	3-3	Material topics management	1.4 Identification of Material Topics		
GRI 416 : Customer Health and Safety 2016	416-1	Assessing health and safety impacts of product and service categories	3.6 Research and Development Innovation 3.9 Sustainable Supply Chain		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.6 Research and Development Innovation		
*Customer Service					
GRI 3: Material topics 2021	3-3	Material topics management	1.4 Identification of Material Topics		
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints of violation of customer privacy or loss of customer information	3.8 Customer Service		
*Green Products/Product Responsibility					
GRI 3: Material topics 2021	3-3	Material topics management	1.4 Identification of Material Topics		
GRI 416 : Customer Health and Safety 2016	416-1	Assessing health and safety impacts of product and service categories	3.6 Research and Development Innovation 4.3 Green Products and Product Responsibility		
	416-2	Violations of health and safety regulations related to products and services	3.4 Regulations Compliance		

GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.6 Research and Development Innovation		
	417-2	Failure to comply with product and service information and labeling regulations	3.4 Regulations Compliance		
	417-3	Incidents of non-compliance with regulations related to marketing and communications	3.4 Regulations Compliance		
* Energy Management					
GRI 3: Material Topics 2021	3-3	Material topics management	1.4 Identification of Material Topics		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2 Energy Management		
	302-2	Energy consumption outside the organization	4.2 Energy Management		
	302-3	Energy intensity	4.2 Energy Management		
	302-4	Reduce energy consumption	4.2 Energy Management		
*Talent Cultivation					
GRI 3: Material Topics 2021	3-3	Material topics management	1.4 Identification of Material Topics		
GRI 404: Training and Education 2016	404-1	Average number of hours of training per employee per year	5.3 Matching Talents with Roles		
	404-2	Staff enhancement and transition assistance programs	5.3 Matching Talents with Roles		
	404-3	Percentage of employees receiving regular performance and career development reviews	5.3 Matching Talents with Roles		
Economic Side					
Market Position					
GRI 202: Market Position 2016	202-1	Ratio of standard pay to local minimum pay for frontline staff of different genders	5.3 Matching Talents with Roles		
	202-2	Proportion of local residents employed at the senior management level	5.1 Staff Profile		
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1	Proportion of procurement expenditure from local suppliers	3.9 Sustainable Supply Chain		

Anti-Corruption					
GRI 205: Anti-Corruption 2016	205-1	Operational sites that have undergone corruption risk assessment	3.4 Regulations Compliance		
	205-2	Communication and training on anti-corruption policies and procedures	3.4 Regulations Compliance		
	205-3	Corruption incidents identified and actions taken	3.4 Regulations Compliance		
Anti-competitive behavior					
GRI 206: Anti-Competitive behavior 2016	206-1	Legal actions involving anti-competitive, antitrust and monopolistic behavior	3.4 Regulations Compliance		
Environmental Aspects					
Water Resources Management					
GRI 303: Water and Discharge 2018 Management Guidelines	303-1	Interaction of shared water resources	4.5 Water Management		
	303-2	Drainage-related impact management	4.5 Water Resources Management		
	303-3	Water intake	4.5 Water Management		
	303-4	Water discharged	4.5 Water Management		
	303-5	Water consumption	4.5 Water Management		
Management of other gas emissions					
GRI 305: Emissions 2016	305-1	Direct (Scope 1) Greenhouse Gas Emissions	4.4 Greenhouse Gas Emission Management		
	305-2	Energy Indirect (Scope II) Greenhouse Gas Emissions	4.4 Greenhouse Gas Emissions Management		
	305-3	Other Indirect (Scope 3) Greenhouse Gas Emissions	4.4 Greenhouse Gas Emissions Management		
	305-4	Greenhouse Gas Emission intensity	4.4 Greenhouse Gas Emissions Management		
	305-5	Greenhouse Gas Emission reduction	4.4 Greenhouse Gas Emissions Management		
	305-6	Destruction of ozone-depleting substances (ODS) emissions	4.4 Greenhouse Gas Emissions Management		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gaseous emissions	4.4 Greenhouse Gas Emissions Management		
Waste Management					

GRI 306: Waste 2020	306-1	Waste generation with significant waste-related impacts	4.6 Waste Management		
	306-2	Management of significant waste-related impacts	4.6 Waste Management		
	306-3	Waste generation	4.6 Waste Management		
	306-4	Disposal and transfer of waste	4.6 Waste Management		
	306-5	Direct disposal of waste	4.6 Waste Management		
Supplier Environmental Assessment					
GRI 308: Supplier Environmental Assessment 2016	308-1	Adoption of environmental standards to screen new suppliers	3.9 Sustainable Supply Chain		
	308-2	Negative environmental shocks in the supply chain and actions taken	3.9 Sustainable Supply Chain		
Social Aspects					
Labor-management relationship					
GRI 401: Employment 2016	401-1	New and departing employees	5.1 Staff Profile		
	401-2	Welfare offered to full-time employees (not including temporary or part-time employees)	5.1 Staff Profile		
	401-3	Parental leave	5.1 Staff Profile		
Labor-Management Communication					
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice period for operational changes	5.2. Remuneration and Welfare		
Occupational Safety and Health					
GRI 403 Occupational Safety and Health:2018	403-1	Occupational Safety and Health Management System	5.4 Occupational Safety and Health		
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Safety and Health		
	403-3	Occupational Health Services	5.4 Occupational Safety and Health		
	403-4	Participation, consultation, and communication with occupational safety and health workers	5.4 Occupational Safety and Health		
	403-5	Occupational Safety and Health Training for Workers	5.4 Occupational Safety and Health		
	403-6	Worker health promotion	5.4 Occupational Safety and Health		

	403-7	Preventing and mitigating occupational safety and health impacts directly related to business relationships.	5.4 Occupational Safety and Health		
	403-8	Workers covered by the Occupational Safety and Health Management System (OSHMS)	5.4 Occupational Safety and Health		
	403-9	Occupational injuries	5.4 Occupational Safety and Health		
	403-10	Occupational disease	5.4 Occupational Safety and Health		
Employee Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance units and employees	3.1.1 Board of Directors 5.1 Staff Profile		
	405-2	Ratio of women's to men's basic salary plus remuneration	5.2 Remuneration and Welfare		
Non-discrimination					
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and improvement actions taken by the organization	5.1.1 Safeguarding Human Rights		
Child labor					
GRI 408: Child Labor 2016	408-1	Significant risks of child labor at operation sites and suppliers	5.1.1 Safeguarding Human Rights		
Forced or compulsory labor					
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operational sites and suppliers with significant risk of forced and compulsory labor incidents	5.1.1 Safeguarding Human Rights		
Security Practices					
GRI 410: Security Practices 2016	410-1	Security officers are trained in human rights policies or procedures.	5.1.1 Safeguarding Human Rights		
Supplier Social Assessment					
GRI 414: Supplier Social Assessment 2016	414-1	Adoption of social standards for screening new suppliers	3.9 Sustainable Supply Chain		
	414-2	Negative social shocks in the supply chain and actions Taken	3.9 Sustainable Supply Chain		

Appendix II: Climate-related information of listed companies

Risks and opportunities for the Company arising from climate change and the measures taken by the Company to cope with them

Item		Company Response			
1.	Describe the board's and management's supervision and governance of climate-related risks and opportunities	<ul style="list-style-type: none"> The Sustainability Committee will regularly report on the Company's response to climate change risks to the Board of Directors, which will supervise the effectiveness of implementation. Lida has established a Sustainable Development Team, chaired by the General Manager, which convenes at least once a year to discuss risks and opportunities arising from climate-related changes and to develop strategies to address their impact on the Company's operations. 			
2.	Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term)	Aspects	Item	Schedule to be impacted	Financial impact on the Company
3.	Describe the financial impacts of extreme climate events and transformational actions	Transition Risks - Market	Customer Behavior Changes	short, medium or long term	As consumers place greater emphasis on environmental and sustainability issues, failure to adjust product and brand strategies in a timely manner may result in a decrease in market share and sales, and the need to invest more resources to meet new market trends and expectations may increase marketing and transition costs.
		Transition Risks - Reputation	Shifting Consumer Preferences - Industry Stigmatization	short, medium or long term	If the industry is recognized as having high carbon emissions or an image of damaging the environment, it may affect the reputation of the company and the confidence of investors, which in turn will lead to fluctuations in stock prices and difficulties in raising capital.
		Physical risk - acuteness	Increased severity of extreme weather events such as typhoons and floods	short, medium or long term	Extreme weather can cause damage to facilities, disruptions to logistics and shutdowns of operations, increasing the cost of repairs, insurance and damages.
		Opportunity-Resource Efficiency	Utilize more efficient production and distribution processes	short, medium or long term	Implementing high-efficiency production and distribution processes can reduce energy and labor costs while improving resource utilization. Although initial investments are required, such measures can enhance profitability and strengthen market competitiveness in the medium to long term.
		Opportunity-Products and Services	Development of new products and services for R&D and innovation	short, medium or long term	R&D innovation can enhance product value-added and market differentiation, drive sales growth and profitability, and attract sustainable investment capital. Although the initial stage requires high R&D costs and time, successful commercialization will create stable revenue and long-term competitive advantages for the brand, and enhance the company's overall financial performance.
			Changing Consumer Preferences	short, medium or long term	Consumers are increasingly choosing brands that are sustainable and socially responsible, giving companies the advantage of product differentiation and brand loyalty. The company can launch products that are in line with the ESG concept.
		Opportunity-Market	Entering new markets	short, medium or long term	Developing new markets helps to diversify existing market risks and expand revenue streams, particularly in emerging markets where there is demand for sustainable products. Although development and marketing resources are required, the potential returns are high. Products that are in line with sustainable trends can help expand market share, attract ESG investment, and increase long-term revenue and brand premium.
			Leveraging Public Sector Incentive Scheme	short, medium or long term	The government provides incentives such as green transition, energy saving, carbon reduction, and R&D subsidies, which, if utilized, can reduce costs, increase the rate of return on capital, enhance financial stability, and increase the speed of transition, as well as obtaining more policy and resource support.

4.	Describe how the process of identifying, assessing and managing climate risk is integrated into the overall risk management system.	<ul style="list-style-type: none"> The Sustainable Development Committee completed the collection of background information on the climate environment and assessed the climate risk in the operation area. Establishing an inventory of climate risk opportunity items, creating an internal operational impact survey questionnaire, and setting strategic goals for implementation based on questionnaire analysis of the magnitude of impact and likely duration of climate-related risk opportunities. In the future, the Board of Directors will report annually on the implementation of ESG risk and climate risk mitigation measures 		
5.	If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors and key financial impacts should be described.	The Company has not yet adopted scenario analysis		
6.	If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage physical and transition risks.	Aspects	Item	Schedule to be impacted
		Transition Risks - Market	Customer Behavior changes	short, medium or long term
		Transition Risks - Reputation	Shifting Consumer Preferences - Industry Stigmatization	short, medium or long term
		Physical risk - acuteness	Increased severity of extreme weather events such as typhoons and floods	short, medium or long term
		Opportunity-Resource Efficiency	Utilize more efficient production and distribution processes	short, medium or long term
7.	If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.	Internal carbon pricing has not implemented yet		
8.	If climate-related targets are set, the organization should disclose the covered events, greenhouse gas emission scopes, target timelines, and annual progress	<ul style="list-style-type: none"> Greenhouse gas (GHG) emissions are projected to decrease by 3% in 2025, 10% in 2030, and 15% in 2040 compared to the base year of 2024. Expected to be compliant with ISO 14064-1 by 2025: In accordance with the 2018 verification standards, a voluntary GHG emissions inventory was conducted to accurately assess the Company's GHG emissions. This enabled the development and proposal of feasible GHG reduction measures. Carbon offsets or renewable energy certificates (RECs) have not yet been used to offset carbon credits 		

<p>toward achieving the targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the source and amount of the offsets, as well as the number of RECs used, should also be specified.</p>	
<p>9. Greenhouse Gas Inventory and Confirmation Status and Reduction Goals, Strategies and Specific Action Plans (also in 1-1) and (1-2).</p>	<p>As the table below</p>

1-1 Greenhouse Gas Inventory Information

The most recent two years of greenhouse gas emissions (metric tons CO₂e), intensity (metric tons CO₂e/million NTD), data coverage, and assurance status.

Category	2023		2024		Description of the assurance provider and the assurance engagement (Assurance Statement)
Scope I	Total Emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million NTD)	Total Emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million NTD)	Assurance not yet been implemented
Group	552.0825	0.1094	652.3289	0.1796	
Scope II	Total Emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million NTD)	Total Emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million NTD)	
Group	5,578.6712	1.1057	4,531.6069	1.2476	

Note: The annual revenue in 2023 is NT\$5,045.54 million; The annual revenue in 2024 is NT\$3,632.15 million.

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

Describe the base year of GHG reduction and its data, reduction targets, strategies and specific action plans and achievement of reduction targets.

Emission Reduction Targets	Strategic Actions	Program Schedule
<p>Comparison to the base year 2024</p> <p>Greenhouse gas (GHG) emissions are projected to decrease by 3% in 2025, 10% in 2030, and 15% in 2040 compared to the base year of 2024.</p>	<ul style="list-style-type: none"> - Optimize the production process to avoid idle or inefficient operation and reduce inefficient consumption. - Implementing a contingency strategy for peak and valley tariffs, and adjusting production plans to reduce the proportion of electricity used during peak hours. - Regular maintenance of critical equipment to avoid increased energy consumption due to aging - The plant is equipped with a photovoltaic power generation system, which provides clean power for production facilities and reduces reliance on the traditional power grid. - Turn off the power of computers, printers and other equipment when they are not in use; equipment that has been idle for more than 2 hours should be completely disconnected from the power supply and standby energy consumption should be reduced. - Strictly control the air-conditioning temperature above 26°C, and turn off the air-conditioning when the personnel leave for half an hour, so as to reduce the ineffective operation time. - Implementing a paperless office and reducing the use of paper materials by sending documents through sharing platforms or emails - Prioritize suppliers with national energy-saving certifications (e.g. China Energy Label Efficient Class 1) and verify their business licenses, technology patents and other qualification documents to ensure compliance and technical reliability. • To create a strong green culture within the enterprise and to enhance employees' sense of participation and responsibility through publicity materials and activities. Encourage staff to put forward energy saving proposals and participate in energy saving and emission reduction measures 	2024-2040
The Company expects to disclose the status of achievement from 2025 onward, with 2024 as the base year.		