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DARFON ELECTRONICS CORP.

2024 Annual Report

Printed on March 20, 2025

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

1. Spokesperson and Deputy Spokesperson

Spokesperson

Name: Gavin Lin

Title: CFO

Tel: 886-3-2508800

E-mail: Investor@Darfon.com

Deputy Spokesperson

Name: Frank Su

Title: Director of Chairman office

Tel: 886-3-2508800

E-mail: Investor@Darfon.com

2. Headquarters, Branches and Plants

Headquarters: No.167-1, Shanying Road., Guishan District, Taoyuan City, 333 Taiwan (R.O.C.).

Tel: 886-3-2508800

Taoyuan Plant: No.167, Shanying Road., Guishan District, Taoyuan City, 333 Taiwan (R.O.C.).

Tel: 886-3-2508800

Tainan Plant: No. 21, Gongye 2nd Road, Annan District, Tainan City, 709 Taiwan (R.O.C.).

Tel: 886-6-5108800

3. Stock Transfer Agent

Name: Stock Affairs Department of Taishin Securities Co., Ltd.

Address: B1, No.96, Section 1, Jianguo North Road, Zhongshan District, Taipei City, 104 Taiwan (R.O.C.).

Website: <https://www.tssco.com.tw>

Tel: 886-2-2504-8125

4. Auditors

Auditors: Shih-Tsung Hsu, Tzu-Chieh Tang

Name: KPMG International Accounting Firm

Address: Taipei 101 Tower, 68F, No.7, Sec. 5, Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Website: www.kpmg.com.tw

Tel.: 886-2-81016666

5. Overseas Securities Exchange: None

6. Corporate Website

www.Darfon.com.tw

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I. Letter to Shareholders

Upholding our commitment to prudent management, Darfon actively responded to market fluctuations and strengthened its competitiveness to ensure the company's long-term development and value growth. The global economy was still affected by stagflation, with countries recovering at different paces. Heightened geopolitical tensions and the deepening of dual supply chains disrupted the operational efficiency of multinational enterprises. Although the rapid rise of AI created new opportunities in servers and AI PCs, the bicycle industry remained in an inventory adjustment phase, and terminal demand had not fully recovered. Against this backdrop, the company responded cautiously through optimized product portfolio management and improved operational efficiency. Darfon's consolidated revenue for 2024 was NTD 21.7 billion, a 16% decline compared to the previous year. Nevertheless, with continuous improvement in product mix and cost optimization, gross margin rate improved steadily. Net profit after tax attributable to the shareholders of the parent company was NTD 619 million, with earnings per share of NTD 2.22.

In terms of operations and sales, the global notebook market gradually stabilized, recovering from post-pandemic corrections. Demand rebounded, particularly from the education and consumer segments, while the gaming notebook segment gained momentum. Brands also actively launched AI-enabled laptops, creating new growth opportunities. In the IT peripheral segment, Darfon continued to focus on high-value-added products such as backlight and touch solutions, while strictly controlling operating expenses to sustain gross margin rate improvement. The component business concentrated on deepening core technologies, developing niche products, and expanding diversified sales channels to enhance competitiveness. The green energy business remained centered on E-Bikes and E-Mobility, with the frame and lithium battery pack as the core components. Close collaboration among subsidiaries ensured timely insights into market trends and consumer needs, accelerating inventory normalization and strengthening customer relationships to seize early market opportunities upon economic recovery. In 2024, Darfon completed a significant strategic investment in Grofa Action Sports GmbH, a premium distributor in Europe. This marked our first acquisition in Europe since launching our strategic alliance program in 2018. Grofa will assist in building Darfon's European E-Mobility distribution platform, creating synergies with both existing brands and OEM businesses, and enhancing overall competitiveness.

On the management front, in response to structural changes in global supply chains, the company advanced its "China+" short-chain strategy, with proactive expansion into manufacturing bases in Southeast Asia and Europe. This strategic shift promotes diverse manufacturing, smart factory implementation, and localized services to improve supply chain agility while reducing cross-border logistics-related carbon emissions, fulfilling our corporate social responsibility. By leveraging regional complementarities and cross-industry synergies within the Group, we continue to build a synergistic business platform to boost resilience and operational efficiency. Innovation in smart and green energy technologies remains a core development focus. We invest approximately 5% of annual revenue in R&D and have accumulated over a thousand patents worldwide to secure our technology leadership and lay the foundation for future growth.

Darfon continues to fulfill its ESG responsibilities by promoting green manufacturing, building a responsible supply chain, and fostering an inclusive and friendly workplace to attract and cultivate talent while giving back to society. In ESG performance, the company received several accolades, including the "Top 100 Taiwan Sustainable Exemplary Enterprises Award" and "Sustainability Report – Gold Award for Electronics Manufacturing" from the Taiwan Corporate Sustainability Awards (TCSA), and the "HR Asia – Best Companies to Work for in Asia Award" for the fourth consecutive year. Darfon was also selected for the first time in 2024 as one of the "Top 100 Taiwan Companies Chosen by Foreign Investors," organized by the Taiwan Institute of Directors, further recognizing our excellence in corporate governance, competitiveness, product innovation, and sustainability.

Looking ahead to 2025, AI and digital transformation will continue to evolve, enhancing operational efficiency and driving business model innovation. After undergoing adjustments, demand in the European and American bicycle and e-bike markets is expected to gradually recover, bringing new opportunities to the industry. In the face of macroeconomic and geopolitical uncertainties, Darfon will continue to drive Group growth through dual engines—smart technology and green energy—strengthening its global presence through both organic expansion and strategic acquisitions. The company remains committed to value transformation to ensure long-term development and sustainable operation.

We sincerely thank our shareholders for your continued support and encouragement. The management team and all employees will remain dedicated to creating greater value for our shareholders and the company, as we move toward a more robust and innovative future together.

Sincerely yours,

Andy Su
Chairman & CEO

Josh Tsai
General Manager

Gavin Lin
CFO

II. Corporate Governance Report

2.1 Information of Directors, Independent Directors, President, Vice President, Associated Managers and Management Team of Each Department and Divisions

2.1.1 Directors and Independent Directors:

2.1.1.1 Information of Directors and Independent Directors

March 31, 2025 (Unit: Shares, %)

Title	Nationality / Place of Registration	Name	Gender /age	Date Effective	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Andy Su	Male 61~70	June 13, 2024	3	August 26, 1999	4,058,447	1.45	4,058,447	1.45	910,000	0.32	0	0.00	EMBA, National Cheng Chi University Assistant Vice President of BenQ Corp.	CEO, Darfon Electronics Corp. Chairman, Unictron Technologies Corp. Chairman, Astro Tech Co., Ltd. Chairman, Darfon Energy Technology Corp. Chairman, Darad Innovation Corp. Chairman, Iron Ore Company Limited Director, BenQ Foundation	None	None	None	Note
Director	R.O.C	Qisda Corp.	Male 61~70	June 13, 2024	3	April 30, 1997	58,004,667	20.72	58,004,667	20.72	0	0.00	0	0.00	Honor Ph. D, National Cheng Kung University M.D., Technology Management, National Cheng Chi University EMBA, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University President, Qisda Corp.	Chairman/CEO, Qisda Corp. Chairman, BenQ Medical Tech. Corp. Chairman, DFI Inc. Vice Chairman, Alpha Networks Inc. Chairman, Partner Tech Corp. Director, Hitron Technologies Inc.	None	None	None	-
		Peter Chen				March 8, 2001	294,693	0.11	294,693	0.11	0	0.00	0	0.00		Director, BenQ Materials Corp. Director, BenQ Corp. Director, BenQ BM Holding Cayman Corp. Chairman, BenQ Foundation	None	None	None	-
Director	R.O.C	Qisda Corp.	Female 51~60	June 13, 2024	3	April 30, 1997.	58,004,667	20.72	58,004,667	20.72	0	0.00	0	0.00	EMBA, National Taiwan University MBA, California State University, Fullerton Financial Assistant Vice President of Finance, Qisda corp. CFO, Daxon Technology Inc.	CFO, Qisda Corp. Group. Director, Alpha Networks Inc. Director, Metaage Corp. Director, Data Image Corp.	None	None	None	-
		Jasmin Hung				August 30, 2019	26,637	0.01	26,637	0.01	0	0.00	0	0.00		Director, Topview Optronics Corp. Director, BenQ Corp. Director, BenQ Foundation Director, BenQ BM Holding Cayman Corp.	None	None	None	-
Director	R.O.C	Josh Tsai	Male 51~60	June 13, 2024	3	June 24, 2015	519,271	0.19	519,271	0.19	0	0.00	0	0.00	Ph D, Mechanical Engineering, National Chiao Tung University Executive Vice President of Darfon Electronics Corp..	President, Darfon Electronics Corp. Director, Astro Tech Co., Ltd. Director/President, Darfon Energy Technology Corp. Chairman, TD HiTech Energy Inc. Director President, Darad Innovation Corp. Director, Kenstone Metal Co., Ltd.	None	None	None	-
Independent Director	R.O.C	Stan Hu	Male 61~70	June 13, 2024	3	June 24, 2015	0	0.00	0	0.00	0	0.00	0	0.00	M.D., Accounting, New York State University. Manager, Solomon & Co., CPAs Director, Forhouse Corp.	Partner Accountant, YZ CPA.	None	None	None	-

Title	Nationality / Place of Registration	Name	Gender /age	Date Effective	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Kelvin Lee	Male 71~80	June 13, 2024	3	August 24, 2021	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D., Electrical Engineering, National Taiwan University Vice president of Acer Inc. Vice president of Qisda Corp.	None	None	None	None	-
Independent Director	R.O.C	Nelson Lee	Male 71~80	June 13, 2024	3	June 24, 2015	0	0.00	0	0.00	0	0.00	0	0.00	PhD, Department of Agriculture, National Taiwan University MBA, Wharton School of the University of Pennsylvania M.D., The Moore School of Electrical Engineering and Computer Science, Pennsylvania State University BBA, National Taiwan University Independent Director, Easy Field Corp. Chairman, Optoma Corp. President, Coretronic Corp. EVP, Universal Furniture Ltd. CEO, Asia Pacific of Formica Corp. Chairman, Taiwan Arboriculture Society Chairman, Taiwan Green Roof & Green Wall Association	Chairman, Treegarden Corporation Chairman ,Taiwan Biochar Industry Organization	None	None	None	-
Independent Director	R.O.C	Kuang-Yao Chang	Male	June 13, 2024	3	June 13, 2024	0	0.00	0	0.00	0	0.00	0	0.00	B.S., Computer and Control Engineering , National ChiaoTung University Manager of Acer Inc. Chairman of Kuang Chien Computer Co. Ltd. Deputy Mayor of Taichung City	Taiwan National Policy Advisor to the President. Director, Kuang Chien Computer Co. Ltd. Director, Great Eastern Resins Industrial Co., Ltd. Independent Director, Powertech Technology Inc. Independent Director, Max Echo Technology Corp.	None	None	None	-

Note: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a Company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measure adopted in response thereto must be disclosed. (such as addition of independent directors' number, and actions when more than half of directors are not concurrently serving as employees or managers, etc.): The chairman of the Company concurrently serves the position of CEO, because of his working and corporate governance experience in fields, such as industry knowledge, operational judgement, and corporate management. Chairman shows obvious benefit to Company by corporate governance implementation and management, ability to improve decision-making and to strengthen Company operation. By such competence, chairman can timely provide professional advice to board of directors. Audit committee was implemented in 2007 in order to strengthen independence of the board, there are four independent directors in the Board of directors and the number of the independent director reaches half of the number of the directors, and number of the directors who are also Company employees is less than one-third of the board members. Moreover, all board members are required to take professional courses by external institutions in order to maintain board operations.

2.1.1.2 Major shareholders of the Corporate Shareholders

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders	
	Name	Percentage (%)
Qisda Corporation	AU Optronics Corp.	12.20
	Acer Incorporated	4.21
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.89
	Konly Venture Corp	2.60
	Darfon Electronics Corp.	2.07
	Chunghwa Post Co., Ltd.	1.39
	Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	0.99
	Citi Bank (Taiwan) in custody for the investment account of Poluning Development National Fund Co., Ltd	0.95
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	0.92
	Dongmu Association	0.89

Note: Qisda Corp. is major shareholder, and it's based on shareholder name list as of the book closure date on March 31, 2025.

2.1.1.3 Major shareholders of the Company's major Corporate Shareholders

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders	
	Name	Percentage (%)
AU Optronics Corp. (Note1)	Qisda Corporation	6.90
	Trust Holding for Employees of AUO Corporation	5.46
	Quanta Computer Inc.	4.61
	Yuanta Taiwan Dividend Plus ETF	4.00
	ADR of AUO Corporation	2.38
	New Labor Pension Fund	1.65
	Nan Shan Life Insurance Co., Ltd.	1.56
	Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1.12
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.96
	Government of Singapore	0.88
ACER Inc. (Note2)	Yuanta/P-shares Taiwan Dividend Plus ETF	5.23
	Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.65
	Hung Rouan Investment Corp.	2.42
	United Taiwan High Dividend Recovery 30 ETF	1.85
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.33
	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1.21
	Stan Shih	1.15
	Taiwan Cooperative Bank	1.15
	Acer GDR	0.90
	Rongxin Management Consulting Co., Ltd.	0.75
	Rongan Management Consultants Co., Ltd.	0.75
Konly Venture Corp. (Note 3)	AU Optronics Corp.	100
Chunghwa Post Co., Ltd. (Note 4)	Ministry of Transportation And Communications	100

Note 1: Source of information for AU Optronics Corp.is recorded as of the book closure date of AU Optronics Corp. on April 1, 2024

Note 2: Source of information for ACER Inc.is recorded as of the book closure date of ACER Inc. on March 31, 2025.

Note 3: Source of information for Department of Commerce, MOEA.

Note 4: Source of information for Department of Commerce, MOEA.

2.1.1.4 Professional qualifications and independence condition of directors and independent directors

Condition Name	Professional qualification and work experience	Independence condition	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Andy Su	<p>Andy, taking over as president since 1999 and then serving as CEO up to now, has led the Company for 20 years. He is great at innovative research and development and integration technology, and leading the group generate profit and improving business sustainable competitiveness by product diversification strategy.</p> <p>When Company, that started to engage in laptop keyboard, MLCC integrated components and Inverter, went through the vicissitudes of keyboard industry. Andy headed the Company transforming to build the new brand BESV (E-Bike). When facing the highly competitive market from two bike companies in Taiwan, under his leadership, Company has still persistently positioned high-end brand to snatch global e-bike market, then been successful in penetrating Netherland, Germany, Japan, and other overseas markets.</p>	Incumbent CEO, Darfon Electronics Corp.	None
Representative of Qisda Corporation : Peter Chen	<p>Peter was president of BenQ Corp. and Qisda Corp.</p> <p>When being BG Head in Digital Media Business Group, he took over the product of digital cameras, and redefined product as well as market position. After that, he succeeded as the supervisor in Technology Product Center and was responsible for research, purchasing, marketing, after-sales service and logistics management. He has devoted himself to different product lines in years, and gained diverse management experience.</p>	Incumbent Chairman and CEO, Qisda Corp.	None
Representative of Qisda Corporation : Jasmin Hung	<p>Jasmin, graduating from National Taiwan University EMBA, is currently Group CFO of Qisda Corp. she is adept at leadership and decision-making, operational judgement, corporate management, risk management, industry knowledge and view of global market,</p>	Incumbent CFO, Qisda Corp. group.	None
Josh Tsai	<p>Josh has a PhD in Mechanical Engineering, National Chiao Tung University.</p> <p>He joined Darfon in 1998. In recent years, he not only adopts at mechanism design, but also possesses extensive experience in electronic products marketing. Moreover, Josh enhances the business attractiveness for Company. Thus, he plays an important role in long-term development of Company.</p>	Incumbent President, Darfon Electronics Corp.	None
Independent Director Stan Hu	<p>Stan is CPA in Yangtze CPAs and director in NACVA Taiwan. Stan, an instructor in Chaoyang University of Technology and Tunghai University, has both CPA Certifications in Republic of China and the USA, and possesses five or more years of work experience required for the Company's business.</p>	1. Not an employee, a director or supervisor of the Company or any of its affiliates of the Company; including independent director himself/herself, spouses or second degree of kinship.	None

Condition Name	Professional qualification and work experience	Independence condition	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Kelvin Lee	Kelvin Lee was as an Executive director of Taiwan R&D Manager Association; Kelvin has a Certificate of Professional Engineer Certificate from Ministry of Economic Affairs. He was Vice President of R&D, CTR in Qisda. He successfully established Acer Display Technology, Inc., and worked as Vice President of R&D in Acer Display. After Acer Display merged with Unipac Optoelectronics and became AU Optronics Corp., he worked as CTO in Qisda. He has a great deal of experience in optoelectronics industry for more than 30 years, is familiar with the industry and market trend, and possesses five or more years of work experience required for the Company's business.	2. Not holding shares of the Company including independent director himself/herself, spouses, second degree of kinship or held by the person under others' names. 3. During the two years before being elected or during the term of office, an independent director of a public Company may not have been or be any of the following: (1) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. ° (2) If a majority of the Company's director seats or voting shares and those of any other Company are controlled by the same person: a director, supervisor, or employee of that other Company. (3) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.	None
Independent Director Nelson Lee	Nelson is present chairman of Treegarden Corp. and Taiwan Biochar Industry Organization. As a manager in multinational Company, and president and chairman in technology Company, he took charge of international business in the past. Currently, he dedicates to tree industry, introduces foreign practices and arborist system, and helps to enact and implement Tree Protection Chapter of Forestry Act. Moreover, he possesses five or more years of work experience required for the Company's business.	(4) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified Company or institution that has a financial or business relationship with the Company.	None
Independent Director Kuang-Yao Chang	At present, he is serving as a director of Kuang Chien Computer Co., Ltd. Also, he used to be the national policy advisor of the Presidential Office, deputy mayor of Taichung City, and chairman of the Taichung Industrial Park Manufacturers Association. He founded Kuang Chien Computer Co., Ltd. in 1983 and has been focusing on the research and development and production of electronic production equipment for more than 40 years. He has more than five years of work experience in business, finance, and corporate affairs.	4.A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that, do not provide any commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in recent 2 years.	2

Note : All directors of Company are not under conditions defined in Article 30 of the Company Act.

2.1.1.5 Diversity and independence of the Board of Directors:

2.1.1.5.1 Diversity of the Board of Directors:

① Member diversification is considered by the Board members according to Company's "Corporate Governance Principles." Aside from the need of operation, governance, and future development, managerial directors are not exceeding one-third of the members. The Board objectively chooses candidates to meet the goal of member diversification, such as but not limited to:

1. Basic qualifications and value, including gender, age, nationality, cultures, etc.
2. Professional knowledge and skills, including professional background, skills, business experience, etc.

Management Target	Achievement
At least one female director seat	Done
At least one-third of directors and independent directors have expertise in industry or technology or technology and business management	Done
The director who is also the manager of the Company should not exceed one-third of the number of directors	Done
Establish more independent director seats than required by law	Done

The Board objectively chooses candidates to meet the goal of member diversification, composed of experts in different areas of expertise, by considering the structure of operation, business development and future development, as well as focusing diversity. In order to achieve the Company's governance ideal goal, the Board of Directors as a whole should have the following capabilities: (a) leadership decision-making ability, (b) operational judgement ability, (c) business management ability, (d) crisis management ability, (e) industry knowledge, (f) international market outlook, (g) legal affairs ability, etc.

② The implementation of diversity among the members of the Board of Directors of the Company:

Name	Title	Gender	Independent Directors term of office			Professional skills and knowledge				Age			Employee
			Less than 3 years	3-9 years	More than 9 years	Industry or technology	Business management	Sustainable environment	Law, Finance or Accounting	51-60	61-70	71-80	
Andy Su	Chairman	M				✓	✓				✓		✓
Peter Chen	Director	M				✓	✓				✓		
Jasmin Hung	Director	F				✓	✓		✓	✓			
Josh Tsai	Director	M				✓	✓			✓			✓
Stan Hu	Independent director	M			✓	✓	✓		✓		✓		
Kelvin Lee	Independent director	M		✓		✓	✓					✓	
Nelson Lee	Independent director	M			✓	✓	✓	✓				✓	
Kuang-Yao Chang	Independent director	M	✓			✓	✓					✓	

③ Among all Board members, all of the directors are good at leadership and decision-making, operational judgement, corporate management, risk management, industry knowledge and view of global market. We have directors with contribution in public welfare, Andy Su, Peter Chen and Jasmin Hung. We have Jasmin Hung and Stan Hu good at law, finance or accounting, and while the other four independent directors are expertise in individual field. Stan Hu is Chairman of China Intangible Assets and Enterprise Evaluation Association, Kelvin Lee worked as vice president of Acer Incorporated and Qisda Corporation Nelson Lee is the Chairman of Taiwan Biochar Industry Organization, and Kuang-Yao Chang used to be the national policy advisor of the Presidential Office, deputy mayor of Taichung City. The percentage of directors who serve managerial role in the Company is 25%, independent directors of 50%, female directors of 12.5%. Total 6 seats of the directors' age are above 61 years old, and 2 directors are aged 51-60 year-old.

Among Independent directors, Stan Hu and Nelson Lee have been appointed for a term of more than nine years. Stan Hu is a professional accountant with extensive work experience in professional fields such as financial and taxation, he is familiar with relevant laws and corporate governance and will be able to fully contribute the expertise; Nelson Lee has professional knowledge and many years of corporate management and industry experience, he is able to provide important advice to the company for industrial development and operation management. In order to meet the needs of the company's strategy and consider the overall diversity of board members, the Board of Directors appointed Stan Hu and Nelson Lee as independent director to provide supervision and professional advice to the Board of Directors when exercising their duties as independent directors through their expertise.

④ Reasons for the number of female directors not reaching one-third of the board seats and measures taken: One female board seat has been set up in 2024, and plans are being made to investigate gender equality and increase the number of female directors in the future.

2.1.1.5.2 Independence of the Board of Directors:

The Company re-elected directors at the 2024 regular shareholders' meeting and added an independent director. The Board of Directors of the Company consists of eight directors, of which four are independent directors (50% of all directors). The Board of Directors is independent without any spouse or second degree of kinship between directors. The Board of Directors is independent.

2.1.2 Information of President, Vice President, Associated Manager, and Management Team of each Department and Branches:

March 31, 2025 (Unit: Shares, %)

Title (note1)	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C.	Andy Su	Male	November, 2018	4,058,447	1.45	910,000	0.32	0	0.00	EMBA, National Cheng Chi University Assistant VP of BenQ Corp.	Chairman, Unictron Technologies Corporation Chairman, Astro Tech Co., Ltd. Chairman, Darfon Energy Technology Corp. Chairman, Darad Innovation Corporation Chairman, Iron Ore Company Limited Director, BenQ Foundation	None	None	None	Note2
President	R.O.C.	Josh Tsai	Male	November, 2018	519,271	0.19	0	0.00	0	0.00	Ph D, Mechanical Engineering, National Chiao Tung University Executive V.P., Darfon Electronics Corp..	Director, Astro Tech Co., Ltd. Director/President, Darfon Energy Technology Corp. Chairman, TD HiTech Energy Inc. Director/President, Darad Innovation Corp. Director, Kenstone Metal Co., Ltd.	None	None	None	-
Vice President	R.O.C.	James MH Chiang	Male	August, 2009	16,000	0.01	135,734	0.05	0	0.00	M.D., Business Management, University of Northern Virginia	Director, Astro Tech Co., Ltd. Director, TD HiTech Energy Inc.	None	None	None	-
Vice President	R.O.C.	Milton Lai	Male	November, 2016	10,000	0.00	0	0.00	0	0.00	M.D., Business Management, National Cheng Kung University	Director, Darad Innovation Corp. Director, Iron Ore Company Limited	None	None	None	-
Vice President	R.O.C.	Dean Lin	Male	March, 2006	1,403,151	0.50	83,832	0.03	0	0.00	EMBA, National Cheng Chi University V.P., BenQ Material Corp.	Chairman, Kenstone Metal Co., Ltd.	None	None	None	-
V.P., Advanced Technology	R.O.C.	ZC Jou	Male	November, 2018	58,927	0.02	879	0.00	0	0.00	Ph D., Material, University of Utah	None	None	None	None	-
V.P, IT Peripheral	R.O.C.	Chris Wang	Male	March, 2021	43,308	0.02	166	0.00	0	0.00	EMBA, Chinese Culture University	Director,Unictron Technologies Corporation	None	None	None	-
Vice President	R.O.C.	Jery Lin	Male	October, 1999	1,209,429	0.43	0	0.00	0	0.00	M.D., Technology Management of National Chiao Tung University Manager of BenQ Corp..	Director, Iron Ore Company Limited Supervisor, Astro Tech Co., Ltd. Supervisor, Darfon Energy Technology Corp. Supervisor Darad Innovation Corporation	None	None	None	-
CFO Accounting manager	R.O.C.	Gavin Lin	Male	August, 2023	0	0.00	0	0.00	0	0.00	M.D., College of Management, Fu Jen Catholic University	Chairman, Darfon Gemmy Corp. Supervisor, Kenstone Metal Co., Ltd.	None	None	None	-

Note1: Those who currently serve in their respective positions on the publication date of the Annual Report.

Note2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a Company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measure adopted in response thereto must be disclosed. (such as addition of independent directors' number, and actions when more than half of directors are not concurrently serving as employees or managers, etc.) The chairman of the Company concurrently serves the position of CEO, because of his working and corporate governance experience in fields, such as industry knowledge, operational judgement, and corporate management. Chairman shows obvious benefit to Company by corporate governance implementation and management, ability to improve decision-making and to strengthen Company operation. By such competence, chairman can timely provide professional advice to board of directors. Audit committee was implemented in 2007 in order to strengthen independence of the board, there are four independent directors in the Board of directors and the number of the independent director reaches half of the number of the directors, and number of the directors who are also Company employees is less than one-third of the board members. Moreover, all board members are required to take professional courses by external institutions in order to maintain board operations.

Note3: Managing officers concurrently serve on affiliates in mainland China, please refer to "Directors, supervisors and presidents of affiliates" page 5 in 2024 Consolidated Business Report of Affiliates.

2.1.3 Compensation of Directors, Independent Directors, President, and Vice Presidents

2.1.3.1 Compensation of Directors and Independent Directors

Unit: NT\$ thousands; %

Title	Name	Remuneration								Amount and ratio of sum of Items (A+B+C+D) to profit (%)		Compensation received by directors who is an employee of the Company								Amount and ratio of sum of items (A+B+C+D+E+F+G) to net income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary		
		Compensation (A) (Note1)		Pension upon Retirement (B)		Director's Remuneration (C) (Note2)		Business execution Expenses (D) (Note3)				Salary, Bonuses, and special expenses (E) (Note4)		Pension upon Retirement (F)		Employee's Remuneration (G) (Note5)								
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	Companies in the consolidated financial statements			
General Directors	Chairman	Andy Su		4,453	5,953	0	0	233	233	220	401	4,906 0.79%	6,587 1.06%	45,636	66,810	0	0	15,000	0	21,947	0	65,542 10.60%	95,344 15.41%	None
	Director	K.Y. Lee(Note)																						
	Director	Josh Tsai																						
	Corporate Director Representative	Qisda Corp., Peter Chen																						
	Corporate Director Representative	Qisda Corp. Jasmin Hung																						
Independent Directors	Independent Director	Neng-Pai Lin(Note)		5,500	5,500	0	0	2,074	2,074	240	240	7,814 1.26%	7,814 1.26%	0	0	0	0	0	0	0	7,814 1.26%	7,814 1.26%	None	
	Independent Directors	Kelvin Lee																						
	Independent Director	Nelson Lee																						
	Independent Director	Stan Hu																						
	Independent Director	Kuang-Yao Chang(Note)																						
Corporate Director	Qisda Corp.	2,000	2,000	0	0	1,037	1,037	0	0	3,037 0.49%	3,037 0.49%	0	0	0	0	0	0	0	0	3,037 0.49%	3,037 0.49%	None		

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: Compensation for Company Directors have been authorized for distribution by the Board of Directors pursuant to the Company's Articles of Incorporation, based on individual Director's level of participation and contributions to Company operations, and have been paid pursuant to the "Compensation Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry standards. When earnings are present, compensation for Company Directors have been authorized for distribution by the Board of Directors pursuant to the Article 19 of Company's Article of Incorporation, no more than 1% of the remaining profit for distribution to directors as remuneration. The remuneration may be approved by the Board of Directors and reported to the shareholders' meeting.

2. In addition to the information disclosed in the table above, has any Director of the Company provided services to any of the companies included in the Financial Statements and received compensation for such services (e.g. parent Company/Companies in the consolidated financial statements/ provided consultation services in a non-employee capacity for an Invested Company): None

Note: The Company re-elected the Board of Directors on June 13, 2024, Director K.Y. Lee and Independent Director Neng-Pai Lin were removed on June 13, 2024 and Independent Director Kuang-Yai Chang was newly appointed on June 13, 2024.

2.1.3.1.1. Table of compensation ranges

Compensation range for each Director	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Peter Chen Jasmin Hung K.Y. Lee Neng-Pai Lin	Peter Chen Jasmin Hung K.Y. Lee Neng-Pai Lin	Peter Chen Jasmin Hung K.Y. Lee Neng-Pai Lin	Peter Chen Jasmin Hung K.Y. Lee Neng-Pai Lin
NT\$ 1,000,000 ~ NT\$1,999,999	Kelvin Lee Nelson Lee Kuang-Yao Chang Josh Tsai	Kelvin Lee Nelson Lee Kuang-Yao Chang Josh Tsai	Kelvin Lee Nelson Lee Kuang-Yao Chang	Kelvin Lee Nelson Lee Kuang-Yao Chang
NT\$ 2,000,000 ~ NT\$3,499,999	Andy Su Stan Hu Qisda Corp.	Stan Hu Qisda Corp.	Stan Hu Qisda Corp.	Stan Hu Qisda Corp.
NT\$3,500,000 ~ NT\$4,999,999	-	Andy Su	-	-
NT\$5,000,000 ~ NT\$9,999,999	-	-	-	-
NT\$10,000,000 ~ NT\$14,999,999	-	-	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-	Josh Tsai	Josh Tsai
NT\$30,000,000~ NT\$49,999,999	-	-	Andy Su	-
NT\$50,000,000 ~ NT\$99,999,999	-	-	-	Andy Su
Over NT\$100,000,000	-	-	-	-
Total	11 (1 Corporate Director included)	11 (1 Corporate Director included)	11 (1 Corporate Director included)	11 (1 Corporate Director included)

Note1: Refers to compensation for Directors in 2024, including salaries, job allowance, severance pay, bonuses, and performance fees.

Note2: Refers to Directors' remunerations, approved by the Board of Directors on March 3, 2025.

Note3: Refers to Directors' business execution expenses in 2024, including transport fees, special expenses, various subsidies, accommodations, or company vehicles and other physical items, etc.

Note4: Refers to compensation for Directors who also served as President, Vice President, other managers or employees in 2024 including salaries, job remuneration, severance pay, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, company vehicles, and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note5: Refers to employees' remuneration, including stock and cash, paid to Directors who also served as President, Vice President, other managers, or employees, according to the Company's board of directors' meeting has approved the distribution of employees' compensation amount on March 3, 2025.

Note6: Refers to net income attributable to parent Company for the year consolidated financial statements of Darfon Electronics Corp.

2.1.3.2 Remuneration of Supervisors : The Company adopts Audit Committee without supervisors.

2.1.3.3 Compensation of the President and Vice Presidents

Unit: NT\$ thousands, %

Title	Name	Salary(A) (Note1)		Pension upon retirement (B) (Note2)		Bonuses and special expenses etc (C) (Note3)		Employee's remuneration (D) (Note4)				Amount and ratio of sum of items (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements (Note5)	
								Cash	Stock	Cash	Stock			
Chairman	Andy Su	26,842	34,378	1,103	1,103	61,174	76,678	21,700	0	28,647	0	110,819 17.92%	140,806 22.76%	None
President	Josh Tsai													
Vice President	James MH Chiang													
Vice President	Dean Lin													
Vice President	Chris Wang													
Vice President	Milton Lai													
Vice President	ZC Jou													
Vice President	Jery Lin													

2.1.3.3.1 Table of Compensation Level

Compensation range for each President and Vice President	Name of President and Vice Presidents	
	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$ 1,000,000 ~ NT\$1,999,999	-	-
NT\$ 2,000,000 ~ NT\$3,499,999	-	-
NT\$3,500,000 ~ NT\$4,999,999	-	-
NT\$5,000,000 ~ NT\$9,999,999	James MH Chiang Milton Lai Dean Lin Jery Lin ZC Jou	James MH Chiang Milton Lai Dean Lin Jery Lin ZC Jou
NT\$10,000,000 ~ NT\$14,999,999	Chris Wang	Chris Wang
NT\$15,000,000 ~ NT\$29,999,999	Josh Tsai	Josh Tsai
NT\$30,000,000~ NT\$49,999,999	Andy Su	-
NT\$50,000,000 ~ NT\$99,999,999	-	Andy Su
Over NT\$100,000,000	-	-
Total	8	8

Note1: Refers to compensation for president and vice president in 2024, including salaries, job allowance and severance pay.

Note2: Refers to pension either allocated or paid out per legal requirements in 2024.

Note3: Refers to compensation for president and vice president in 2024, including bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, company vehicles, and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note4: Refers to employees' remuneration, including stock and cash, according to the Company's board of directors' meeting has approved the distribution of employees' compensation amount on March 3, 2025.

Note5: Refers to net income attributable to parent Company for the year consolidated financial statements of Darfon Electronics Corp.

2.1.3.4 Names of managers provided with employee's remunerations and state of payments

Unit: NT\$ thousands, %

Item	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managers (Note1)	CEO	Andy Su	0	22,500 (Note2)	22,500	3.64 (Note3)
	President	Josh Tsai				
	Vice President	James MH Chiang				
	Vice President	Dean Lin				
	Vice President	Chris Wang				
	Vice President	Milton Lai				
	Vice President	ZC Jou				
	Vice President	Jery Lin				
	CFO/Accounting manager	Gavin Lin				

Note1: Managers application accuracy is in accordance with FSC Securities and Futures Commission, Ministry of Finance-3 NO. 0920001301 published on March 27, 2003.

Note2: Refers to employees' remuneration according to the Company's board of directors' meeting has approved the distribution of employees' compensation amount on March 3, 2025, and reference of previous distribution amount.

Note3: Refers to net income attributable to parent Company for the year consolidated financial statements of Darfon Electronics Corp.

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

2.1.4.1 The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income.

Item	Year	
	2023	2024
Net income after taxes on the Company's Parent Company Only Financial Statements (NT\$ thousands)	1,650,873	618,567
Ratio of compensation for Directors paid by the Company (%)	1.42	2.54
Ratio of compensation for Directors paid by all Companies listed in the Consolidated Financial Statements (%)	1.52	2.81
Ratio of compensation for Managers such as Vice President or above paid by the Company (%)	9.09	17.92
Ratio of compensation for Managers such as Vice President or above paid by all Companies listed in the Consolidated Financial Statements (%)	11.79	22.76

2.1.4.2 The policies, standards, and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure.

(1) Statement of Directors' and Independent Directors' compensation

Compensation for Company Directors have been authorized for distribution by the Board of Directors pursuant to the Company's Articles of Incorporation, based on individual Director's level of participation and contributions to Company operations, connecting to related performance of sustainable development such as corporate governance, innovation of green products, low-carbon manufacturing transparency and promoting public welfare development, and have been pursuant to the "Compensation Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry standards. If the Company makes a profit in the year, Board of Directors shall, in accordance with the provisions of Article 19 of the Company's Articles of Incorporation, decide on the amount of director's remuneration within 1% of the current year's profit. The Company regularly evaluates the performance of directors in accordance with the "Performance Evaluation Measures of the Board of Directors". The relevant performance evaluation and the rationality of remuneration are passed by the remuneration committee and the resolution of the Board of Directors, and submit to the shareholders' meeting.

(2) Statement of president's and vice president's compensation

The compensation to president's and vice president were determined by the Remuneration Committee of the Company in accordance with Company's Articles of Incorporation and compensation (salary), and the individual performance, Company net income, profit and the market trends.

(3) Compensation for the Company's managerial officers are handled according to the relevant regulations on salary management, handles various work allowances and bonuses to sympathize with and reward employees for their hard work. In addition, if the Company makes profits in the current year, 5-20% will be allocated as employee remuneration in accordance with Article 19 of the Company's Articles of Incorporation. The results of the performance appraisal conducted by the Company in accordance with the "Performance Management Measures" are used as a reference for the issuance of managers' bonuses. Manager performance evaluation items are divided into (1) Financial Indicators: according to the Company's management profit and loss statement, the distribution of each business department's contribution to the Company's profit, and taking into account the manager's goal achievement rate; (2) Non-

Financial Indicators: The Company's core value practice, operation management ability and participation in sustainable operation. The participation in sustainable operation is 10% for the Non-Financial Indicators, the implements including innovation of green products, low-carbon manufacturing transparency, occupational safety and health and others. The Company constantly calculate the remuneration for the continuation of its operation and reviews compensation system according to operation conditions and related regulations, and seeks for balance between sustainable management and risk control. Instead of using short-term profit as the sole indicator for remuneration and performance evaluation, the Company establishes a link to shareholder's long-term value.

2.2 Implementation of Corporate Governance

2.2.1 Operations of the Board of Directors: The number of meetings, the attendance rate of each director, the objective of strengthening the functions of the board of directors in the current year and the most recent year, the evaluation of the implementation status, and other information that should be recorded.

The Company had convened 7 Board of Directors meetings in 2024 with the following attendance:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Andy Su	7	0	100	
Director	K.Y. Lee(Note1)	2	0	100	
Director	Qisda Corp. Peter Chen	7	0	100	
Director	Qisda Corp. Jasmin Hung	7	0	100	
Director	Josh Tsai	7	0	100	
Independent director	Neng-Pai Lin(Note1)	2	0	100	
Independent director	Kelvin Lee	7	0	100	
Independent director	Nelson Lee	7	0	100	
Independent director	Stan Hu	7	0	100	
Independent director	Kuang-Yao Chang(Note1)	5	0	100	

Note1: The Company re-elected the Board of Directors on June 13,2024, Director K.Y. Lee and Independent Director Neng-Pai Lin were removed on June 13,2024 and Independent Director Kuang-Yai Chang was newly appointed on June 13,2024.

Note2: Removed, should attendance by 2 times.

Note3: Newly appointed, should attendance by 5 times.

Other information that should be recorded:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of proposal, all independent directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.: Please refer to Major Resolutions of Shareholders' Meeting and Board Meetings pages 45-48; no dissenting or qualified opinion and all approved by all attending independent directors and directors.

(2) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an independent director expressed a dissenting or qualified opinion that has been recorded or stated by writing: None.

2. If there are directors' avoidance of proposals in conflict of interest, the directors' names, contents of proposals, causes for avoidance and voting should be specified:

Date	Directors' names	Content of proposals	Reasons for conflict of interest	Resolutions
March 4, 2024	Andy Su Josh Tsai	Allocation of remuneration to employees and directors in 2023	Andy Su and Josh Tsai concurrently serve as a manager of the Company.	Except Andy Su and Josh Tsai are in avoidance of voting, all other members presented at the meeting approved the proposal without objection.
		Remuneration to directors and bonus allocation of managerial personnel in 2023		
June 13, 2024	Stan Hu Nelson Lee Kelvin Lee Kuang-Yao Chang	Appointment members of the Remuneration Committee.	Stan Hu, Nelson Lee, Kelvin Lee and Kuang-Yao Chang concurrently serve as a independent director of the Company.	Except Stan Hu, Nelson Lee, Kelvin Lee and Kuang-Yao Chang are in avoidance of voting, all other members presented at the meeting approved the proposal without objection.
March 3, 2025	Andy Su Josh Tsai	Allocation of remuneration to employees and directors in 2024	Andy Su and Josh Tsai concurrently serve as a manager of the Company.	Except Andy Su and Josh Tsai are in avoidance of voting, all other members presented at the meeting approved the proposal without objection.
		Remuneration to directors and bonus allocation of managerial personnel in 2024		
	Andy Su Peter Chen Jasmin Hung	Donation to the BenQ Foundation	Andy Su, Peter Chen and Jasmin Hung are directors of BenQ Foundation.	Except Andy Su, Peter Chen and Jasmin Hung are in avoidance of voting, all other members presented at the meeting approved the proposal without objection.

3. Self or peer evaluation of Board of Directors, evaluation period, scope, measures and other information:

The evaluation of Board of Directors was as follows:

Evaluation Cycle	Evaluation Period	Scope of evaluation	Measures of evaluation	Remarks
Once a year	From January 1, 2024 to December 31, 2024	Board of Directors, Individual directors and Functional Committee (including Audit Committee and Remuneration Committee.)	Internal self-evaluation of Board of Directors, Individual directors and Functional Committee (including Audit Committee and Remuneration Committee.)	Note

Note: content of evaluation includes the following items according to the assessment scope:

- (1) The board of directors and its individual members conduct performance evaluations on the "overall board of directors". The evaluation content includes five major aspects, including participation in the Company's operations, improvement of the quality of board decisions, board composition and structure, director selection and continuous education, and internal control.
- (2) The performance assessments of individual board members include the following six aspects, such as the grasp of the Company's goals and missions, the recognition of director's duties, the degree of participation in the Company's operations, the management of internal relationships and communication, the professionalism and continuing professional education, and internal controls.
- (3) Audit committee members conduct self-evaluation on the "overall audit committee". The content of the evaluation includes the following five aspects, participation in the Company's operations, awareness of the audit committee's responsibilities, improvement of the decision-making quality of the audit committee, audit committee composition and member selection, and internal control.
- (4) The members of the remuneration committee conduct self-evaluation on the "Overall remuneration committee". The content of the evaluation includes the following four aspects, the degree of participation in the Company's operations, awareness of the responsibilities of the remuneration committee, improvement of the decision-making quality of the remuneration committee and composition and member selection of the remuneration committee.

4. Targets for strengthening the functions of the Board of Directors in the current and the most recent year and evaluation of target implementation:

- (1) In accordance with Article 26-3, Item 8 of the Securities and Exchange Act, the Company has established the "Rules of Procedures for the Board of Directors", the content of the Board of Director's meeting, operating procedures, matters that should be included in the minutes, announcements and other matters that should be complied with, all in accordance with the provision of the rules handle. The Company's Board of Directors' Meeting should take at least once a year. The members of the Board of Directors aim to maximize the interests of shareholders, fulfill their duties of good management and loyalty, and exercise their powers with high degree of self-discipline and prudence.
- (2) The Company established an audit committee on January 1, 2007 to exercise the functions required by the Securities and Exchange Act, the Company Act and legal regulations. For the operation of the audit committee, please refer to pages 16-19 of the annual report.
- (3) The Company sets up a remuneration committee on October 27, 2011, which regularly evaluates and sets the remuneration of directors and managers, regularly reviews the remuneration of policies, systems, standards and structure of directors, and managers' performance evaluation. Please refer to pages 27-28 of the annual report for the operation of the remuneration committee.
- (4) The board of directors of the Company passed the "Board Performance Evaluation Method" on March 7, 2019, stipulating that the board of directors shall perform an annual performance evaluation of the board of directors and functional committees (audit committee and remuneration committee). The Company completed the evaluation of the board of directors and functional committees at the end of 2024, and the Board of Directors reported the results of the evaluation in March 2025. The achievement rate was above 96% for the board of directors and functional committees, indicating the efficient and good operation by the Board and committees.
- (5) The Company commissioned the Taiwan Investor Relations Institute to conduct a performance evaluation of the board of directors in 2024 (evaluation period: September 1, 2023 to August 31, 2024). The organization and the executive experts have no business dealings with the Company and are independent. The performance evaluation refers to the tools for the best practice development of board performance evaluation at home and abroad. The content includes five major aspects: board composition and professional development, board decision-making quality, board operational effectiveness, internal control and risk management, and the degree of board participation in corporate social responsibility.

The Company's evaluation method combines data analysis, self-evaluation questionnaire, and field interview, and the performance evaluation report will be issued on October 7, 2024 based on the evaluation results. The above matters have been reported to the board of directors on November 1, 2024. The evaluation results are as follows:

①The Taiwan Investor Relations Institute evaluated the overall performance of the board of directors as good, with the following summary:

The board of directors of the rated companies is diverse and well-structured. The board of directors meets regularly, with a good attendance rate for all directors. Sufficient information on relevant proposals can be obtained before the meeting to continuously track and fully communicate on major proposals. Independent directors also have separate communications with the audit supervisor and accountants. The board of directors regularly understands and supervises the Company's risk management, intellectual property management, information security, corporate integrity management, and corporate sustainable development operations and implementation, and has established a policy to link senior managers' remuneration with non-financial performance indicators ESG-related performance evaluations, continuously and deeply promoting corporate sustainable development, and in recent years, the Company's corporate governance evaluation has ranked between 6% and 20% of listed companies, and the overall board of directors operates very well.

②Other optimization suggestions proposed by Taiwan Investor Relations Institute:

- The number of female directors shall account for one-third of the board seats.
- An internal control system for sustainable information management can be established.

- The financial report audited and certified by a certified public accountant shall be announced within 2 months after the end of the fiscal year and a shareholders' meeting shall be held within 5 months after the end of the fiscal year.
 - Actively promote environmental and social governance.
- ③As of the publish date of the annual report, the improvement as follows:
- The Board of Director in November 2024 had approved 'Sustainability information management, sustainability report preparation and assurance procedures', established an internal control system for sustainable information management.
 - 2025 shareholding meeting will be held at the end of May.

2.3.2 Audit Committee: Operations of Audit Committee, the number of meetings, attendance rate of each independent director and other information that should be recorded.

Since January 1, 2007, the Company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. Its operations and main responsibilities are as follows:

1. Professional qualifications of Members of Audit Committee: please refer to pages 6-8 Professional qualifications and independence condition of directors and independent directors
2. Operations of Audit Committee, the supervision of the following matters shall be the focus of the annual work.
 - (1) Appropriate expression of the Company's financial statements.
 - (2) The hiring (dismissal) of certified accountants, and their independence and performance.
 - (3) Effective implementation of the Company's internal control.
 - (4) The Company complies with relevant laws and regulations.
 - (5) The management and control of the Company's existing or potential risks.
3. The main responsibilities of the audit committee are as follows.
 - (1) Establish or amend the internal control system in accordance with the provisions of Article 14-1 of the Securities and Exchange Act.
 - (2) Evaluation of the effectiveness of the internal control system.
 - (3) In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, stipulate or amend the procedures for the acquisition or disposal of assets, derivative commodity transactions, capital loans to others and endorsements or guarantees for others.
 - (4) Matters involving the director's own interests.
 - (5) Significant asset or derivative commodity transactions.
 - (6) Significant capital lending, endorsements or guarantees.
 - (7) Raising, issuing or private placement of equity securities.
 - (8) Review the hiring, dismissal, compensation and service matters concerning CPAs.
 - (9) Appointment and removal of financial, accounting or internal audit supervisors.
 - (10) Annual financial report signed or stamped by the chairman, manager and accounting supervisor, and the second quarter financial report subject to verification by accountants.
 - (11) Other important matters specified by the Company or the competent authority.
4. The Company had convened 6 Audit Committee meetings in 2024 with the following attendance:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent director (convener)	Stan Hu	6	0	100	Re-elected · appointed to convener on June 13, 2024
Independent director	Kelvin Lee	6	0	100	Re-elected
Independent director	Nelson Lee	6	0	100	Re-elected
Independent director	Kuang-Yao Chang (Note2)	4	0	100	Newly appointed, should attendance by 5 times.
Independent director	Neng-Pai Lin (Note2)	2	0	100	Removed, should attendance by 2 times.

Note1: The actual attendance rate (%) is calculated based on the number of meetings of the audit committee during the independent directors' tenure and the actual number of attendance.

Note2: The Company re-elected the Board of Directors on June 13, 2024, Independent Director Neng-Pai Lin were removed on June 13,2024 and Independent Director Kuang-Yao Chang was newly appointed on June 13,2024.

5. Resolutions of major proposals of the Audit Committee:

Date	Session	Content of proposals	Resolutions and implementation	Company's response
March 4, 2024	1 st Audit Committee in 2024	A. Statement and self-evaluation report of internal control system, 2023.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.

Date	Session	Content of proposals	Resolutions and implementation	Company's response
		B. Approved the amendment to "Remuneration Measures for Directors and Functional Committee Members"	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		C. Remuneration of employees and directors, 2023.	All Audit Committee Members presented at the meeting agreed on NT\$16,597,023 for directors and NT\$221,293,640 for employees in cash, and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		D. Operation report and financial statement, 2023.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		E. Approved the distribution of 2023 earnings.	All Audit Committee Members presented at the meeting agreed on the amount of cash dividend NT\$4 per share of common stock and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		F. Approved the proposal of non-competition restrictions on directors and their representatives on 2024 annual general shareholders' meeting.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
May 3, 2024	2 nd Audit Committee in 2024	A. Approved financial statement in Q1, 2024.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		B. Approved capital increase of Darfon Vietnam Corp.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
June 21, 2024	3 rd Audit Committee in 2024	A. Approved the Company acquires all ordinary shares of German bicycle and sport products agent, Grofa Action Sports GmbH in several times	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
August 5, 2024	4 th Audit Committee in 2024	A. Approved financial statement in Q2, 2024.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
November 1, 2024	5 th Audit Committee in 2024	A. Approved financial statement in Q3, 2023.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		B. Approved to enact internal audited plan in 2025	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		C. Approved financial statement in Q3, 2023.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		D. Approved appointment of CPAs.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		E. Approved the Company and YEN SUN TECHNOLOGY CORP.engage in strategic cooperation.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
November 1, 2024	6 th Audit Committee in 2024	A. Approved the suspension of strategic cooperation of the Company and YEN SUN TECHNOLOGY CORP.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
March 3, 2025	1 st Audit Committee in 2025	A. Statement and self-evaluation report of internal control system, 2024.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		B. Remuneration of employees and directors, 2024.	All Audit Committee Members presented at the meeting agreed on NT\$3,343,691 for directors and NT\$72,334,482 for employees in cash, and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		C. Operation report and financial statement, 2024.	All Audit Committee Members presented at the meeting agreed without objection and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.

Date	Session	Content of proposals	Resolutions and implementation	Company's response
		D. Approved the distribution of 2024 earnings.	All Audit Committee Members presented at the meeting agreed on the amount of cash dividend NT\$2 per share of common stock and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		E. Approved the amendment to "Article of Incorporation"	All Audit Committee Members presented at the meeting agreed on the amount of cash dividend NT\$4 per share of common stock and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.
		F. Donation to BenQ Foundation.	All Audit Committee Members presented at the meeting agreed on the donation NT\$3.5 million and submitted to Board of Directors for resolution.	Submitted to the board of directors. Ratified by all attending directors and independent directors without objection.

Other information that should be recorded:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of proposals, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act: refers to pages 16-18 of this annual report about Audit Committee's major proposals resolutions, and pages 45-48 about Board of Directors and shareholders' resolutions. All were approved by one-half or more of all members, and again approved by Board of Directors. There was no case which are not approved by the Audit Committee but approved by two-thirds or more of the Directors.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: none.

2. If there are independent directors' avoidance of proposals in conflict of interest, the directors' names, contents of proposals, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (including the material items, methods and results of audits of corporate finance or operations, etc.)

(1) The audit committee holds meetings on a quarterly basis, and accountants, audit supervisors and relevant supervisors are invited to attend the meeting.

(2) The internal auditors have presented the result of the audit reports to the members of the Audit Committee periodically, Audit Committee conducts auditing to Company periodically about internal control system, internal auditors and audit reports.

(3) Audit Committee have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered, and under independent audit by its service.

(4) The internal audit managers and CPAs directly communicate with independent directors via email, phone, or face-to-face meetings as necessary; periodically review the Corporation's financial and business conditions according to regulations; and directly communicate with management and governance units.

(5) The communication between the independent directors and the internal auditing officer has been functioning well, and major discussions are as below,

Date	Meeting	Discussion	Resolutions and the Company's Response
March 4 2024	Audit Committee	2023 Internal Control System Statement and Report on implementation status of self-evaluation.	No objections from independent directors and submitted for report to the Board of Directors after resolution.
		Audit implementation report in Q4, 2023, and post-term follow-up audit descriptions.	After discussion and communication, no objections from independent directors against audit implementation report.
May 3, 2024	Audit Committee	Audit implementation report in Q1, 2024.	After discussion and communication, no objections from independent directors against audit implementation report.
August 5, 2024	Audit Committee	Audit implementation report in Q2, 2024.	After discussion and communication, no objections from independent directors against audit implementation report.
November 1, 2024	Audit Committee	Amendment to "International Control System" and "Internal Audit Implementation Rules"	No objections from independent directors and submitted for report to the Board of Directors after resolution.
		2024 Audit Plans (Internal audit managers discussed with independent directors prior to the meeting)	No objections from independent directors and submitted for report to the Board of Directors after resolution.
		Audit implementation report in Q3, 2024.	After discussion and communication, no objections from independent directors against audit implementation report.
March 3 2025	Audit Committee	2024 Internal Control System Statement and Report on implementation status of self-evaluation.	No objections from independent directors and submitted for report to the Board of Directors after resolution.
		Audit implementation report in Q4, 2024, and post-term follow-up audit descriptions.	After discussion and communication, no objections from independent directors against audit implementation report.

(6) The independent directors communicated well with CPAs; the lists of reported items are summarized below:

Date	Session	Content of proposals	Resolutions and implementation
March 4, 2024	Independency	Matters that need to be communicated in accordance with the regulations revised by the International Accounting Ethics Standards Board. (Individual Meeting)	After discussion and communication, no objections from independent directors.
	2023 Financial Statements	Financial Audit Report, Significant Accounting Standards and Update of tax laws and regulations and Securities Act for 2023. (Individual Meeting)	CPAs explained condition of 2023 financial and gains (losses),and conducted discussions and communications focusing on accounting principles and application of tax regulations, and no objections from independent directors.
	Key Audit matters	2023 Key Audit matters in inventory evaluation and impairment assessment of goodwill (Individual Meeting)	Based on CPAs' professional judgements, Key Audit matters of 2023 financial statements of the Company are approved without objections from independent directors.
	Matters of the competent authority	The letter from the competent authority explains the major deficiency in internal control, reminder and cases of OTC and emerging company	After discussion and communication, no objections from independent directors.
August 5, 2024	Independency	Matters that need to be communicated in accordance with the regulations revised by the International Accounting Ethics Standards Board. (Individual Meeting)	After discussion and communication, no objections from independent directors.
	Annual Audit Plans	Identification of Key Audit matters and major audit procedures. (Individual Meeting)	Acknowledged by independent directors.
	Plan of leading in IFRS Sustainability Disclosure Standards	In accordance with the "Roadmap for Taiwan's Alignment with IFRS Sustainability Disclosure Standards" issued by the Financial Supervisory Commission, the Company continues to control the implementation of the introduction plan in accordance with the reference guidelines and relevant regulations issued by the competent authorities. (Individual Meeting)	After discussion and communication, no objections from independent directors.
	Important regulatios for securities and taxes updates	Matters of the competent authority and intents of important regulatory updates. (Individual Meeting)	After discussion and communication, no objections from independent directors.
March 3, 2025	Independency	Matters that need to be communicated in accordance with the regulations revised by the International Accounting Ethics Standards Board. (Individual Meeting)	After discussion and communication, no objections from independent directors.
	2024 Financial Statements	Financial Audit Report, Significant Accounting Standards and Update of tax laws and regulations and Securities Act for 2024. (Individual Meeting)	CPAs explained condition of 2024 financial and gains (losses),and conducted discussions and communications focusing on accounting principles and application of tax regulations, and no objections from independent directors.
	Key Audit matters	2024 Key Audit matters in inventory evaluation and impairment assessment of goodwill (Individual Meeting)	Based on CPAs' professional judgements, Key Audit matters of 2024 financial statements of the Company are approved without objections from independent directors.
	Important regulatios for securities updates	Latest auditing standards and intents of important regulatory updates. (Individual Meeting)	After discussion and communication, no objections from independent directors.
	Brief introduction of 2025 Corporate Governance Evaluation System	The explaintion of updating questions in 2025 Corporate Governance Evaluation System.	Acknowledged by independent directors.

2.2.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

2.2.3.1 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company’s Board of Directors approved the Corporate Governance Principles and disclosed it on the Company’s official website on November 9, 2015. In response to subsequent amendments to relevant laws and regulations, they will be updated in a timely manner. After the latest amendment, it has been disclosed on the Market Observation Post System and the Company’s website.	None
Shareholding structure & shareholders’ rights	Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓	The Company has established an internal operating procedure, and has designated spokesman system in order to ensure that information that may affect shareholders’ decision making can be timely and reasonably disclosed. Then, the appropriate departments have set up, such as Investor Relations, Public Relations, Legal Department, to handle shareholders’ suggestions, doubts, disputes and litigation. The Company sets up investors email (Investor@Darfon.com) and integrity email (integrity@Darfon.com).	None
	Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓	Darfon is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares. Company reports the changes if directors or shareholders’ shareholdings are more than ten percent (10%) of the shares of Company and the situation of collateral, and regularly announce and file on the Market Observation Post System (MOPS) on a monthly base.	None
	Does the Company establish and execute the risk management and firewall system between affiliated enterprises?	✓	1. The Company has established and implemented firewalls and risk control mechanisms for associates in the Company’s internal control system and “Transaction with related party “and” Management process for the subsidiary ” in accordance with laws and regulations. 2. Company’s affiliated enterprises have established the specialized Finance and Sales Departments, as well as the detached factories with data-independent preservation and clear management. The Company conduct an overall risk assessment of major banks, customers and suppliers at least once a year to reduce credit risk.	None
	Does the Company establish internal rules against insiders trading with undisclosed information?	✓	To forbid any possible insiders trading, the Company has established “Code of Conduct”, “Policy of Operation Integrity” and “Operating procedures for Handling Material Information and Preventing Insider Trading” and disclosed on the company’s website.	None
Composition and Responsibilities of the Board of Directors	Does the Board develop and implement a diversified policy for the composition of its members?	✓	For board diversity and independence and the implementation, please refer to page 10 Diversity and independence of the Board of Directors.	None
	Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓	1. Company established the Audit Committee; please refer to pages 16-19 for its operation. 2. Company established the Remuneration Committee; please refer to pages 27-28 for its operation. 3. Company established the Risk Management Committee; please refer to pages 72-73 for its operation. 4. For the sound supervision and reinforcement of management, though Nomination Committee was not established, in practical, nomination of directors, including independent directors, adopts candidate nomination system. Nomination list is proposed by shareholders whose share is more than 1%. Candidates should be enlisted into nominee list, except for Company Act 192-1 by the Board of Directors.	None
	Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors’ remuneration and nomination and renewal?	✓	The Company has formulated rules and procedures for evaluating the Board’s performance by establishing “Rules for Board Performance Evaluation” on March 7, 2019. The internal board performance evaluation shall be conducted at least once a year as well as be conducted by external independent institutions or panel of external experts and scholars at least once every three years. The company conduct internal self-evaluation on the overall board and functional committee on a regular basis each year. The evaluation results would use as reference for directors’ nomination and continuous employment. This performance evaluation was conducted in the way of internal questionnaire by financial department. Please refer to pages 15-16 for more information. In accordance with Article 19 of the Company’s Articles of Incorporation, the director’s remuneration shall not exceed one percent of the annual profit. The directors’ compensation is prescribed based on the Company’s operating results and the “Remuneration Guidelines for Directors and Members of Functional Committee” with reference to evaluation results of Board performance by the Remuneration Committee and Board of Directors. Please refer to pages 13 for more information.	None

Evaluation Item		Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																																																								
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Composition and Responsibilities of the Board of Directors	Does the Company regularly evaluate and the independency of an attesting CPA?	✓		<p>The Audit Committee and the Board of Directors of the Company evaluate the independence and suitability of certified accountants before selecting accountants every year, and require certified accountants to provide independence statement and audit quality index (AQI) information, and evaluate according to the following independence items and AQI indicators.</p> <p>The results of the assessment of the independence and suitability of accountants are shown in the table below:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Result</th> <th>Independency</th> </tr> </thead> <tbody> <tr> <td>1. Whether the accountants have direct or significant indirect financial interest relationship to the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>2. Whether the accountants or directors have any financing or assurance activities with the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>3. Whether the accountants have a close business relationship and potential employment relationship with the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>4. Whether the accounts and their audit team members have served as directors, managers or positions that have a significant impact on the audit work in the Company at present or in the last two years</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>5. Whether the accountants provide the Company with non-audit service items that may directly affect the audit work</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>6. Whether the accounts have brokered the stocks or other securities issued by the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>7. Whether the accounts acts as the Company's defender or coordinates conflicts with other third parties on behalf of the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>8. Whether the accountants have family relationship with the Company's directors, managers, or personnel with positions that have a significant impact on the audit case</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Suitability AQI Evaluation Indicators and Items</th> </tr> </thead> <tbody> <tr> <td>1-1</td> <td>Audit experience</td> <td>2-3</td> <td>Recheck the quality of cases</td> </tr> <tr> <td>1-2</td> <td>Training hours</td> <td>3-1</td> <td>Fees for non-audit services</td> </tr> <tr> <td>1-3</td> <td>Turnover rate</td> <td>3-2</td> <td>Customer familiarity</td> </tr> <tr> <td>2-3</td> <td>Case quality control review</td> <td>4-1</td> <td>External inspection missing and punishment</td> </tr> <tr> <td>2-1</td> <td>Accountant load</td> <td>4-2</td> <td>Competent authority issue improvement letter</td> </tr> <tr> <td>2-2&4</td> <td>Audit input</td> <td>5-1</td> <td>Innovative plans or initiative</td> </tr> </tbody> </table> <p>After confirming that the accountant and the company have no other financial interests, business relationship, accountant family members and accounting firm (visa accountants and their audit team members) other than visa and financial and tax case fees, there is no violation of independence, then shall the appointment and fee review of accountants be conducted. The company's fifth meeting of the Audit Committee in 2024 and the sixth meeting of the Board of Directors in 2024 passed the review of the appointment of accountants and fees, and obtained the independent statement of accountants and the AQI issued by the accounting firm.</p>	Item	Result	Independency	1. Whether the accountants have direct or significant indirect financial interest relationship to the Company	No	Yes	2. Whether the accountants or directors have any financing or assurance activities with the Company	No	Yes	3. Whether the accountants have a close business relationship and potential employment relationship with the Company	No	Yes	4. Whether the accounts and their audit team members have served as directors, managers or positions that have a significant impact on the audit work in the Company at present or in the last two years	No	Yes	5. Whether the accountants provide the Company with non-audit service items that may directly affect the audit work	No	Yes	6. 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Does the Company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to required information provided to directors and supervisors performing their duties, assistance provided to directors, legal compliance of supervisors, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors' and shareholders' meeting, and more.)?		✓		<p>The Board of Directors appointed vice president, Jery Lin, as the Corporate Governance Officer in 2020, for corporate governance supervision and planning; and appointed Financial Project Director as Corporate Governance personnel, for execution of relevant matters. Their qualifications for the position meet the provisions regarding Corporate Governance Supervisors set out in Paragraph One of Article 3-1 of Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies.</p> <p>The official powers performed by the corporate governance supervisors include: Providing the information required by the directors and Audit Committee and the latest regulations regarding corporate operation, providing assistance in legal Compliance of the directors and Audit Committee, regularly reporting the operations of corporate governance to Corporate Governance Committee and Board of Directors on an annual basis, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of</p>	None																																																							

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons												
	Yes	No		Abstract Illustration											
			<p>Board of Directors' and shareholders' meeting, providing assistance in assuming office to directors and Audit Committee members and continuing education.</p> <p>The operation in 2024 is updated as follows:</p> <ol style="list-style-type: none"> Company registration and change. In charge of assisting in related affairs, including handling of matters relating to Board, Audit Committee, Compensation Committee and Shareholders' meetings in compliance with law. In 2024, 7 times of Board, 6 times of Audit Committee meetings and 4 times of Investor Conference. Convention of Board and shareholders' meetings in accordance with law and prepare the minutes of each meeting. After the meeting, be responsible for reviewing the release of material information on important resolutions of the Board of Directors and Shareholders' meetings to ensure the legality and correctness of the content of the important news, so as to protect investors' transactions information equivalence. Provide directors, independent directors, and audit committees with the information needed to perform their duties, and the latest developments in laws and regulations related to the Company's business aspects and corporate governance, so as to assist directors and independent directors to comply with laws and regulations. Independent directors meet the requirement of "it is not suitable to serve as directors (including independent directors) or supervisors of more than five listed companies at the same time." Management of related affairs with investor relations, and maintenance of Company website. Assistance of the directors and important employees' application for liability insurance and report to the Board of Directors in August after renewal of insurance in 2024. Regular review and amendment of Company's corporate governance protocols and relative rules. Periodical arrangement for Board directors for education, for details please refer to pages 25-26 in the annual report. Directors have completed refresher courses. Other matters stipulated in the Company's Articles of Incorporation or contract, and the Market Observation Post System's announcements. Evaluation performance of the Board of directors was found Excellent. Review the confidentiality level of relevant information and provide the Company information required by directors to maintain smooth communication between directors and business executive. Completion of 12 credits for Company corporate governance officer and report on the Market Observation Post System (MOPS) as follows: <table border="1"> <thead> <tr> <th>Course Name</th> <th>Organizer</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Creating a new carbon era advocacy conference with sustainable knowledge</td> <td>Taiwan Stock Exchange/BCSD Taiwan</td> <td>7</td> </tr> <tr> <td>2024 Forbid the internal trading seminar</td> <td>Securities and Futures Institute</td> <td>3</td> </tr> <tr> <td>Special lecture on "Digital Finance and Sustainable Finance Concerto under the AI Wave" at the 2024 WIW Forum</td> <td>Taiwan Stock Exchange</td> <td>3</td> </tr> </tbody> </table>	Course Name	Organizer	Hours	Creating a new carbon era advocacy conference with sustainable knowledge	Taiwan Stock Exchange/BCSD Taiwan	7	2024 Forbid the internal trading seminar	Securities and Futures Institute	3	Special lecture on "Digital Finance and Sustainable Finance Concerto under the AI Wave" at the 2024 WIW Forum	Taiwan Stock Exchange	3
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Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>In respect of right and interest of stakeholders, identifying the Company's stakeholders, and understanding their reasonable expectations and needs through appropriate communication methods and the participation of stakeholders, and appropriately responding to important corporate social responsibility issues.</p> <p>Stakeholders identified by the Company include "shareholders, employees, customers, suppliers", etc., Complete and comprehensive communication channel for stakeholders is established, and proactive responses related to stakeholders' concerned issues. The Company regularly, at least once a year, reports to Board of Directors about communications with stakeholders. Stakeholders Communication of 2024 was reported to Board on August 5, 2024.</p>												

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
			<p>1.Shareholders Concerned issues: financial performance, business ethics and code of conduct, corporate governance, human rights of workers, and waste management. Communication channel: (1) Contact: IR Officer (Investor@Darfon.com) (2) A regular meeting of shareholders is held from May to June every year. Proposals are voted on a case-by-case basis. Shareholders can also exercise their rights electronically. (3) Shareholder's Annual Report is published annually, for investor's reference. (4) Monthly revenue is announced on the Market Observation Post System (MOPS) and Company's website monthly, and financial statement is announced quarterly. (5) Quarterly legal person briefings are held to enable shareholders to understand the Company's operating conditions. (6) The Company has "specialized personnel" responsible for the collection of Company information, and in accordance with the regulations of the competent authority, regularly disclose the Company-related financial, business and corporate governance operations on the Market Observation Post System (MOPS) for the investment public and stakeholders. Immediate release of important information about events that may have an impact on stakeholders.</p> <p>2.Employees Concerned issues: financial performance, occupational safety and health, talents selection utilization education and retention, waste management, and human rights of workers. Communication channel: (1) Contact: HR, Ms. Liao (my.Darfon@Darfon.com) (2) The welfare committee meetings, labor-management meetings and labor safety and health management committee meetings are held quarterly. Employees can put forward needs and suggestions through the meetings. Discuss and communicate with the Company to develop specific implementation plan after discussing relevant proposals. (3) The Company has a mailbox for the human resources department so that employees can immediately reflect their opinions and deal with related issues.</p> <p>3.Customers Concerned issues: waste management, product responsibility, business and code of conduct, green innovation research and development, human rights of workers, climate change impact Channel of communication and response methods: (1) Contact: Integrity email (integrity@Darfon.com) (2) Conduct annual customer satisfaction surveys, participate in customer meetings and interviews from time to time, and customers come to the factory for audits from time to time to obtain customer feedback information.</p> <p>4.Suppliers Concerned issues: human rights of workers, product responsibility, occupational safety and health, business ethics and code of conduct, financial performance. Communication channel: (1) Contact: Integrity email (integrity@Darfon.com) (2) Conduct supplier evaluation questionnaires every year, hold supplier meetings, visits, exchange visits and direct telephone communication from time to time, and conduct suppliers' evaluation and audit regularly every year to establish a sustainable supply chain.</p> <p>In order to effectively establish communication channels with stakeholders, in addition to implementing the "spokesperson system", the Company has set up an "Investor Service" section (www.Darfon.com.tw) and "Investor Mailbox" (Investor@Darfon.com), as a window for handling shareholder suggestions or disputes, and setting up a "Stakeholder" area (www.Darfon.com.tw), which includes different communication channels for shareholders, employees, customers and other stakeholders to deal with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.</p>
Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		<p>The Company has appointed Stock Affairs Department of Taishin Securities Co., Ltd to deal with shareholder affairs.</p> <p>None</p>

Evaluation Item		Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons	
		Yes	No		Abstract Illustration
Information Disclosure	Does the Company set up a website containing the information regarding financial or business operations as well as corporate governance?	✓		<p>1. The Company has established the Investor Relations in its website in Chinese and English (www.Darfon.com.tw) to disclose information regarding the Company's corporate governance status, Board's important resolutions, directors' information and financials and business status.</p> <p>2. The Company complies with the regulations of the competent authority and discloses various business, financial and corporate governance related information on the Market Observation Post System (MOPS) for interested parties.</p>	None
	Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, display the Company's website during the institutional investor conference, and more)?	✓		<p>1. The Company has assigned an appropriate person to handle information collection and disclosure, on the Market Observation Post System (MOPS) and Company's Chinese/English website, where latest and correct information are released. The Company use the Spokesman system, CFO as the spokesman, director of Chairman office as the deputy spokesperson. Financial, business and corporate governance information is published in Company Chinese/English website, (www.Darfon.com.tw) and set up the investor's mailbox (Investor@Darfon.com) to answer investors' questions in real time.</p> <p>2. The Company holds the institutional investor conference and upload the presentation materials to the Company's website regularly(once in the quarter at least) or irregularly, so as so respond to invertors' questions.</p>	None
	Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and the financial reports in Q1, Q2 and Q3, as well as the operating status of each month before the prescribed deadline?	✓		The Company finished announce and report the 2024 consolidated and parent-company-only financial statements on March 3, 2025; the Q1, Q2 and Q3 financial reports as well as the operating revenues of each month were reported on the Market Observation Post System before the prescribed deadline.	None
Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices?	Employee rights	✓		Company promotes idea of human right respect and workplace care as operational concept and for employee rights and wellness, Welfare Committee consisting of the Company's colleagues from each department was established. Regular meeting on a quarterly basis was held to implement various welfare plans such as club activities, sales events, family days and sports classes. Please refer to page 62-64 in this annual report about employee's right and interest.	None
	Employee wellness				
	Investor relations	✓		There is investors' service email in Company website (Investor@Darfon.com) and investor contact window to answer shareholders' questions in detail. We timely release all announcements from Taiwan Stock and Exchange Bureau, including financial statements, Company's corporate governance regulations and rules, etc. We aim for information publicity and transparency in Company's website, to achieve investors' understanding about Company's corporate governance.	None
	Supplier relations	✓		The Company's business philosophy is integrity and self-discipline, and we establish supplier's assessment and audit system, which focuses on suppliers' quality, service, green products, EHS risk, ethical standards, and social responsibility. Company regard above mentioned items as main factors for suppliers' selection, and only those who qualified with factors to be Company's business partners. For more information about the supplier relations, please refet to page 35. In addition, Company has established a stakeholders' zone to enhance efficiency of communication between Company and suppliers.	None
	Rights of stakeholders	✓		<p>1. According to Rules and Procedures for Board of Directors Meetings, directors in relation to proposal's interest should apply in avoidance during resolution to avoid conflict of interest, please refer details to page 14 of Annual report.</p> <p>2. Stakeholders' zone was established in Company website, www.Darfon.com.tw, providing communication channel to stakeholders, such as shareholders, investors, employees, government agencies, suppliers and dealers, etc. for proactive responses to concerned issues. Company releases financial and business-related information to maintain legal right and interest of both party.</p>	None
	Directors' education	continuing	✓		The Company has undertaken the following training pursuant to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" from TWSE. Please see the following table "Continuing Education and Training for the Company Directors in 2024" for details.
	The implementation of risk management policies and risk evaluation measures	✓		<p>1. The Company has established the Risk Management Committee to formulate the risk management policies and regularly evaluate the Company's risk for risk mitigation every year. For more details, please refer to pages 72-73 of this annual report.</p> <p>2. The Company maintains Products General Liability Insurance every year, which is functional coverage to global consumers, and adopt appropriate management policies and improvement measures to mitigate corporate risk</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
The implementation of customer relations policies	✓		The Company maintains a good cooperative relationship with customers, provides high-quality products and services, and also provides multiple channels to let customers, shareholders, and interested parties know the Company's operating conditions and financial status in real time. For product information, the Company website (www.Darfon.com.tw) has set up a compact window for each product for consultation.	None
Purchasing insurance for directors	✓		The Company purchases liability insurance for all directors (including independent directors) and managers, so that they can take investors' rights as the starting point and perform business prudently, and report the insured amount, insurance period, scope of insurance coverage and insurance premium rate and other important contents to the Board of Directors every year. All directors' liability insurance coverage in 2024 has been reported in the fifth board meeting and disclosed on the Market Observation Post System.	None

Please describe the improvement status according to the evaluation results of Corporate Governance Evaluation publicly announced by Governance Center of Taiwan Stock Exchange Corporate (TWSE) in recent years. In addition, the Company shall propose the matters and measures given priority to strengthen:

- Darfon was ranked in top 6-20% in Corporate Governance Evaluation in 2021 to 2023 and assessed the feasibility of non-scoring items about current year or future strategy.
- Company strikes for a balance between policy deployment and corporate development, promote implementation on improvable projects, and set a project goal for items with difficulty.
- Corporate Social Responsibility Report was published in Company website to share information about financial, business, EHS issues to investor public and stakeholders. Company Governance zone was established in website to timely release information about Company governance functions and implementation status to the investor public. We continue to enhance improvement on items as following: Protection of shareholders' rights, reinforcement of the Board structure and operations, improvement of information transparency, actual implementation of the corporate social responsibility, etc.
- The implementation status regarding below non-scoring items from 2023 were accomplished before the printing date:
 - Promote sustainable development: The company's ESG repor has been approved by the Board of Directors.
 - Strengthen the operating structure of the Board of Directors: The Board of Directors re-election was held in 2024, the number of independent directors reaches half of the number of directors.
 - Strengthen regulations between related parties: The fifth Board of Directors approved the amendment Rules Governing Financial and Business Matters between the Company and its Related Parties
 - Protect the shareholders' rights: The 2025 shareholder's meeting will be held in the end of May.

2.2.3.2 Continuing Education/Training of Directors in 2024

Title	Name	Course Name	Organizer	Hours
Chairman	Andy Su	2024 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange	3
		Sustainable knowledge empowerment advocacy course - Electronic Industry Builds a New Carbon Era with Sustainable Knowledge Power Advocacy Conference	Taiwan Stock Exchange	6
Director	Peter Chen	Summit on Strengthening Taiwan's Capital Market	Taiwan Stock Exchange	3
		Introduction to IFRS sustainable disclosure standards and sharing of carbon emission net zero trends at home and abroad	Independent Director Association Taiwan	3
Director	Jasmin Hung	Long-term and short-term economic trends that business managers need to know	Taiwan Institute of Directors	3
		Introduction to IFRS sustainable disclosure standards and sharing of carbon emission net zero trends at home and abroad	Independent Director Association Taiwan	3
		Practical analysis of the impact of the latest ESG sustainability policies and regulations related to "Annual Report Preparation" and net zero carbon emissions on financial reports	Accounting Research and Development Fundatoion	6
		Latest revision of the "Guidelines for Establishing Internal Control Systems" and adherence to internal audit and control laws and regulations related to financial report preparation in practice		6
Director	Josh Tsai	2024 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange	6
		CDP Taiwan Presentation - Creating a New Carbon Era Advocacy Conference with Sustainable Knowledge	Taiwan Stock Exchange	3
Independent Director	Stan Hu	Financial friendliness and inclusive finance	Chinese Association of Business and Intangible Assets Valuation	3
		Recent updates and trends in anti-money laundering (AML), counter-terrorism financing (CTF), and counter-proliferation financing (CPF)	CPA Associations R.O.C.	3

Title	Name	Course Name	Organizer	Hours
Independent Director	Kelvin Lee	Intelligent Leadership: Creating a New Pattern of AI Governance	Taiwan Institute of Directors	3
		Institutional investor perspectives forum,	Securities and Futures Institute	3
Independent Director	Nelson Lee	2024 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange	3
		Steer the ship of enterprise wisdom and lead the way with corporate governanc	Taiwan Institute of Directors	3
Independent Director	Stan Hu	Advocacy Meeting for the Sustainable Development Action Plan of Listed OTC Companies	Securities and Futures Institute	3
		(Taichung) Supervision and practice of accountant's money laundering prevention	Taiwan Stock Exchange	6

2.2.3.3 Continuing Education/Training involving Company governance of financial and internal auditors in 2024

Title	Name	Course Name	Organizer	Hours
CFO/ Accounting Manager	Gavin Lin	International Net Zero and Sustainability Reveal New Trends - From the EU Taxonomy Regulation (TR) to Taiwan's Reference Guidelines for the Identification of Sustainable Economic Activities	Accounting Research and Development Fundatoion	3
		Common deficiencies in financial report review and common issues in asset acquisition/disposal		3
		Practical analysis of the impact of the latest ESG sustainability policies and regulations related to "Annual Report Preparation" and net zero carbon emissions on financial reports		3
		Legal responsibilities and case analysis related to company "dispute over management rights"		3
Accounting Manager Deputy	Karen Chien	Corporate ESG Practice Topic: Legal Responsibility Cases of "Gender Equality and Human Rights"	Accounting Research and Development Fundatoion	3
		Strategic thinking and practice of "group enterprise restructuring"		3
		Creating new corporate value with ESG: Operational challenges, Responses and Strategies		3
		Review of financial reports and practical analysis of material information by regulatory authorities		3
Audit Manager	Sylvia Chang	How to adjust internal control systems to meet new ESG standards	Institute of Internal Auditors-Chinese Taiwan	6
		New challenges for internal auditors - Analysis of Sustainable Information Disclosure and Management Policies and Related Audit Points		6

2.2.3.4 Certificates involving financial information transparency.

Item	Certificate acquired	Certified by	Number
1	Certified Internal Auditor	Institute of Internal Auditors	2
2	Certified Information Systems Auditor	Information Systems Audit and Control Association	1
3	Certified Valuation Analyst	National Association of Certified Valuation Analysts	1
4	Certified Intangible Asset Valuator-Associate Level	Industrial Development Bureau, Ministry of Economic Affairs	1
5	Senior Securities Specialist	Securities and Futures Institute	4
6	Securities Specialists	Securities and Futures Institute	3
7	Stock Affair Specialist	Securities and Futures Institute	2
8	Enterprise Internal Control Basic Ability	Securities and Futures Institute	2
9	Certified Valuation Analyst	National Association of Certified Valuators and Analysts	1
10	Financial planner	Taiwan Academy of Banking and Finance	2
11	Proficiency Test for Trust Operations Personnel	Taiwan Academy of Banking and Finance	3
12	Bookkeeper	Ministry of Examination, R.O.C	1
13	Basic Competence Exams for corporate governance	Securities and Futures Institute	1
14	Securities Investment Trust and Consulting Professionals	Securities and Futures Institute	1

2.2.4 Composition, Responsibilities and Operations of the Remuneration Committee

- On October 27, 2011, the Company's board of directors approved the establishment of Remuneration Committee and formulated the "Remuneration Committee Organizational Rules." The members, number and term of office of the Remuneration Committee, powers, rules of procedure, and resources to be provided by the Company when exercising powers and other matters shall be in accordance with the provisions of these regulations, unless otherwise provided by laws or the Company's "Articles of Association".
- Composition: The members of the Remuneration Committee are appointed by resolution of the board of directors. The current Remuneration Committee is composed of four independent directors, and all members elect one independent director as chairman. The term of the committee members is the same as the term of the appointed board of directors
- Duty: The members of the Remuneration Committee should take the attention of good managers, faithfully perform the following functions and powers, and submit their suggestions to the board of directors for discussion:
 - Formulate and regularly review the policies, systems, standards and structures of directors and managers' performance evaluation and remuneration.
 - Regularly evaluate and determine the remuneration of directors and managers.
- Operations of Remuneration Committee
 - The Company has a Remuneration Committee composed of four members.
 - The term of current Remuneration Committee: June 13, 2024 to June 12, 2027. The most recent year, 2024 and as of the publish date of the annual report, three meetings were convened (A). The Committee members' attendance status is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Stan Hu	3	0	100	Re-elected
Committee Member	Nelson Lee	3	0	100	Re-elected
Committee Member	Kelvin Lee	3	0	100	Re-elected
Committee Member	Kuang-Yao Chang	2	0	100	Newly elected, should attendance by 2 times.
Committee Member	Neng-Pai Lin	1	0	100	Removed, should attendance by 1 times.

Other mentionable items:

- If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the proposal, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: None.
- Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the proposal, all members' opinions and the response to members' opinion should be specified: None.

Note: The board of directors of the Company appointed independent directors Stan Hu, Nelson Lee, Kelvin Lee, and Kuang-Yao Chang as members of the remuneration committee on June 13, 2024, and convened Stan Hu as convener. The terms of reference of the Remuneration Committee of this session have been revealed on section "3. Duty". Independent Director Neng-Pai Lin were removed on June 13, 2024

- Discussion from the Remuneration Committee, resolutions, and ways the Company handled opinions from committee members:

Date	Session	Content of proposals	Resolutions and implementation	Company's response
March 4, 2024	1 st Remuneration Committee in 2024	A. Amended "Remuneration Measures for Directors and Functional Committee Members"	All Remuneration Committee Members presented at the meeting agreed without objection and submitted to Audit Committee for resolution.	The submission to the board of directors is unanimously approved by all present directors and independent directors.
		B. Remuneration of employees and directors 2023	All Remuneration Committee Members presented at the meeting agreed on NT\$16,597,023 for directors and NT\$221,293,640 for employees in cash, and submitted to Audit Committee for resolution.	The submission to the board of directors is unanimously approved by all present directors and independent directors.
		C. Discussion and approval of proposal for the bonus distribution of directors' and managers 2023	All Remuneration Committee Members presented at the meeting agreed without objection and submitted to Audit Committee for resolution.	The submission to the board of directors is unanimously approved by all present directors and independent directors.
November 3, 2024	2 nd Remuneration Committee in 2024	A. Implementation report of managers' remuneration	All Remuneration Committee Members presented at the meeting agreed without objection.	Approved by all directors.
March 3, 2025	1 st Remuneration Committee in 2025	A. Remuneration of employees and directors, 2024	All Remuneration Committee Members presented at the meeting agreed on NT\$3,343,691 for directors and NT\$72,334,482 for employees in cash, and submitted to Audit Committee for resolution.	The submission to the board of directors is unanimously approved by all present directors and independent directors.
		B. Discussion and approval of proposal for the bonus distribution of directors' and managers 2024	All Remuneration Committee Members presented at the meeting agreed without objection and submitted to Audit Committee for resolution.	The submission to the board of directors is unanimously approved by all present directors and independent directors.

5. Professional qualifications and independence status of the Company’s Remuneration Committee members are listed in the table below.

Title	Name	Qualification	Professional knowledge and skills	Independence	Number of other public companies where the Director concurrently serves as an Independent Director
Independent Director (Convener)	Stan Hu		Professional qualifications and independence status of the Company’s Remuneration Committee members please refer to pages 6-8 Professional qualifications and independence condition of directors and independent directors.		None
Independent Director	Kelvin Lee			None	
Independent Director	Nelson Lee			None	
Independent Director	Kuang-Yao Chang			2	

2.2.5 Implementation of Sustainable Development, and Differences with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

2.2.5.1 Implementation of Sustainable Development, and Differences with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Abstract Explanation									
Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		<p>1. Governance structure for sustainable development The Board of Directors approved “Code of Conduct for Business Integrity”, “Code of Corporate Governance” and “Code of ethical behavior” in 2014. Then, the Company founded the Corporate Social Responsibility committee in 2016, renamed as Sustainable Development committee in 2021, and assigned chairman of Company as a chairman, president as a vice chairman in the committee, establish chief sustainability officer as well as other members in each business and supporting department. The committee is the highest internal sustainable development decision unit in Company to formulate medium and long-term sustainable development plans.</p> <p>2. Promotion of sustainable development units and the supervision situation of the Board of Directors (1) We have set up committees in each global locations to take in charge of complying with local laws, regulations and other related policies, and promoting Corporate Social Responsibility as well as Environmental, Health and Safety Policy. Also, they cooperate with “Risk Management Committee”, and hold the review meeting quarterly to evaluate the performance and improvement and to report to the Board of Directors at least once a year about the implementation results of the Company’s sustainable development. Corporate Social Responsibility committee held "Corporate Social Responsibility committee communication meeting" with Audit committee in May 3, 2024, the Board of Directors approved "2023 ESG Report" in August 5, 2024, the Board of Directors in November, 2024 approved to enact of the "Sustainability Information Management Procedure", and "Sustainability Report Preparation and Confidence Operation Procedure" and reported the implementation situations in 2024, including preparation and declaration of sustainability report, promotion of greenhouse gas inventory and verification planning by the Group, participation in SBTi initiative organization and setting of the Group's carbon reduction targets, and other promotion status and implementation results. and the performance of sustainable development.</p> <p>(2) The Company’s sustainable development committee continues to pay attention to issues of concern to stakeholders such as the economy, environment and society. Under the leadership of the Board of Directors, formulate policies, systems, management guidelines and action plans related to the sustainable development of the enterprise, and strategically move towards the goal of enterprise sustainable development. Please refer to pages 28-41 for related goals and strategies.</p>	None								
Does the Company conduct the risk assessment on environmental, social, and corporate governance issues related to corporate operation according to materiality principle? And any establishment of relevant risk management policy or strategies?	✓		<p>The Sustainability Committee continues to pay attention to issues of corporate governance, economy, environment, and society at home and abroad and in the industry. At the same time, it pays attention to issues of concern to stakeholders. According to the disclosure principles of the Sustainability Report (GRI Standards) and the SASB industry norms, annual risks are identified, regular risk meetings are held to take relevant countermeasures and review results. The disclosure covers the period from January to December, 2024. The scope of assessment based on the principle of materiality is mainly the risk assessment and performance of environmental, social and corporate governance issues related to the Company’s operating bases and 100% owned subsidiaries. After principle analysis and assessment, the relevant major risks and strategies are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Major issue</th> <th style="width: 15%;">Risk Level</th> <th style="width: 15%;">Risk Identify</th> <th style="width: 55%;">Risk management strategy</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Operating Risk</td> <td>Corporate Sustainable Development</td> <td> <p>1. Implement ESG related affairs and initiative management in response to international climate action.</p> <p>2. Through the SBTi scientific target review, with 2021 as the baseline year, the carbon reduction for categories one and two is 4.84% per year, and for category three is 2.75% per year.</p> <p>3. Implement ISO 14001 and ISO 14064 management systems into operations to enhance corporate value through sustainable actions such as climate change, energy, water resources, waste, and air pollution prevention.</p> <p>4. Use TCFD to assess potential climate-related risks and opportunities, and conduct cross- departmental</p> </td> </tr> </tbody> </table>	Major issue	Risk Level	Risk Identify	Risk management strategy	Environment	Operating Risk	Corporate Sustainable Development	<p>1. Implement ESG related affairs and initiative management in response to international climate action.</p> <p>2. Through the SBTi scientific target review, with 2021 as the baseline year, the carbon reduction for categories one and two is 4.84% per year, and for category three is 2.75% per year.</p> <p>3. Implement ISO 14001 and ISO 14064 management systems into operations to enhance corporate value through sustainable actions such as climate change, energy, water resources, waste, and air pollution prevention.</p> <p>4. Use TCFD to assess potential climate-related risks and opportunities, and conduct cross- departmental</p>	None
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Install safety production management and supervision personnel in each area of the factory, implement the occupational safety and health self-management system, and promptly identify and improve safety concerns. 3. Conduct effectiveness verification of ISO 45001 occupational safety and health management system, implement RBA management review, safety control, inventory and control, and occupational safety and health training to enhance safety management culture. 4. Each factory area shall regularly implement the Business Continuity Plan (BCP), contingency drills, and tests according to the annual plan, cultivate employees' emergency response capabilities, recognize the importance of fire safety, and implement safety concepts.</td> </tr> <tr> <td>Disastors and catastrophes</td> <td>1. Review and strengthen regional fire compliance, implement self-monitoring to enhance protection. 2. Complete disaster risk prevention and transfer, and provide property and product liability insurance based on regional risks.</td> </tr> <tr> <td rowspan="2">Governance</td> <td>Financial risk/opportunity</td> <td>Climate risk/opportunity</td> <td>1. Climate risk scenario analysis and exposure assessment, analyzing the risks and opportunities brought by climate change. 2. After evaluating the financial impact of climate change, set a goal of net zero emissions by 2050 and participate in the SBTi (Science Based Carbon Reduction Initiative) to reduce carbon emissions from environmental assessments, production processes, and green product designs. 3. Complete the TCFD independent report and disclose it on the company's ESG website.</td> </tr> <tr> <td>Operating risk</td> <td>Information Security</td> <td>1. Develop a comprehensive information system for prevention and mitigation. 2. Set up warning and anti-blocking remedial measures, currently there are no major security incidents. 3. Continuously validate the ISO 27001 system, monitor and manage impacts at any time, and each factory has gradually obtained ISO 27001 certification. 4. File encryption to prevent the leakage of core company technologies and enhance the company's competitiveness. 5. Social engineering exercises to strengthen colleagues' awareness of security and eliminate security risks.</td> </tr> </tbody> </table>	Major issue	Risk Level	Risk Identify	Risk management strategy	Environment	Operating Risk	Corporate Sustainable Development	countermeasures discussions based on the likelihood and impact of occurrence. 5. Introduce ISO 50001 energy management and certification and set energy saving targets.	Society	Hazard risk	Safety and health risk	1. 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Environmental Issues	Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓	All DARFON manufacturing factories in the world have received ISO 14001 certifications for environmental management systems since 2001. (the lastly valid period for the certification is from 2022/06/08 to 2025/05/03). The internal and external audits were regularly implemented on an annual basis in worldwide manufacturing factories to ensure the PDCA continuous improvement of the system as well as efficiency of each environmental management implementation. Accomplished Carbon Footprint Verification in 2024, and received ISO 14064-1 certifications. Tracking emission reduction results have been disclosed in the sustainability report and the Company’s website (https://esg.darfong.com.tw/).	None																					

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons									
	Yes	No											
Environmental Issues	Does the Company dedicate to improving efficiency and using recycled materials with low impact on the environment?	✓	<p>1. The Company is committed to improving energy efficiency and using renewable materials with low environmental impact. The specific measures are as follows:</p> <p>a. Improve product energy efficiency: Promote user-friendly power-saving/energy-saving design; reduce production processes to reduce energy consumption.</p> <p>b. Reduce product material usage and introduce low-impact materials: By saving materials, introducing recycled materials (such as PCR plastics, Al alloys), using low-impact materials, improving product energy efficiency and friendly packaging, such as redesigning structural components to reduce material thickness and weight while meeting the original required functions and strength.</p> <p>c. Introduce easy-to-disassemble and recyclable design: Promote the easy disassembly and recycling of products after their service life ends.</p> <p>d. Promote green manufacturing and production efficiency: optimize structural design and increase capacity utilization, such as continuously introducing common materials and parts for products and integrating appearance design to streamline mold development and waste material loss.</p> <p>2. The Company adopts green materials for production, introduces green and lead-free manufacturing processes to establish a green management system and controls material limits.</p> <p>3. The Company actively promotes various energy-efficient measures, newly purchased equipment is given priority to high-efficiency and energy-saving models, and the systems equipments that have been used for many years is tested for performance and to evaluate the necessity of replacement. Strengthen the energy management mechanism, establish an ISO 50001 energy management system, strengthen the energy management of each production base, and give priority to the implementation of the ISO 50001 energy management system in factories with high energy demand. The Tainan factory has obtained a third-party verification certificate in 2023, and the third China plant is also planned to pass the verification in 2025.</p> <p>4. A total investment of \$262 thousand was made in energy-saving equipment, including the replacement of 181 sets of energy-saving LED lamps and the installation of 20 sets of circulating fans in the public area of the headquarters building. Replacement of energy-saving lighting fixtures, construction of solar panel power generation, and integration of electricity certification. Based on the electricity consumption of 3,084,992 kWh at the Taoyuan headquarters in 2023, the total electricity consumption will be reduced by 244,034 kWh in 2024, resulting in an annual energy-saving benefit of 9.2% of electricity consumption, with a total savings of \$632 thousand. And it is expected to continue to strictly control electricity consumption by 2025, installing frequency converters for air conditioning water tower motors, ice water primary pumps, and cooling water pumps to effectively monitor and regulate equipment operation; constructing solar power generation equipment is expected to account for 16% of the headquarters' electricity consumption, increasing the utilization rate of renewable energy.</p>	None									
	Does the Company assess the current and future risk and opportunity of climate change, and adopt response measures of climate-related issues?	✓	<p>Climate change is an issue that the Company attaches great importance to.</p> <p>The Company Based on the guidelines of the Task Force on Climate Related Financial Disclosures (TCFD) proposed by the Financial Stability Board (FSB), our company analyzes the risks and opportunities brought about by climate change and formulates corresponding strategies.</p> <p>Taking into account future market demand and production conditions, we will continue to expand development opportunities in the fields of green energy and energy storage. In terms of carbon management, Darfur participates in the Science-Based Targets Initiative (SBTi) and will reduce carbon emissions through environmental audits, production processes, and green product design, moving towards the country's net zero goal.</p> <p>1. Governance</p> <p>The highest level of climate governance is the board of directors, which is responsible for supervising and examining the development of climate governance related strategies and policy formulation. The Sustainable Development Committee under the Board of Directors is responsible for formulating the management policies and short-term, medium, and long-term goals of climate change impacts, and integrating the management policies and practices of energy management. The Sustainable Development Committee regularly reports to the Board of Directors on the promotion and implementation of climate change management every year.</p> <p>2. Strategy</p> <p>In response to global climate change, the Company has actively taken measures to reduce carbon emissions, improve energy efficiency, promote renewable energy, protect water resources, reduce waste, etc., and ensure the effectiveness through scientific data analysis and strict management; actively cooperate with all stakeholders to jointly promote sustainable development. These measures not only reduce the negative impact on the environment, but also enhance the competitiveness and sustainable development capabilities of enterprises. The strategy and measurement please refer to pages 40.</p> <p>3. Management</p> <p>Identify climate-related risks and opportunities through the Risk Management Committee, summarize the response measures of various departments and conduct reviews to track and manage the promotion and management performance related to climate change management on a quarterly basis.</p> <p>4. Objectives</p> <p>Net-zero transformation is not only an environmental issue, but also an economic issue concerning the international competitiveness of enterprises. In response to climate change, the company has committed to SBTi to adopt scientific carbon reduction practices, reduce carbon emissions at all stages, and set climate-related indicators as follows:</p> <table border="1"> <thead> <tr> <th>Risk Opportunity Item</th> <th>Management Indicators</th> <th>2025 Goals</th> <th>2030 Goals</th> <th>Implementation</th> </tr> </thead> <tbody> <tr> <td>Climate Change Response And Adaptation</td> <td>Scope1 and Scope2 Annual reduce carbon emissions 4.84%</td> <td>Scope1 and Scope2 Reduce carbon emissions 19.36% Scope3</td> <td>Scope1 and Scope2 Reduce carbon emissions 43.56% Scope3</td> <td>Scope1 and Scope2 Annual reduce carbon emissions 10.27%</td> </tr> </tbody> </table>	Risk Opportunity Item	Management Indicators	2025 Goals	2030 Goals	Implementation	Climate Change Response And Adaptation	Scope1 and Scope2 Annual reduce carbon emissions 4.84%	Scope1 and Scope2 Reduce carbon emissions 19.36% Scope3	Scope1 and Scope2 Reduce carbon emissions 43.56% Scope3	Scope1 and Scope2 Annual reduce carbon emissions 10.27%
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Environmental Issues	✓		<p>1. Greenhouse gas reduction emission</p> <p>a. Implementing greenhouse gas inventory</p> <p>Since 2010, all DARFON manufacturing facilities passed the ISO 14064-1 (greenhouse gas inventory) certification, and obtained the ISO14064-1 greenhouse gas inventory third-party verification statement. The greenhouse gas emissions in these three years are as follows:</p> <p style="text-align: right;">Unit: ton CO₂e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>3,593.053</td> <td>51,767.883</td> <td>154,943.186</td> <td>210,304.122</td> </tr> <tr> <td>2022</td> <td>4,081.830</td> <td>57,618.850</td> <td>180,896.522</td> <td>242,597.202</td> </tr> <tr> <td>2021</td> <td>5,315.370</td> <td>93,036.760</td> <td>267,050.603</td> <td>365,402.733</td> </tr> </tbody> </table> <p>b. Setting greenhouse gas reduction targets under the SBTi initiative</p> <p>The Company joined the Science Based Targets Initiative (SBTi) in 2023 in response to the international trend towards net zero sustainability. We set a goal of controlling temperature rise by 1.5°C under the Paris Agreement and planned a net zero carbon reduction roadmap. Taking 2021 as the base year, we set targets of reducing emissions by 4.84% in Scope1 and Scope2 and 2.75% in Scope3. By 2031, we aim to achieve the targets of reducing emissions by 48.4% in Scope1 and Scope2 and 27.5% in Scope3, and move towards the net zero emissions vision by 2050.</p> <p>c. Greenhouse gas reduction promotion results</p> <p>The Company has implemented measures to reduce emissions within the factory, such as expanding solar power generation systems, replacing old equipment with new ones, adjusting product mix, purchasing green electricity certificates, and establishing an energy management system. Taking scope 1 and 2 as an example, the average annual emission reduction in 2023 is 21,495.6 tCO₂e compared to the base year 2021, which is an average annual reduction of 21.86% compared to the base year 2021.</p> <p>d. Responding to international disclosure platforms and adapting accordingly</p> <p>Participate in the international CDP climate change questionnaire filling: disclose annual greenhouse gas emissions and reduction information, and strive to reduce greenhouse gas emissions in factories around the world. In accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) proposed by the Financial Stability Board (FSB), we analyzed the risks and opportunities brought about by climate change, formulated corresponding strategies, and issued a TCFD report in 2024.</p> <p>2. Water management</p> <p>a. Set water resource management goals and statistics</p> <p>Reduce the water withdraw intensity (ML/NT\$M) of the current year by more than 1% compared to that of the previous year, the total water consumption of the Company in these three years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption (ML)</th> <th>Unit Water Withdraw Intensity (ML/NT\$M)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>586.85</td> <td>0.044</td> </tr> <tr> <td>2022</td> <td>779.87</td> <td>0.054</td> </tr> <tr> <td>2021</td> <td>819.19</td> <td>0.046</td> </tr> </tbody> </table> <p>b. Results of promoting water resource reduction</p> <p>The Company has set up rainwater recycling systems, process water recycling and reuse and other water-saving measures to fully achieve resource reuse. The total water consumption of global plants in 2023 was decrease by approximately 193ML compared with 2022, and the unit water withdraw intensity (ML/NT\$M) in 2023 was decrease by 19.4% compared with 2022.</p> <p>3. Waste management</p> <p>The target for increasing the recycling rate of waste annually from 2023 to 2030 has been set at 82% to 88%. However, due to the waste generated by the relocation of the Suzhou plant in 2023, the total weight of waste in global plants in 2023 was increased by 246 metric tons compared to 2022, and the unit waste density (ton/NT\$M) in 2023 was increased by 15.2% compared to 2022.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous waste</th> <th>Non-hazardous waste</th> <th>Total (tons)</th> <th>Unit waste intensity (tons/million revenue)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>1,817</td> <td>1,557</td> <td>3,374</td> <td>0.2515</td> </tr> <tr> <td>2022</td> <td>1,472</td> <td>1,656</td> <td>3,128</td> <td>0.2183</td> </tr> <tr> <td>2021</td> <td>2,031</td> <td>2,370</td> <td>4,401</td> <td>0.2486</td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	Scope 3	Total	2023	3,593.053	51,767.883	154,943.186	210,304.122	2022	4,081.830	57,618.850	180,896.522	242,597.202	2021	5,315.370	93,036.760	267,050.603	365,402.733	Year	Total water consumption (ML)	Unit Water Withdraw Intensity (ML/NT\$M)	2023	586.85	0.044	2022	779.87	0.054	2021	819.19	0.046	Year	Hazardous waste	Non-hazardous waste	Total (tons)	Unit waste intensity (tons/million revenue)	2023	1,817	1,557	3,374	0.2515	2022	1,472	1,656	3,128	0.2183	2021	2,031	2,370	4,401	0.2486	None
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	Yes	No		
			4. According to the types of environmental pollutants produced in the production process, all DARFON manufacturing facilities have full-time management personnel responsible for environmental management related affairs such as air pollution, waste water, waste, etc., and comply with national laws and regulations to properly handle various environmental pollutants to reduce impact of production on the environment. For more information about consumption in other resources, water and weight of wastes, and results about energy-efficient, reduction green gas, intensity other waste managements, please refer to company’s sustainability website(https://esg.darfong.com.tw/)	
	Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓	<p>1. The Company respects and supports internationally recognized human rights principles and standards, including “Universal Declaration of Human Rights”, “UN Global Compact”, complies with the laws and regulations where the company is located, formulates the human right policy in accordance with “International Labor Organization’s Declaration of Fundamental Principles and Rights at Work”.</p> <p>The Company complies with the Responsible Business Alliance (RBA) to protect environment, human right, safety, and health as a principle, and builds the corresponding management and rules. Respecting human rights is the foundational to the sustainable development and operation of a corporation. Thus, the Company adopts RBA as management framework in operation and supply chain, and expects suppliers and contractors to act in accordance to the spirit and basic principles of this policy, including questionnaire survey on suppliers to assess their environmental protection, occupational safety and health management policy, Human Rights Policy, business ethics policy, and other items. According to the RBA audit process, internal and external audit are performed regularly, and the Company regularly accepts the audit from customers or third party audit by the latest RBA rule.</p> <p>2. The Company establishes multiple two-way communication channels for employees. In response to complaints or incidents, the personal information of colleagues is carefully kept confidential and handled to attain labor-management harmony. The Company provides appeal channel and “HR mailbox” so that employees can reflect their issues about human right, labor-management, sexual harassment, and others. The Company also sets up supervisory unit to make sure the issues are in process as well as continuously improves the working environment and welfare for employees.</p> <p>3. Internally, human rights-related education and training were implemented through physical courses, online advocacy, and new employee training. In 2024, a total of 4,417 people completed human rights-related training courses. In the future, we will continue to pay attention to the issue of human rights protection and promote relevant education and training to raise awareness of human rights protection and reduce the possibility of related risks. For more information about human management policies and specific project, please refer to the Annual Report pages 62-64.</p>	None
Social Issues	Does the Company formulate and implement reasonable employee welfare measures (including salary, paid leaves, and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	✓	<p>By employees’ lives and well-being as a priority, the Company sets up numerous benefits and incentives created as timely response to employees’ credit. To share business achievements with employees and based on annual profitability, the Company allocates compensation according to their performance.</p> <p>The Company focuses on gender equality; the average percentage of female employees, managers or higher position was 51% in 2024, and the average percentage of female supervisors was 21%. Please refer to pages 62-64 for other employee welfare measures. For more information of the implement of workplace diversity and employees’ welfare please refer to 2024 sustainability report.</p>	None
	Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?		<p>1. In order to provide employees with a safe and healthy working environment, the Company’s global production bases around the world have obtained the internationally recognized occupational safety and health management system ISO 45001 certification (the latest valid period is from June 7, 2022 to May 3, 2025 before the printing date, the latest renewal inspection results and certificate validity period please refer to 2024 sustainability report). Irregular safety inspections are carried out on all factories to build a safe working environment. Please refer to pages 62-64 for details.</p> <p>2. The Company complies with the requirements of ISO 45001:2018, and conducts hazard identification and risk (including human-included hazards) assessment for hazard factors at least once a year. The environmental, safety and health management committees of each factory are composed of representatives from various departments to carry out hazard identification and risk assessment operations. The environmental safety and health personnel in each factory conduct classified operation management based on the results of identification and risk assessment of each department. Relevant assessment personnel receive complete education and training on hazard identification and risk assessment. For those whose risks are classified as unacceptable by the hazard identification and risk assessment table evaluation results, occupational safety and health objectives and management plans will be drawn up and relevant resources will be invested for improvement. For the parts with acceptable risks, each factory will carry out daily supervision and management. In addition, safety personnel are set up in the factories in China to conduct daily risk monitoring, and the implementation results are submitted to the management for review every year, so as to improve the overall occupational safety and health performance and effectively control safety and health risks.</p>	

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			<p>3. In 2024, factories around the world have implemented employee safety education and training. Tainan factory has carried out a total of 2 related fire evacuation drills in the whole factory, and completed the occupational safety and health education and training for relevant on-site workers; the headquarters and Taoyuan factory have conducted 1 new employee fire-fighting lectures, fire-fighting training session and fire escape and evacuation drills for 2 sessions in totl. Monitoring of the hazardous working environment every half year to prevent hazards and ensure the safety of the working environment for all workers.</p> <p>4. In terms of working hours, it is controlled within the allowable range according to law. Meanwhile, the overtime hour's reminder and early warning function are set in the attendance management system.</p> <p>5. The Company's factories hold labor-management meetings irregularly, and major labor conditions are implemented after the resolution of the factory's labor-management representatives to ensure that the rights and opinions of employees are respected.</p> <p>6. The Company cooperates with professional medical institutions to organize health promotion and lectures, arrange doctors' visits and annual physical examinations for employees, and set up sports venues as well as various health, aerobic and physical fitness courses to maintain the physical and mental health of employees.</p> <p>7. In 2024, a total of 1 minor fire accident and 7 minor work-related injury accidents occurred in the factory, no major workplace accidents occurred in any of the global factories (with 0 casualties). with a disabling injury frequency (FR) of 0.40, a disabling injury severity rate (SR) of 23, and a comprehensive injury index of 0.096. The FR and FSI were both lower than the average values of the computer and peripheral equipment manufacturing industry (FR: 0.54, SR: 19, FSI: 0.1). For the above-mentioned work-related injury accidents in the factory, the precautions for the operators were promoted and the on-site deficiencies were improved.</p>	
Social Issues	Does the Company provide its employees with career development and training sessions?	✓	<p>1.The Company offers the complete vocational training for supervisors and employees. In 2024, the number of employees attending vocational training was 9,551, and the total time was 21,971 hours. Moreover, during the annual Performance review, employees would discuss with supervisors and set the personal developing plan to formulate complete training programs by regular review and feedback. More about employee training and development, please see pages 63.</p> <p>2.The succession of the Company's board of directors and important management levels, besides excellent working abilities, personality traits must include integrity, honest and innovation, etc. In accordance with the board of directors' succession plan, the company provides training high-level management in board of directors to familiarize them with the operation of board of directors and each unit of the Group. The Company not only appoints vice president in the chairman's office, but also assigns high-level management in business units, such as V.P., IT Peripheral and V.P., Advanced Technology. Senior management talent trainings include leadership and management competency training, business lecture courses management, key talent development plans and job rotations, etc. Content covers important areas, including leadership thinking training, strategic planning, innovative development, team motivation and communication, industry trends, new knowledge, marketing management, human resources and financial risk, etc. By annual relevant course modules and regular trainings, we strengthen the leadership, management ability and professional quality of successors. Chris Wang was promoted as V.P. of Green Energy Products Department in March 2021, and we elected President by Josh Tsai in November 2018.</p>	None
	For customer health and safety, customer privacy, marketing and labeling regarding the Company's products and services, does the Company follow relevant laws, regulations and international guidelines? And any establishment of policies on consumer rights and interests as well as procedures for accepting consumer complaints?	✓	<p>1. The Company promotes quality management complying with international regulations related quality management by systematic methods, and regulating management procedure and process. Each manufacturing plant in the Group passes the ISO 9001 Quality Management System certification. The Company regularly arranges and conducts customer satisfaction surveys every year, and the result of customer satisfaction in 2024 was 96%, which demonstrates that customers recognize the Company's quality capabilities and operating results.</p> <p>2. The Company focuses on the change of international regulations, specifications of industry and customers ,and other aspects related suppliers, including " Restriction of Hazardous Substances Directive -RoHS", "REACH", " Waste Electrical and Electronic Equipment Directive 2002/96/EC-WEEE", "Packaging and Packaging Waste-PPW",etc., and complies with the eco-friendly rules ,energy efficiency standards, and products certification from various countries to design and manufacture the products ,and meet the latest environmental requirements and the customers' requirement and expection of environmental production, energy consersvtion and occupational safety and health.</p> <p>3. To respond international regulations and products certification from customers, the Company not only meets the WEEE regulations and labels the products, but also formulates "Darfon Green Product Management Procedure" according to IECQ QC 080000:2017, to meet the requirements of green products.</p> <p>4. Under Darfon's quality policy, quality after-sales service is provided through various service points. During the product warranty period, customers can contact customer service personnel to analyze or arrange product returns and exchanges for issues such as poor quality or usage, in order to solve customer problems in the shortest possible time and reduce doubts about customer use. Darfon also introduces international standards related to automotive use, such as IATF 16949 quality system, and applies FMEA (Failure Mode and Effect Analysis) to provide customers with higher quality products and services.</p> <p>5. The labeling and marketing of products and services comply with relevant domestic regulations as well as international standards, and meet the international regulations related management systems and verification requested by customers without violation of product health and safety, product information and labeling regulations. Regarding the privacy of customers, we abide by the confidentiality agreement and personal data protection law. We also set up contact window for each product on the Company's website (www.Darfon.com.tw) to protect consumer rights and provide channels for complaints.</p>	None

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	Yes	No		
Social Issues Does the Company establish the supplier management policy and request suppliers to follow the corresponding rules for the issues such as environmental protection, occupational safety and health or labor and human rights? And any implementation status?	✓		<p>1. The Company's supplier management system focuses on green procurement. To fulfill the responsibility of maintaining society and environmental protection, the Company requires suppliers to provide green product assurance letters, green product specifications, test report of quality and material, and MSDA, etc., to comply with international regulations and the hazardous substance management.</p> <p>2. For products containing gold, tantalum, tin, and tungsten, the supplier must provide a letter of guarantee, stating that the mineral source of the product does not come from People's Republic of the Congo or illegally developed areas in the neighboring countries in order to protect the sustainability of the environment and ecology.</p> <p>3. The Company follows the Responsible Business Alliance Code of Conduct (RBA), ISO 14001, OHSAS 18001, RoHS, HSF, PFOs (Control of Hazardous Substances), the prohibition of conflict minerals and other international standards or regulations. For environmental protection, labor human rights, and safety of occupation, and health, we establish corresponding supplier management system and management standards, and arrange supplier audits irregularly to facilitate the supervision of the quality of supplier materials.</p> <p>4. The Company designs "supplier CSR evaluation form" for self-evaluation, to grasp the ESG managements about suppliers, including environment and society. By the form, the Company could understand the Corporate Social Responsibility of the supplier and use those results as references to manage the suppliers. The Company draws up the audit plan for suppliers and the audit supplier list annual. After the audit, the audit unit would propose the improvement plan focusing on the deficiencies, as well as provide the specific goal and schedule. The Company regularly reviews the performance of suppliers on sustainable management(RBA and Corporate Social Responsibility),and surveys and evaluates the risk of suppliers from time to time.</p>	None
Does the Company disclose relevant and reliable information regarding its Sustainability Report referring to international guidelines? Does the Company obtain a third-party assurance or verification for the foregoing reports?	✓		The Company published the fourth edition of the Corporate Social Responsibility Report in 2024, in accordance with GRI Standards, AA 1000 AS 2008, ISO 26000 and global sustainability report standards, and verification of the third-party unit, SGS Taiwan Ltd. It meets the requirements of the AA 1000 Type 1 Moderate Assurance Level and is disclosed on the Market Observation Post System (MOPS) and the Company sustainability development website (https://esg.darfon.com.tw/). The content structure of the Company's corporate social responsibility report follows the Global Reporting Initiative's GRI Standards, SASB industry norms, AA 1000 Accountability Principle Standards (AA1000APS), and the guidelines and framework from Taiwan Stock Exchange's "Management Measures for the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies" It follows the "core options" as the disclosure principles in this report.	None
<p>If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: Darfon has established corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/ TPEX Listed Companies". All colleagues promote and fulfill corporate social responsibility and set up a corporate sustainable development promotion team. The overall operation situation is in line with the spirit of corporate social responsibility, and there is no major difference.</p> <p>Other important information to facilitate better understanding of the Company's corporate social responsibility practices :</p> <ol style="list-style-type: none"> Chairman of Darfon Group won Entrepreneur of the Year Award from Asia Pacific Enterprise Awards; The Company won 17th Taiwan Corporate Sustainability Award (TCSA) –Taiwan's Top 100 Sustainable Companies Award, Gold Award of the Corporate Sustainability Report Award, awarded the Compliant with the 1.5°C Temperature Control Target certification by CWS, Selected as one of the Top 100 Carbon Competitiveness by Business Weekly, Corporate sustainability reporting from "Asia Responsible Enterprise Awards". The global operation headquarters adopts green building construction, adopt environmentally friendly and low carbon construction methods, such as "green building" and " architectural concrete" and set up rainwater recycling system. Solar power generation systems are installed in each manufacturing plant to full use of natural resources. In addition, the Company was rewarded by FCFC of the honor as Industrial Zone Greenification Excellence Awards. Actively develop community relations, respond to major community activities and initiate a positive cycle of goodness, expecting to coexist harmoniously with local society and communities and exert positive social influence. <p>In 2024, community participation, consumer rights, social contribution/service/public welfare activities were mainly being carried out in the vicinity of Taoyuan where the Company is located:</p> <ol style="list-style-type: none"> Social welfare: Darfon cares for the society through practical actions, allowing love to continue to flourish. <ol style="list-style-type: none"> Supporting the development of rural primary school affairs, sponsoring Wulai Elementary School and Taoshan Elementary School with a total of NT \$100,000. We actively responded to the call of social medical institutions to replenish blood banks and held two blood donation activities at Darfon plant. We also assisted local organizations in soliciting donations in Taoyuan City, raising a total of more than 98,500cc of blood. Volunteer Services: Darfon is well aware of the importance of culture and care. This year, the Darfon volunteer team visited various local organizations and groups, continued to listen and care, and used actions to deepen the connection between communities. <ol style="list-style-type: none"> A charity performance was held at Qizhangfu Temple in Daxi, with a total of 25 volunteers participating for 8 hours of service. All proceeds were donated for temple maintenance and community activity promotion. In addition to promoting music appreciation among tourists, they also experienced the profound cultural heritage of the local area. At the Bade Xudeng Nursing Home, eight volunteers prepared free game booths in advance to entertain the elderly, enrich the garden activities, and deepen the connection with the community. Five volunteers from the Taoyuan Renai Home organized a birthday park event for wheelchair users, injecting vitality and joy into the lives of residents. On Teachers' Day, 15 volunteers, 20 children and 5 teachers attended a 3-hour group activity at Yangmei Yude Children's Home. This activity not only broadened the children's horizons and enhanced their communication with the outside world, but also provided the teachers with a brief breathing space, demonstrating Darfon's support for education. A 3-hour charity performance was held at the Bade Sacred Heart Charity Workshop, where volunteers provided music performances and an excellent platform for disadvantaged children and youth to realize their dreams, promote communication among different ethnic groups, and contribute to community harmony. Cherish material activities: Darfon actively promotes environmental protection concepts, practices resource recycling, and attaches importance to ecological restoration and environmental protection. 				

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>a. Advocating the concept of free sharing, holding a waste free market, encouraging the public to share idle items with a total of 180 families participated, helping more than 400 items find new homes, and matching 150 pieces of clothing to donate to old shoe life-saving units, reducing resource waste through practical actions and recognizing the importance of environmental protection.</p> <p>b. Implement resource recycling activities, collect and sort 3C products, second-hand clothing and waste batteries, and hand them over to social welfare and environmental protection groups such as the Green 3C Recycling Network and the Eden Foundation, so that old materials can become renewable resources.</p> <p>(4) Sustainable Education: Education is an integral part of environmental protection efforts, and we hope to explore sustainable living through entertaining and educational means.</p> <p>a. In 2024, a total of \$448,000 were invested in nutrition and sports assistance funds to cultivate local sports talents, provide opportunities for young students to interact with the industry, promote positive sports exchanges, and provide economic support for their long-term development.</p> <p>b. We organized a board game style sustainable experience activity and a mountain climbing team challenge, with over 400 people participating. Through the design of sustainable levels, we reflected on issues such as biodiversity and the preciousness of water resources. We also invited local Atayal elders from Hsinchu to share the culture of the indigenous people of using and cherishing water. The event also introduced local ingredients to promote local economic prosperity. Explore sustainable lifestyles in an entertaining and educational way and energize environmental action.</p> <p>c. The Group and the Rural Development and Water Conservation Administration of the Ministry of Agriculture jointly organized the Jiufen Ershan Tree Planting Adoption Event on the 25th anniversary of the 921 Earthquake, with a total of 100 people participating. We adopted 0.6 hectares of land and planted more than 900 trees. While commemorating history, it also raises awareness of disaster prevention, promotes ecological restoration and environmental protection, and lays the foundation for sustainable development.</p> <p>(5) Cultural Participation: Actively participate in various cultural and artistic investments, encourage colleagues to broaden their horizons, and plan a total of approximately NTS150,000 to support local cultural development. In collaboration with the Art Bank of the Ministry of Culture (Taiwan Fine Arts Foundation), a total of 28 works by 23 contemporary young Taiwanese artists were exhibited to enhance the flow and inheritance of local culture, and promote cultural understanding, tolerance and mutual respect. Use art as a medium to discuss various social issues and enhance the cultural participation of colleagues.</p>	

2.2.5.2 Implementation of Climate-Related Information:

Implementation of Climate-Related Information

Item	Implementation status					
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The highest level of climate governance at Darfon is the Board of Directors, which has a Sustainable Development committee. For more details of the Board of Directors and management, please refer to page 28 of the Annual Report.</p> <p>The "Code of Practice for Sustainable Development" was passed in 2022, and adjustments were made to include relevant management in response to climate risks and opportunities. The Risk Management Committee is responsible for identifying and assessing potential climate-related risks and opportunities, summarizing the risk environment, risk management priorities, assessment results and relevant response measures of each department, and conducting audits and performance tracking. It reports the Company's management performance of key climate-related risks and opportunities to the Sustainability Committee on a regular basis each year. Through risk and opportunity operation impact analysis, in major issues related to climate anomalies such as typhoons, earthquakes, water resource interruptions, fires, and energy shortages, operational continuity plans are developed to reduce the impact of climate risks and continuously improve risk adaptation capabilities and effectiveness.</p>					
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	1. Risks related to climate					
	Transformation risk	Type	Climate risks	Impact Time	Impact	Strategic Objectives
		Carbon Reduction Obligation	Short-term (1-3 years)		The introduction of renewable energy power generation systems, green electricity, and renewable energy certificate purchases have increased the costs.	Climate Change Response and Adaptation
		Increase in the price of greenhouse gas emissions	Mid-term (3-5 years)		Imposing carbon fees has increased the costs.	Climate Change Response and Adaptation
		Enhanced Greenhouse Gas Emissions Reporting Obligation	Mid-term (3-5 years)		Expand the scope 3 of disclosure to include upstream and downstream inspections of various production sites and products in the supply chain; management and business transformation, as well as more emerging data methodologies and statistics, require manpower and time costs.	Sustainable Supply Chain Management
		Customer Behavior Change	Mid-term (3-5 years)		Customer requires the supplier to use green products and manufacturing, and the supplier is facing an increase in transformation research and development costs and raw material substitution costs. In order to meet customer requirements, there will be pressure to transform, leading to an increase in research and development costs.	Low Carbon Product Innovation
	Raw Material Costs Increase	Mid-term (3-5 years)		Upstream low-carbon products transfer costs and increase procurement costs. The R&D department has increased research and development costs by designing green products in response to energy conservation and carbon reduction.	Sustainable Supply Chain Management Low Carbon Product Innovation and R&D	
	Physical risk	Extreme weather event causes floods and droughts	Short-term (1-3 years)		Due to the increased severity of extreme weather events such as hurricanes and floods, power and water outages may occur, causing serious losses to Darfon.	Climate Change Response and Adaptation
		Average temperature increase	Long-term (> 10 years)		Climate heating causes overheating and damage to the machine, and increases the energy consumption of process air conditioning in order to cool down the temperature.	Resource Management
	2. Opportunities related to climate					
Resources efficiency	Type	Climate Opportunities	Impact Time	Impact	Strategic Objectives	
		Increasing the proportion of renewable energy use, adoption of energy storage, energy conservation and efficiency enhancement measures	Short-term (1-3 years)	<p>Increasing the proportion of renewable energy use, introducing energy-saving solutions, improving energy-saving and carbon reduction benefits, and enhancing manufacturing competitiveness will significantly increase revenue.</p> <p>Invest in renewable energy storage systems to respond to renewable energy demand and promote energy transformation, and reduce the impact of carbon pricing on operating costs.</p>	<p>Climate Change Response and Adaptation</p> <p>Resource Management</p> <p>Waste Management</p> <p>Water Management</p>	

Item	Implementation status				
	Type	Climate Opportunities	Impact Time	Impact	Strategic Objectives
	Resources efficiency	Increasing the proportion of renewable energy use, adoption of energy storage, energy conservation and efficiency enhancement measures	Short-term (1-3 years)	<p>Improve the efficiency of production and distribution processes, as well as the energy efficiency of machinery and equipment, reduce operating costs, and increase production capacity. Improve waste recycling rate and reduce resource utilization costs.</p> <p>Introduce green buildings to reduce energy consumption, increase water recycling and reuse, replace and update energy-saving equipment, and improve energy resource utilization efficiency.</p> <p>Introduce smart energy-saving production plants and equipment to promote low-carbon operations and manufacturing.</p>	Climate Change Response and Adaptation Resource Management Waste Management Water Management
	Products and services	Development/Increase of Low Carbon Goods and Services	Mid-term (3-5 years)	Deploy patents and businesses related to green energy transformation and energy storage, and launch green energy and low-carbon products and services to create green revenue.	Low Carbon Product Innovation
		R&D and innovation of new products and services	Mid-term (3-5 years)	Increase revenue through research and development, finding alternative materials, and launching green and low-carbon products.	Low Carbon Product Innovation
	Toughness	Purchase of Green Power/Certificates	Short-term (1-3 years)	Through the use of green electricity or the purchase of renewable energy certificates, the initial cost will increase, but the long-term effect of carbon reduction in manufacturing will be improved and the resilience of energy use will be increased.	Resource Management
		Energy Alternatives/Diversification	Mid-term (3-5 years)	The initial cost of using renewable energy increases, but in the long run it can increase the flexibility of energy use, and revenue and costs are not restricted.	Resource Management
3. Describe the financial impact of extreme weather events and transformative actions	Risks/ Opportunities	Description	Evaluaoion of Risks and Opportunities under different Circumstance		
			RCP8.5(less action3.7°C↑)	NDC (Temperature rise controlled at 1.5°C)	Meaning to Darfon
	Risks	Raw Material Costs Increase	Costs increase dramatically	Costs increase relatively significant	Changes might not vary much under different circumstance
		Transformation of low-carbon technology Costs Increase	Costs increase slighilt (Transformation risks are harder to observe)	Costs increase dramatically	It will have more cost when the climate action become more actively,but it will bring more revenues in the long term
		The increased severity of extreme weather events such as hurricanes and floods	Costs increase dramatically	Costs increase relatively significant	Extreme weather may lead to an increase in the probability of power outages or flooding
		Low-carbon products replace the company's existing products and services	Costs increase slighilt (Transformation risks are harder to observe)	Costs increase dramatically	Changes might not vary much under different circumstance
		Increase greenhouse gas emission pricing	Costs increase slighilt (Transformation risks are harder to observe)	Costs increase relatively significant	Changes might not vary much under different circumstance
	Opportunities	R&D and innovation of new products and services	Costs increase dramatically Revenue increase slightly	Costs increase dramatically Revenue increase slightly	Changes might not vary much under different circumstance

Item	Implementation status																													
	<table border="1"> <thead> <tr> <th data-bbox="316 197 448 304" rowspan="2">Risks/ Opportunities</th> <th data-bbox="448 197 671 304" rowspan="2">Description</th> <th colspan="3" data-bbox="671 197 1474 232">Evaluatoin of Risks and Opportunities under different Circumstance</th> </tr> <tr> <th data-bbox="671 232 943 304">RCP8.5(less action3.7°C↑)</th> <th data-bbox="943 232 1203 304">NDC (Temperature rise controlled at 1.5°C)</th> <th data-bbox="1203 232 1474 304">Meaning to Darfon</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 304 448 483">Opportunities</td> <td data-bbox="448 304 671 483">Diversity of business activities</td> <td data-bbox="671 304 943 483">Costs increase relatively significant Revenue increase relatively significant</td> <td data-bbox="943 304 1203 483">Costs increase relatively significant Revenue increase relatively significant</td> <td data-bbox="1203 304 1474 483">Changes might not vary much under different circumstance</td> </tr> <tr> <td data-bbox="316 483 448 629"></td> <td data-bbox="448 483 671 629">Development/increase of low carbon goods and services</td> <td data-bbox="671 483 943 629">Costs increase relatively significant Revenue increase slightly</td> <td data-bbox="943 483 1203 629">Costs increase dramatically Revenue increase relatively significant</td> <td data-bbox="1203 483 1474 629">It will have more cost when the climate action become more actively,but it will bring more revenues in the long term</td> </tr> </tbody> </table>					Risks/ Opportunities	Description	Evaluatoin of Risks and Opportunities under different Circumstance			RCP8.5(less action3.7°C↑)	NDC (Temperature rise controlled at 1.5°C)	Meaning to Darfon	Opportunities	Diversity of business activities	Costs increase relatively significant Revenue increase relatively significant	Costs increase relatively significant Revenue increase relatively significant	Changes might not vary much under different circumstance		Development/increase of low carbon goods and services	Costs increase relatively significant Revenue increase slightly	Costs increase dramatically Revenue increase relatively significant	It will have more cost when the climate action become more actively,but it will bring more revenues in the long term							
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<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The Risk Management Committee identifies and assesses the company's four major annual risk categories and risk items recognized in meetings. Using risk frequency, magnitude, and control measures, it conducts risk identification and evaluation analyses, selecting and managing major risks accordingly. The committee also considers the context of internal and external risk issues, creating a risk radar chart and an operational continuity plan for management.</p> <p>The Risk Management System integrates management mechanisms across different functional units and levels, covering management policies, assessment methods, and confirmation of preventive measures to reduce operational impacts. All operational risks are incorporated into evaluations, including climate risk and opportunity assessment processes. A risk assessment management process is conducted annually, with timely development of appropriate mitigation and improvement strategies as well as adaptation measures, ensuring concrete risk management practices are implemented across all departments.</p> <table border="1"> <thead> <tr> <th data-bbox="316 936 608 972">Types of Risks</th> <th data-bbox="608 936 1474 972">Discription</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 972 608 1032">Financial Risk</td> <td data-bbox="608 972 1474 1032">Climate risk opportunities, exchange rate fluctuations, rising costs, and slowing economic growth</td> </tr> <tr> <td data-bbox="316 1032 608 1093">Strategic Risk</td> <td data-bbox="608 1032 1474 1093">Geopolitics, trade policy, war, CBAM, and Cleanliness Act</td> </tr> <tr> <td data-bbox="316 1093 608 1153">Opportunity Risk</td> <td data-bbox="608 1093 1474 1153">Sustainable development, climate change adaptation, supply chain disruptions, cybersecurity</td> </tr> <tr> <td data-bbox="316 1153 608 1211">Hazard Risk</td> <td data-bbox="608 1153 1474 1211">Safety and disasters, infectious diseases, natural disasters, extreme weather conditions, biodiversity</td> </tr> </tbody> </table>					Types of Risks	Discription	Financial Risk	Climate risk opportunities, exchange rate fluctuations, rising costs, and slowing economic growth	Strategic Risk	Geopolitics, trade policy, war, CBAM, and Cleanliness Act	Opportunity Risk	Sustainable development, climate change adaptation, supply chain disruptions, cybersecurity	Hazard Risk	Safety and disasters, infectious diseases, natural disasters, extreme weather conditions, biodiversity															
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<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>The members of the Risk Management Committee shall list the risk scenarios, frequencies, amplitudes, and degrees of control for operational, financial, and hazard risks within their functional scope, and quantify them based on the identification of risk opportunities (identification quantification method is frequency of occurrence * degree of impact) and analyze and evaluate major risk opportunities. After evaluating the urgency (short, medium, and long term), probability of occurrence (using a 5-point scale to describe high, medium, and low levels), and potential negative impacts (using a 5-point scale to describe high, medium, and low levels) of each risk, the Sustainable Development Committee examines the actual customer situation and goes through an audit process to explore the severity of climate related risks and the order in which they need to be prioritized. The evaluation principles are as follows:</p> <table border="1"> <thead> <tr> <th data-bbox="316 1429 448 1489">Urgency</th> <th data-bbox="448 1429 608 1489">Probability (Note1)</th> <th data-bbox="608 1429 794 1489">Degree of impact (Note2)</th> <th data-bbox="794 1429 1474 1489">Assessment results and handling principles of risks and opportunities</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1489 448 1619" rowspan="3">Short Term (1-3 years)</td> <td data-bbox="448 1489 608 1550">High (>3)</td> <td data-bbox="608 1489 794 1550">High (>3)</td> <td data-bbox="794 1489 1474 1550">Listed as a short-term risk that must be addressed and controlled through various departments</td> </tr> <tr> <td data-bbox="448 1550 608 1610">Medium (=3)</td> <td data-bbox="608 1550 794 1610">Medium (=3)</td> <td data-bbox="794 1550 1474 1610">Evaluate the future development situation before deciding how to handle it</td> </tr> <tr> <td data-bbox="448 1610 608 1671">Low (<2)</td> <td data-bbox="608 1610 794 1671">Low (<2)</td> <td data-bbox="794 1610 1474 1671">Not processed temporarily</td> </tr> <tr> <td data-bbox="316 1671 448 1765" rowspan="2">Medium to long term (3-10 years)</td> <td data-bbox="448 1671 608 1731">High (>3)</td> <td data-bbox="608 1671 794 1731">High (>3)</td> <td data-bbox="794 1671 1474 1731">Evaluate based on the probability of occurrence and the degree of impact, and examine whether it is consistent with short-term risk management.</td> </tr> <tr> <td data-bbox="448 1731 608 1792">Medium (=3)</td> <td data-bbox="608 1731 794 1792">Medium (=3)</td> <td data-bbox="794 1731 1474 1792">Evaluate the future development situation before deciding how to handle it</td> </tr> <tr> <td data-bbox="316 1792 448 1852">Long term (>10 years)</td> <td data-bbox="448 1792 608 1852">Low (<2)</td> <td data-bbox="608 1792 794 1852">Low (<2)</td> <td data-bbox="794 1792 1474 1852">Not processed temporarily</td> </tr> </tbody> </table> <p>Note1 : High probability: 4-5 points, represents happens once a month or happens frequently annually; Medium probability: 3 points, represents happens once in five years; low probability: 1-2 points, represents happens once in more than ten years.</p> <p>Note2 : High impact: 4-5 points, represents a significant financial costs expenditure or capital revenue; Medium impact: 3 points, represents a considerable (midium) financial costs expenditure or capital revenue; low impact: 1-2 points, represents a slight financial costs expenditure or capital revenue.</p>					Urgency	Probability (Note1)	Degree of impact (Note2)	Assessment results and handling principles of risks and opportunities	Short Term (1-3 years)	High (>3)	High (>3)	Listed as a short-term risk that must be addressed and controlled through various departments	Medium (=3)	Medium (=3)	Evaluate the future development situation before deciding how to handle it	Low (<2)	Low (<2)	Not processed temporarily	Medium to long term (3-10 years)	High (>3)	High (>3)	Evaluate based on the probability of occurrence and the degree of impact, and examine whether it is consistent with short-term risk management.	Medium (=3)	Medium (=3)	Evaluate the future development situation before deciding how to handle it	Long term (>10 years)	Low (<2)	Low (<2)	Not processed temporarily
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<p>6. . If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>In response to global climate change, the Company has actively taken countermeasures, such as reducing carbon emissions, improving energy efficiency, promoting renewable energy, protecting water resources, reducing waste, etc., and through scientific data analysis and strict management, we ensure the achievement of results; we actively cooperate with all stakeholders to jointly promote sustainable development. These measures not only reduce the negative impact on the environment, but also enhance the competitiveness and sustainable development capabilities of the company. The key strategies and specific measures are as follows:</p> <table border="1" data-bbox="316 338 1474 869"> <thead> <tr> <th data-bbox="316 338 475 371">Key Strategies</th> <th data-bbox="475 338 1474 371">Specific Measurements</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 371 475 495">Energy Transformation</td> <td data-bbox="475 371 1474 495"> 1. Increase the capacity of renewable energy installations and expand the use of renewable energy. Through the installation of wind power and photovoltaic renewable energy, we can reduce our dependence on traditional fossil fuels. 2. Optimize power systems and build energy storage equipment to achieve efficient energy utilization </td> </tr> <tr> <td data-bbox="316 495 475 618">Industrial Transformation</td> <td data-bbox="475 495 1474 618"> 1. Actively develop and integrate the technology research and development and construction of battery and energy storage solutions. 2. Strive to popularize electric assisted bicycles to reduce the impact of transportation on carbon emissions. 3. Research and manufacture green products. </td> </tr> <tr> <td data-bbox="316 618 475 741">Life Transformation</td> <td data-bbox="475 618 1474 741"> 1. Strengthen product source reduction, promote green design and green consumption, and reduce product carbon footprint. 2. Promote resource recycling and zero waste, transform waste resources into resources, and create a sustainable resource cycle with zero waste. 3. Return to bartering surplus goods to create and extend the use time and value of daily necessities. </td> </tr> <tr> <td data-bbox="316 741 475 869">Social Transformation</td> <td data-bbox="475 741 1474 869"> 1. Continue to carry out tree planting, mountain cleaning, beach cleaning, and related activities with BenQ Foundation to reduce pollution and natural carbon sinks, slow down, and reduce carbon emission concentration. 2. Organize sustainable activities such as parent-child education and family day for employees to let the sustainable development of green environment take root at the family and social levels. </td> </tr> </tbody> </table>	Key Strategies	Specific Measurements	Energy Transformation	1. Increase the capacity of renewable energy installations and expand the use of renewable energy. Through the installation of wind power and photovoltaic renewable energy, we can reduce our dependence on traditional fossil fuels. 2. Optimize power systems and build energy storage equipment to achieve efficient energy utilization	Industrial Transformation	1. Actively develop and integrate the technology research and development and construction of battery and energy storage solutions. 2. Strive to popularize electric assisted bicycles to reduce the impact of transportation on carbon emissions. 3. Research and manufacture green products.	Life Transformation	1. Strengthen product source reduction, promote green design and green consumption, and reduce product carbon footprint. 2. Promote resource recycling and zero waste, transform waste resources into resources, and create a sustainable resource cycle with zero waste. 3. Return to bartering surplus goods to create and extend the use time and value of daily necessities.	Social Transformation	1. Continue to carry out tree planting, mountain cleaning, beach cleaning, and related activities with BenQ Foundation to reduce pollution and natural carbon sinks, slow down, and reduce carbon emission concentration. 2. Organize sustainable activities such as parent-child education and family day for employees to let the sustainable development of green environment take root at the family and social levels.
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Life Transformation	1. Strengthen product source reduction, promote green design and green consumption, and reduce product carbon footprint. 2. Promote resource recycling and zero waste, transform waste resources into resources, and create a sustainable resource cycle with zero waste. 3. Return to bartering surplus goods to create and extend the use time and value of daily necessities.										
Social Transformation	1. Continue to carry out tree planting, mountain cleaning, beach cleaning, and related activities with BenQ Foundation to reduce pollution and natural carbon sinks, slow down, and reduce carbon emission concentration. 2. Organize sustainable activities such as parent-child education and family day for employees to let the sustainable development of green environment take root at the family and social levels.										
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated</p>	<p>In response to the global trend of carbon pricing, the Company has started research and planning for internal carbon pricing, based on internal and external carbon reduction costs. Internal costs include self-built solar power generation systems, purchase of green electricity and renewable energy certificates, energy-saving and carbon reduction programs, etc.; external costs include international carbon trading markets, carbon tax collection prices, voluntary carbon rights prices, etc., and internal carbon pricing is developed and applied to subsequent energy-saving program introduction, renewable energy power generation system construction, renewable energy certificate purchase, etc. Investment benefit evaluation and decision-making, so that all business departments and colleagues can feel the impact of internalizing external costs.</p> <p>In addition, the Company continues to pay attention to the current status of carbon rights development both domestically and internationally, and incorporates them into the Company's carbon reduction strategy plan to promote and reduce the impact and influence of the Company's operational activities on climate change.</p>										
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	<p>1. Implement greenhouse gas inventory operations</p> <p>Since 2010, our global production and operation sites have been following the ISO 14064-1 standard to conduct greenhouse gas inventory work at global operation and manufacturing sites to accurately grasp the greenhouse gas emissions of each site. Every year, the emission information is verified and disclosed to the public through a third party.</p> <p>In 2021, the ISO 14064-1:2018 standard was introduced to continuously improve Darfon's greenhouse gas inventory and management work. Darfon's major production and operation sites all follow this standard and have obtained third-party verification statements for scope 1 and scope 2. Verification items are also gradually being added to scope 3.</p> <p>2. Strengthen energy management mechanism</p> <p>(1) Establish ISO 50001 energy management system:</p> <p>In order to further strengthen the energy management of each production base, the establishment of the ISO 50001 energy management system will be implemented in 2023, and priority will be given to gradually expanding the promotion to factories with high energy demand. The Tainan factory has taken the lead in obtaining a third-party verification certificate in 2023, and the third China plant is planned to pass the verification in 2025.</p> <p>(2) Setting electricity reduction targets:</p> <p>We will continue to promote energy-saving management within our plants and invest in facilities to improve energy efficiency, and independently set an annual reduction rate of electricity intensity of at least 1%. In 2023, the global total electricity consumption was 105,230MWh, the proportion of renewable energy was 5.27%, the annual electricity saving rate was reached 7.45%, and the electricity intensity was decreased by 0.9%.</p> <p>(3) Understand the effectiveness of greenhouse gas reduction:</p> <p>In 2023, the greenhouse gas emissions of scope 1 and 2 of each site were 55,360 tCO₂e, a year-on-year decrease of 10.28% compared to 2022 and an average annual decrease of 21.86% compared to the base year of 2021. For detailed and latest information, please visit Darfon's Sustainability Information Website (https://esg.darfon.com.tw/).</p> <p>(4) In 2024, the China plant purchased 4,250 international renewable energy certificates (I-REC), and the expected carbon reduction benefit reached 2,420 tCO₂e.</p>										

Item	Implementation status																								
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan																									
(1) Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years																									
① Greenhouse Gas Inventory Information																									
Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years. :																									
Since 2010, each of our global plants has been subject to annual greenhouse gas inventory checks by a third-party notary body in accordance with the ISO14064-1 international verification standard, and has obtained the ISO14064-1 greenhouse gas inventory third-party verification statement.																									
a. The emission volume in last three years:(units : tCO ₂ e)																									
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b. The emission intensity in last three years:																									
Compared to the annual average in 2021, Emission intensity A has decreased by 12.87%, while Emission Intensity B has decreased by 12.04%.																									
<table border="1"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope 1 and Scope 2(tCO₂e)</td> <td>98,352.130</td> <td>61,700.680</td> <td>55,360.936</td> </tr> <tr> <td>Scope 1, Scope 2 and Scope 3 (tCO₂e)</td> <td>365,402.733</td> <td>242,597.202</td> <td>210,304.122</td> </tr> <tr> <td>Annual Revenue(NT\$M)</td> <td>17702.000</td> <td>14372.000</td> <td>13418.000</td> </tr> <tr> <td>Emission intensity A (tCO₂e)/(NT\$M)</td> <td>5.56</td> <td>4.29</td> <td>4.13</td> </tr> <tr> <td>Emission intensity B (tCO₂e)/(NT\$M)</td> <td>20.64</td> <td>16.88</td> <td>15.67</td> </tr> </tbody> </table>	Item	2021	2022	2023	Scope 1 and Scope 2(tCO ₂ e)	98,352.130	61,700.680	55,360.936	Scope 1, Scope 2 and Scope 3 (tCO ₂ e)	365,402.733	242,597.202	210,304.122	Annual Revenue(NT\$M)	17702.000	14372.000	13418.000	Emission intensity A (tCO ₂ e)/(NT\$M)	5.56	4.29	4.13	Emission intensity B (tCO ₂ e)/(NT\$M)	20.64	16.88	15.67	
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Note : Emission intensity A and Emission intensity B refer to the greenhouse gas emissions per unit of revenue for Scope 1 & Scope 2 and Scope 1, Scope 2, & Scope 3, respectively.																									
Within Scope 3 data, only Category 4 (4-3 and 4-4) has been verified by a third party.																									
② Greenhouse Gas Assurance Information																									
Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.																									
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(2) Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan																									
Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets																									
Taking 2021 as the base year, the targets of reducing emissions in Scope 1 and Scope 2 by 4.84%, and 2.75% in Scope 3 are set. The targets of reducing emissions in Scope 1 and Scope 2 by 48.4%, and 27.5% in Scope 3 are to be achieved in 2031, and the vision of net zero emissions will be achieved in 2050.																									
The Company promotes relevant emission reduction measures within the plant, such as expanding solar power generation systems, replacing old equipment with new ones, adjusting product mix, introducing PCR recycled plastics, improving energy conversion efficiency, purchasing green electricity certificates, and building an energy management system. In Scope 1 and Scope 2, the average annual reduction in emissions in 2023 compared to the 2021 base year is 21,495 tCO ₂ e, an average annual reduction of 21.9% compared to the 2021 base year. In Scope 3, the average annual reduction in emissions in 2023 compared to the 2021 base year is 112,105 tCO ₂ e, an average annual reduction of 21.0% compared to the 2021 base year.																									

2.2.6 Implementation of Corporate Governance, and Differences with Contents of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation Item		Implementation Status		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
		Yes	No		
Establish ethical management policies and plans	Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		The Board of Directors and the management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct, and thus was formulated. One of Company’s missions is to “Treat customers, suppliers, shareholders, employees and public general by integrity” which is also colleagues’ responsibility. “Code of Ethical Conduct” and “Ethical Corporate Management Best Practice Principles” has approved by The Board of Directors and disclosed on company’s website. We have formulated the “Integrity Manual” to construct specific codes of conduct for ethical corporate management. Any form of corruption, bribery and deception is strictly forbidden. Promotion on code of conduct is carried out to strengthen colleagues’ will of integrity.	None
	Does the Company establish the evaluation mechanism on higher risk of unethical behavior, regularly analyze and evaluate the business activities with higher risk of unethical behavior, as well as adopt appropriate precautions against high-potential unethical conducts or listed activities stated in Paragraph 2, Article 7, of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		Company establishes the internal control mechanism on potential unethical conducts to reduce the possibility of incidents. Audit Committee of the Company regularly assesses the performance of internal control system and gathers suggestions for potential risk from top management of each department, to optimize appropriate audit plans. Company has formulated” Code of Ethical Conduct “and “Code of Employee Integrity”, the scope covers, avoidance of conflict of interests, trade secrets, Company assets, political activities, and relevant conducts referring to Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.	None
	Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies? And any regular review of the foregoing programs for better implementation?	✓		The Company’s Ethical Corporate Management Best-Practice Principles have established operating procedures, behavior guidelines, punishment and appeal systems for violations. Based on principle, Company has established code of integrity of employees as well as reported and appealed administrative measures for all colleagues to abide by unethical conduct hasn’t happened before, and relevant regulations will be reviewed and revised regularly to prevent dishonest behavior from occurring.	None
Implement integrity management	Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		An ethic-related clause is included in every business contract, conveying our integrity requirements to all our business partners. In addition, Letter of Undertaking of Integrity is compulsory. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation.	None
	Does the Company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and responsible for reports to the Board regularly, at least once a year?	✓		Implementation of Company’s ethical corporate management include inspections of formulation of regulations, education and publicity, appeal mechanism and integrity risk, whose responsibility falls on following units. Regular reports were submitted to the Board of Directors, at least once a year, about integrity business policy, prevention of unethical conducts and supervision on implementations. No violation occurred since the initiation of units. Implementation of integrity business in 2024 was reported to the Board in August 2024: 1. Formulation, education and promotion of Company’s Ethical Corporate Management Best-Practice Principles were organized by human resources department, including “Code of Employee Integrity,” “Report and Appeal Administrative Measures,” and the “Disciplinary Measures” that regulate various violations of discipline. Human resources mailbox and a stakeholder mailbox were established to provide channels of complaint to internal and external public. Each new employed must participate in the “Integrity Promotion Course” and sign a declaration of integrity when enrollment. Every year, Company posts notice and poster regularly to remind colleagues that the Company attaches great importance to integrity management. Completed the internal promotion of the company’s integrity concepts, a total of 998 employees attended the promotion, and the promotion success rate was 100% in March 2024. 2. Audit unit takes responsibility of integrity risk assessment and inspection, to strengthen various operating procedures, implement the assignment of accountability, and reduce the occurrence of fraud through system assistance. 3. If there is a breach of integrity, the case is reviewed by the personnel council composed of cross functional senior executives and legal affairs. If it is a major breach of integrity, it will be reported to the audit committee and the board of directors for trial in accordance with relevant laws and operating procedures.	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons	
	Yes	No	Abstract Illustration		
Does the Company establish policies to prevent conflicts of interest and provide appropriate channels of communication, and implement it?	✓		The Company upholds an attitude of honest management, provides customers with high-quality products and services, and maintains a sincere and transparent relationship with suppliers. To prevent the occurrence of conflicts of interest, the Company has formulated relevant policies such as the "Code of Integrity Business", "Report and Appeal Administrative Measures" and appropriate channels of complaint for stakeholders. The Company has mailboxes from the Human Resources Department for internal complaint, and investor mailboxes for external, stakeholders' mailboxes, and hotline as channels for complaints.	None	
Has the Company established the Effective accounting system and internal control system for implementing the ethical management, where the relevant audit plans are devised based on evaluation results of the risk of unethical behavior by internal audit unit, or by commissioning the accountant to review the information related to prevention programs of unethical behavior?	✓		1. The Company follows the requirements of laws and regulations, continuously revises the internal control system, and reviews and evaluates the effectiveness of the implementation of the internal control system. The internal audit unit assesses risks in accordance with the internal control system and draws up an annual audit plan. When performing relevant audits according to the plan and the inspection shows whether there is any violation of the Company's code of integrity business. Audit results were reported to the audit committee and the board of directors regularly to let the management levels understand the implementation status of internal control. 2. The Company's accounting system is formulated in accordance with the requirements of laws and regulations. The certified accountant conducts audit or reviews of the Company's financial statements on a quarterly basis, and issues report. Results of the audit or review were submitted to the Audit Committee and the Board of Directors every six months with communicating on corporate governance.	None	
Does the Company regularly hold internal and external educational trainings on operational integrity?	✓		Integrity is Company's core values. The Company carries out regular training for employees by internal and external educational trainings and promotion campaign. For new employees, training on "Integrity Promotion Course" are carried out during their enrollment, and declaration of integrity is signed. In 2024, a total of 156 people completed the training, and the signing rate reached 100%. The Company regularly reminds colleagues of the Company's emphasis on integrity management by Company notice and posters every year. Through corporate culture courses, employees are encouraged to recognize the concept of integrity and strengthen their self-discipline.	None	
The operations of corporate whistleblowing system	Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company's integrity-related regulations, such as the "Report and Appeal Management Measures" and the "Code of Integrity Management", clearly stipulate that improper business behaviors must be immediately reported in escalation; internal reporting channels include direct supervisors, human resources supervisors, auditors, human resources mailboxes, and president's mailbox, while external reporting channels is stakeholders' mailbox. According to the seriousness of the circumstances and the level of involvement, it will be evaluated whether the case will be further reviewed by the personnel council composed of cross functional supervisors. Once the case is verified as likely to cause major damage to the Company, the council will prepare a report and notify The Audit Committee in writing.	None
	Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The Company has in place SOPs based on Code of Employee Integrity, Employee Complaints Management Measures and Sexual Harassment Prevention and Treatment Measures, and Reporting and Complaint Management Measures which could be applied on any confidential investigations on such cases. Confidentiality of the filed complaint should be kept during the investigation by auditors and investigating personnel. Upon investigation completion, the person in charge of the case will encrypt the file for the identity of the whistleblower and the content of the report.	None
	Does the Company provide proper whistleblower protection?	✓		The Company takes whistleblower protection seriously, abiding by the Company's "Reporting and Appeal Management Measures", and will strictly keep the content of investigation and confidential results as regard of protection from unlawful reprisal for diligent employees who step forward to identify potential wrongdoing.	None
Strengthen information disclosure	Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company's Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company's website (www.Darfon.com.tw) and annual report. Please refer to Company's website or pages 42-44 of this annual report for implementation.	None
<p>If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>Company establishes "Code of Ethical Conduct", "Code of Employee Integrity" and "Measures for the Administration of Reporting and Complaints" for employees to abide by. There have been no differences between "Code of Ethical Conduct" and Company's Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and details are disclosed in Company's website (www.Darfon.com.tw).</p>					

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No		
Other important information to facilitate a better understanding of the Company's ethical corporate management policies.				
<p>1. For the various operating procedures of daily business activities, the Company designs appropriate internal control mechanisms for operations that may have potential corruption risks to reduce the possibility of corruption and take precautions. The Company's audit unit regularly evaluates the management effect of the internal control mechanism and collects suggestions from the senior executives of various departments on potential risks, draws up an appropriate audit plan, and performs related audits accordingly. Reports of the audit were submitted to the audit committee and the board of directors regularly to convey understanding of current status of corporate governance to achieve of management goals.</p> <p>2. Based on the core values "Integrity", the Company has formulated a corporate culture of "Practical and fair, pursuing excellence, and caring for the society", emphasizing the spirit of "innovation, initiative, and positive attitude" to care about the society and people in which we live. Please refer to the Company website for the Company's business philosophy (www.Darfon.com.tw).</p>				

2.2.7 Other Important Information for enhancing understanding of the implementation of corporate governance:

1. To assure the effectiveness of internal information management, Company has established "Operating procedures for Handling Material Information and Preventing Insider Trading", and published in Company's website for all colleagues to abide by to prevent any violations or insider trading.
2. The latest version of the "Directors and Supervisors Handbook" and "Directors and Supervisors Propaganda Materials" compiled by the competent authority were released upon inauguration of directors, independent directors, managers and other insiders. In addition, Company provided latest version of "Company insider equity trading publicity manual" edited by Taiwan Stock Exchange Corp. every year for insiders' adherence.
3. The Company has four independent directors, and the audit committee and remuneration committee are composed of independent directors to strengthen corporate governance operations.
4. Information about the Company's corporate governance is disclosed on the Company's website (www.Darfon.com.tw).

2.2.8 Status of Implementation of Internal Control Systems

2.2.8.1 Statement of internal control system

<p>DARFON ELECTRONICS CORP. Statement of Internal Control System</p> <p style="text-align: right;">March 3, 2025</p> <p>Based on the findings of a self-assessment, Darfon Electronics Corp. states the following with regard to its internal control system during the year 2024:</p> <ol style="list-style-type: none"> 1. Board of Directors and management of Darfon Electronics Corp. are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations. 2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Darfon Electronics Corp. takes immediate remedial actions in response to any identified deficiencies. 3. Darfon Electronics Corp. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. 4. Darfon Electronics Corp. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations. 5. Based on the findings of such evaluation, Darfon Electronics Corp. believes that, on December 31, 2024, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations. 6. This Statement is an integral part of Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act. 7. This Statement was passed by the Board of Directors in their meeting held on March 3, 2025, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement. <p style="text-align: center;">DARFON ELECTRONICS CORP. Chairman: Andy Su President: Josh Tsai</p>

2.2.8.2 Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: Not applicable.

2.2.9 Major Resolutions of Shareholders' Meeting and Board Meetings

Date	Session	Content of Proposals	Resolutions and implementation
March 4, 2024	1 st Board Meeting in 2024	A.Statement of Internal Control System and implementation report of self-evaluation 2023	All independent directors and directors presented at the meeting agreed without objection, and reported in accordance with the prescribed procedures.
		B.Approved the amendment of "Risk Management Vision, Policies and Procedures"	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
		C.Approved the 2023 Employee's and Directors' Remuneration	Except Andy Su and Josh Tsai are in avoidance of application, all other independent directors and directors presented at the meeting agreed on NT\$16,597,023 for directors and NT\$221,293,640 for employees, all in cash, without objection. The proposal was published by regulations and reported in general shareholders' meeting in 2024.
		D.Recognized the 2023 business report and financial statements	All independent directors and directors presented at the meeting agreed without objection. The proposal was published on March 6, 2024, and recognized in general shareholders' meeting in 2024.
		E.Approved the 2023 earnings distribution	All independent directors and directors presented at the meeting agreed on the amount of cash dividend NT\$4 per share of common stock. The proposal was published by regulations and reported in general shareholders' meeting in 2024.

Date	Session	Content of Proposals	Resolutions and implementation
March 4, 2024	1 st Board Meeting in 2024	F.Approved the election of eight members of 10th Board of Directors(including four independent directors)	All independent directors and directors presented at the meeting agreed without objection. The election will be held in regular shareholders' meeting in 2024.
		G.Approved the proposal of non-competition restrictions on directorsand their representatives on 2024 annual general shareholders' meeting	All independent directors and directors presented at the meeting agreed without objection. The proposal was reported in regular shareholders' meeting in 2024.
		H.Approved schedule and meeting agenda of the 2024 Shareholders' Meeting	All independent directors and directors presented at the meeting agreed without objection. The proposal was scheduled for June 13, 2024 for the meeting and organized in accordance.
May 3, 2024	2 nd Board Meeting in 2024	A.Recognized financial statement in Q1, 2024	All independent directors and directors presented at the meeting agreed without objection. The proposal was published on May 3, 2024.
		B.Approved the amendments to the “Rules of Procedure for the Board of Directors Meetings”	All independent directors and directors presented at the meeting agreed without objection.
		C.Approved the amendments to the “Audit Committee Organizational Charter”	All independent directors and directors presented at the meeting agreed without objection.
		D.Approved the qualify of the nominees and the list of candidates of the director have been approved	All independent directors and directors presented at the meeting agreed without objection. The proposal was reported in regular shareholders' meeting in 2024.
		E. Approved the capital increase of Darfon Vietnam Co., Ltd.	All independent directors and directors presented at the meeting agreed without objection.
June 13, 2024	2024 Shareholders' Meeting	A.Re-elect four Directors and four Independent Directors	The Director elected list is Andy Su, Josh Tsai, Representative of Qisda Corp. Peter Chen, Representative of Qisda Corp.Jasmine Hung. The Independent Director elected list is Stan Hu, Kelvin Lee, Nelson Lee, Kuang-Yao Chang. The The term of current Board of Directors is from June 13, 2024 to June 12, 2027, and it was approved by the Ministry of Economic Affairs for registration on July 22, 2024, and announced on the Company's website.
		B.Recognized the 2023 business report and financial statements	Consulted by the chairman, all shareholders presented at the meeting agreed without objection. The proposal was published in accordance.
		C.Recognized the of 2023 earnings distribution	Consulted by the chairman, all shareholders presented at the meeting agreed without objection.The amount of cash dividend NT\$4 per share of common stock was recognized July 10, 2024 as base date for distribution and due before August 5, 2024.
		D.Approved to lift non-competition restrictions on newly-elected Directors and their representatives	After the Chairman consulted with all the shareholders present, it was approved to lift the restriction on the competition of the directors: Andy Su, Josh Tsai, Representative of Qisda Corp. Peter Chen, Representative of Qisda Corp.Jasmine Hung., and the independent directors: Stan Hu, Kelvin Lee, Nelson Lee, Kuang-Yao Chang, and the announcement of the declaration was published in accordance with the regulations.
June 13, 2024	3 rd Board Meeting in 2024	A.Approved the election of new chairman	All independent directors and directors presented at the meeting agreed the election of new chairman is Andy Su, and it was approved by the Ministry of Economic Affairs for registration on July 22, 2024, and announced on the Company's website.
		B.Approved the members of Remuneration Committee	Except Stan Hu, Kelvin Lee, Nelson Lee, Kuang-Yao Chang are in avoidance of application, all other directors presented at the meeting agreed without objection, the new member of Remuneration Committee is Stan Hu, Kelvin Lee, Nelson Lee, Kuang-Yao Chang.

Date	Session	Content of Proposals	Resolutions and implementation
June 21, 2024	4 th Board Meeting in 2024	A.Approved the acquisition of all ordinary shares of German bicycle and sport products agent, Grofa Action Sports GmbH	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
August 5, 2024	5 th Board Meeting in 2024	A. Recognized financial statement in Q2, 2024	All independent directors and directors presented at the meeting agreed without objection. The proposal was published on August 6, 2024.
		B. Approved the 2023 ESG report	All independent directors and directors presented at the meeting agreed without objection. The proposal was published on August 30, 2024.
		C. Approved the amendment to "Rules Governing Financial and Business Matters between the Company and its Related Parties"	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
November 1, 2024	6 th Board Meeting in 2024	A.Approved the enactment to the "Sustainability Information Management Procedure"	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
		B.Approved the enactment to the "Sustainability Report Preparation and Confidence Operation Procedure "	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
		C.Approved the amendment to the " Internal Control System " and the " Internal Audit Implementation Rules "	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
		D.Approved the 2024 internal audit plan.	All independent directors and directors presented at the meeting agreed without objection.
		E.Recognized financial statement in Q3, 2024.	All independent directors and directors presented at the meeting agreed without objection. The proposal was published on November 1, 2024.
		F.Approved appointment of CPAs.	All independent directors and directors presented at the meeting agreed on CPAs' independence without objection, obtaining the Declaration of Independence from CPA.
		G.Approved the strategic cooperation of YEN SUN TECHNOLOGY CORP with the Company.	All independent directors and directors presented at the meeting agreed without objection, and conducted in accordance with the prescribed procedures.
November 1, 2024	7 th Board Meeting in 2024	A.Approved the suspense of strategic cooperation of YEN SUN TECHNOLOGY CORP with the Company	All independent directors and directors presented at the meeting agreed to suspend without objection.
March 3, 2025	1 st Board Meeting in 2025	A.Statement of Internal Control System and implementation report of self-evaluation 2024	All independent directors and directors presented at the meeting agreed without objection.
		B.Approved the 2024 Employee's and Directors' Remuneration	Except Andy Su and Josh Tsai are in avoidance of application, all other independent directors and directors presented at the meeting agreed on NT\$3,343,691 for directors and NT\$72,334,482 for employees, all in cash, without objection. The proposal was published by regulations and reported in general shareholders' meeting in 2025.
		C.Recognized the 2024 business report and financial statements	All independent directors and directors presented at the meeting agreed without objection. The proposal was published on March 4, 2025, and recognized in general shareholders' meeting in 2025.
		D.Approved the 2024 earnings distribution	All independent directors and directors presented at the meeting agreed on the amount of cash dividend NT\$2 per share of common stock. The proposal was published by regulations and reported in general shareholders' meeting in 2025
		E.Approved the amendment to the " Article of Incorporation"	All independent directors and directors presented at the meeting agreed without objection and proposed in general shareholders' meeting in 2025.
		F.Approved schedule and meeting agenda of the 2025 Shareholders' Meeting	All independent directors and directors presented at the meeting agreed without objection. The proposal was scheduled for May 29, 2025 for the meeting and conducted in accordance with the prescribed procedures.

Date	Session	Content of Proposals	Resolutions and implementation
March 3, 2025	1 st Board Meeting in 2025	G. Approved donation to BenQ Foundation	Except Andy Su, Peter Chen and Jasmine Hung are in avoidance of application, all other independent directors and directors presented at the meeting agreed on the donation of NT\$3.5 million without objection. The proposal was reported in accordance with regulations.

2.2.10 In the most recent year up to the publication date of the Annual Report, Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

2.3 Information on CPA fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee (Note)	Total	Remark
KPMG	Shin-Chun Hsu Tzu-Chieh Tang	2024.01.01~2024.12.31	6,537	2,506	9,042	-

Note: Fees mainly related to tax compliance audit, transfer pricing report, the compensation audit of non-management employees and the CFC audited.

2.3.1 Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year:

Not applicable

2.3.2 Audit fees were reduced by over 10% compared with the previous year: Not applicable

2.4 Replacement of CPA

2.4.1 Regarding the former CPA

Replacement Date	January 1, 2024		
Replacement reasons and explanations	Due to internal restructuring of accounting firm.		
Describe whether the Company terminated, or the CPA did not accept the appointment	Parties	CPA	Appointer
	Termination of appointment	NA	NA
	No longer accepted	NA	NA
Audit report opinions other than unqualified opinion over the last two years and reason	2023: None 2024: None		
Did issuer have a different opinion	None		
Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)	None		

2.4.2 Regarding the successor CPA

Name of accounting firm	KPMG
Name of CPA	Shih-Chun Hsu and Tzu-Chieh Tang
Date of appointment	January 1, 2024
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

2.4.3 Former CPA Letters Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines:

No disagreement between the former accountant and the Company on Clause 5.1 and 5.2.3, Article 10 of these Guidelines.

2.5 Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year: None

2.6 The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year up to the publication date of this report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the Company as well as the Company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged.

2.6.1 Changes in Shareholding of Directors, independent directors, Managers and Major Shareholders

More information for the situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more

than 10% of Company shares, please refer to MOPS. For equity transfer: https://mops.twse.com.tw/mops/#/web/query6_1. For changes to equity pledge: https://mopsov.twse.com.tw/mops/web/STAMAK03_1"

2.6.2 Equity Transfer with Related Parties: None

2.6.3 Equity Pledge with Related Parties: None

2.7 Relationship among the Top Ten Shareholders are Spouses or Relatives within the second degree of kinship Relationship

As of March 31, 2025; Unit: Shares, %

Name	Current Shareholding		Spouse's/minor's Shareholding		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its name and relationships		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Qisda Corporation	58,004,667	20.72	0	0	0	0	Note1		-
Qisda Corporation Representative: Peter Chen	294,693	0.11	0	0	0	0	None	None	-
BenQ Corporation	14,016,563	5.01	0	0	0	0	Note1		-
BenQ Corporation Representative: Michael Tseng	Information not available								-
Taishin International Bank entrusted with the Darfon Electronics Corp. Employee Stock Ownership Trust Account	12,543,368	4.48	0	0	0	0	None	None	-
Mega International Commercial Bank Co., Ltd.	4,540,285	1.62	0	0	0	0	None	None	-
Mega International Commercial Bank Co., Ltd. Representative: Ray B. Dawn	Information not available								-
Andy Su	4,058,447	1.45	910,000	0.32	0	0	Note2		-
Unictron Technologies Corporation	4,000,000	1.43	0	0	0	0	Note2		
Unictron Technologies Corporation Representative: Andy Su	4,058,447	1.45	910,000	0.32	0	0	Note2		-
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,962,164	1.06	0	0	0	0	None	None	-
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	2,609,000	0.93	0	0	0	0	None	None	-
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Investment Account for Tripartite SBL Transactions on the Self-operated Platform of a Securities Service Provider held in trust by HSBC Bank (Taiwan) Limited.	2,377,000	0.85	0	0	0	0	None	None	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. MORGAN SECURITIES LTD	2,056,881	0.73	0	0	0	0	None	None	-

Note1: Qisda Corp. is the parent Company of BenQ Corp., Peter Chen is the head of Qisda Corp. and Michael Tseng is the head of BenQ Corp.

Note2: Shareholder Andy Su is the representative of Unictron Technologies Corporation.

2.8 Shareholdings and Combined Joint Shareholdings of Businesses Invested in by the Company, Company Directors, Supervisors or Executive Officers or Directly or Indirectly Controlled by the Company

As of March 31, 2025; Unit: thousand shares, %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/ Independent directors /Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
BESV Japan Co., Ltd.	0	0	3	49.00	3	49.00
Rich Glory International Inc.	0	0	1,241	33.33	1,241	33.33

Note: The investment of the company using the equity method

III. Capital Overview

3.1 Capital and Shares

3.1.1 Source of Capital

Unit: NT\$ thousands, thousand shares

Month/ Year	Issued price (par value per share)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Shares	Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Other
May 1997	10	60,000	600,000	15,000	150,000	Establishment	-	-
March 1998	18	60,000	600,000	50,000	500,000	Capital increase by cash	-	Note 1
June 1999	20	100,000	1,000,000	70,000	700,000	Capital increase by cash	-	Note 2
April 2000	48	100,000	1,000,000	100,000	1,000,000	Capital increase by cash	-	Note 3
May 2001	10	185,380	1,853,800	105,000	1,050,000	Capital increase by capital surplus	-	Note 4
				121,346	1,213,460	Capital increase by retained earnings		
May 2002	25	185,380	1,853,800	149,346	1,493,460	Capital increase by cash	-	Note 5
June 2006	10	185,380	1,853,800	182,614	1,826,142	Capital increase by retained earnings	-	Note 6
June 2007	10	300,000	3,000,000	222,120	2,221,203	Capital increase by retained earnings	-	Note 7
June 2007	80	300,000	3,000,000	247,120	2,471,203	Capital increase by cash	-	Note 8
November 2007	100	300,000	3,000,000	275,320	2,753,203	Capital increase by cash	-	Note 9
March 2008	-	300,000	3,000,000	265,320	2,653,203	Capital decrease by treasury stocks	-	Note 10
August 2008	10	400,000	4,000,000	299,610	2,996,103	Capital increase by retained earnings	-	Note 11
August 2009	10	400,000	4,000,000	316,755	3,167,558	Capital increase by retained earnings	-	Note 12
August 2010	10	400,000	4,000,000	334,902	3,349,020	Capital increase by retained earnings	-	Note 13
March 2011	-	400,000	4,000,000	318,902	3,189,020	Capital decrease by treasury stocks	-	Note 14
October 2015	-	400,000	4,000,000	297,902	2,979,020	Capital decrease by treasury stocks	-	Note 15
March 2017	-	400,000	4,000,000	280,000	2,800,000	Capital decrease by treasury stocks	-	Note 16
June 2019	-	450,000	4,500,000	280,000	2,800,000	-	-	Note 17

Note1: Approved under (87)Securities and Futures Commission, Ministry of Finance -1-NO. 25012 on March 12, 1998.

Note2: Approved under (88)Securities and Futures Commission, Ministry of Finance -1 NO. 58315 on June 29, 1999.

Note3: Approved under (89)Securities and Futures Commission, Ministry of Finance -1 NO. 34163 on April 27, 2000.

Note4: Approved under (90)Securities and Futures Commission, Ministry of Finance -1 NO. 131015 on May 18, 2001.

Note5: Approved under (91)Securities and Futures Commission, Ministry of Finance -1 NO.126219 on May 16, 2002.

Note6: Approved under (95) Financial Supervisory Securities-1NO. 0950127557 on June 30, 2006.

Note7: Approved under (96) Financial Supervisory Securities-1NO. 0960028167 on June 1, 2007.

Note8: Approved under (96) Financial Supervisory Securities-1NO. 0960027119 on June 1, 2007.

Note9: Approved under (96) Financial Supervisory Securities-1NO. 0960061687 on November 17, 2007.

Note10: Approved under Financial Supervisory Securities-3 NO. 0970013582 on March 25, 2008.

Note11: Approved under Financial Supervisory Securities-1 NO. 0970033934 on July 8, 2008.

Note12: Approved under Financial Supervisory Securities NO. 0980031525 on June 24, 2009.

Note13: Approved under Financial Supervisory Securities NO. 0990033585 on June 29, 2011.

Note14: Approved under Financial Supervisory Securities NO. 0990072913 on December 30, 2011.

Note15: Approved under Financial Supervisory Securities NO. 1040041962 on October 22, 2015.

Note16: Approved under Moeaic NO. 10601035060 on March 23, 2017.

Note17: Approved under Moeaic NO. 10801075280 on June 26, 2019.

3.1.2 Type of Stock

As of March 31, 2025; Unit: Shares

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Un-issued Shares	Total Shares	
Common Stock	280,000,001	169,999,999	450,000,000	Listed Company shares

3.1.3 List of Major Shareholders

Name, holding amount and percentage of shareholders with holding percentage more than 5% or top-ten majority

As of March 31, 2025

Major Shareholders	Shares	Number of shares held	Holding percentage (%)
Qisda Corporation		58,004,667	20.72
BenQ Corporation		14,016,563	5.01
Taishin International Bank entrusted with the Darfon Electronics Corp, Employee Stock Ownership Trust Account		12,543,368	4.48
Mega International Commercial Bank Co., Ltd.		4,540,285	1.62
Andy Su		4,058,447	1.45
Unictron Technologies Corporation		4,000,000	1.43
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		2,962,164	1.06
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds		2,609,000	0.93
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Investment Account for Tripartite SBL Transactions on the Self-operated Platform of a Securities Service Provider held in trust by HSBC Bank (Taiwan) Limited.		2,377,000	0.85
JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. MORGAN		2,056,881	0.73

3.1.4 Dividend Policy and Implementation Status

1. Article 19, 19-1, and 20 of the Articles of Incorporation of the Company regulates the dividend policy as follows:

Article 19: If earnings are available for distribution at the end of a fiscal year, 5-20% of earnings shall be set for employees' compensation and no more than 1% for directors' compensation. If there are still accumulated losses, compensation amount shall be reserved in advance. Subjects referring to above mentioned compensation shares or cash should comply with requirements of conditional controls and affiliated Company. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%-20% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The Company may allocate employee's remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of parent Company or subsidiary meeting certain conditions. The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method. The distribution of earnings in the preceding paragraph is distributed in the form of cash, the distribution may be approved by the Board of Directors and reported to the shareholders' meeting

Article 19-1: Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve and certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulation. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed by the Board and approved by the shareholders' meeting. When the legal reserve and capital surplus are to be distributed in cash, the distribution may be approved by the Board of Directors in accordance with the Company Act and reported to the shareholders' meeting. The Company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241 of the Company Act. Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

Article 20: The Company is in a technology-intensive and capital-intensive technology industry at a developing stage coordinating with long-term capital planning and taking into account the shareholders' cash flow requirement, the Company's dividend policy is to pay dividends from surplus considering factors to improve the growth and sustainable operation of the Company. If there is distributable net profit more than 2% of the paid-in capital, the ratio for cash dividends shall not be less than 10% of total distribution. If it is less than 2%, the Company might not distribute dividends.

2. Dividend payout plans proposed during the most recent shareholders' meeting

Cash dividend: NT\$ 560,000,002 (NT\$ 2.0 per common share)

3.1.5 The influence of the bonus shares issuance proposed at the current shareholders' meeting on the business performance and EPS of the Company:

Unit: NTS

Item	Fiscal year	2024 (Estimated)
The amount of paid-in capital at the beginning of the period		2,800,000
Dividend distribution of the current year	Cash dividend per share	NT\$ 2.0(Note1)
	Stock dividends per share (from capitalization of earnings)	-
	Stock dividends per share (from capitalization of reserves)	-
Business performance Changes	Operating profit	(Note2)
	Increase (decrease) % of operating profit over the same period last year	
	Net profit after tax	
	Increase (decrease) % of net profit after tax over the same period last year	
	Earnings per share	
	Earnings per share increase (decrease) % ratio over the same period last year	
	Annual average return on investment (the reciprocal of the annual average P/E)	
Pro forma EPS and PE ratio	If capitalized earnings were entirely distributed as cash dividends	Pro forma earnings per share
		Pro forma annual average return on investment
	Without capitalization of reserves	Pro forma earnings per share
		Pro forma annual average return on investment
	If capitalized earnings were entirely distributed as cash dividends without the capitalization of serves	Proposed earnings per share
		Proposed annual average return on investment

Note1: The estimated dividend distribution of 2024 is NT\$ 2.0 per share, which is based on the surplus distribution proposal approved by the board of directors on March 3, 2025.

Note2: In accordance of (89) Securities and Futures Commission, Ministry of Finance -1 NO. 00371 on February 1, 2000, financial statement of 2025 is not published, disclosure of the estimated information for fiscal year 2025 is not applicable.

3.1.6 Remuneration of Employees, Directors and independent directors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

Article 19 of the Articles of Incorporation stipulates that:

"Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%-20% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The Company may allocate employee's remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of parent Company or subsidiary meeting certain conditions. The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method."

2. Estimation basis of this annual period for the remuneration and compensation for employees and Directors, and the accounting approach for handling the differences between the calculation basis for the shares of employees' remuneration distributed by stock and the actual distributed amount and the estimated number of shares:

The remuneration of employees and directors of the Company is estimated in accordance with the Accounting Research and Development Foundation (2007) SVS No. 052 Summary, and listed as appropriate accounting items under operating costs or operating expenses based on the nature of the remuneration of employees and directors. If there is a difference between the actual distribution and the estimated number in the financial statements, it will be regarded as an estimated change and recognized as the current profit and loss.

3. Distribution of Remuneration of Employees, Directors for 2024 Approved in the Board of Directors Meeting on March 3, 2025.

The information of 2024 distribution by the resolution is as following:

(1) Recommended Distribution of Compensation of Employees, Directors

Employee Compensation – in Cash: NT\$ 72,334,482

Directors' Compensation: NT\$ 3,343,691

No difference between the above amount and the amount recognized on the account

(2) The proportion of employee remuneration paid by stocks to the total amount of the amount of individual profit (after tax) plus the amount of employee remuneration in the current period: 0%

4. The actual distribution of remunerations for employee, directors and supervisors in the previous year (including the distributed number of shares, amount and share price). If there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remuneration, please describe the discrepancy, cause, and management:

(1) The actual distribution of the remuneration of employees and directors in the previous year: NT\$221,293,640 for employee remuneration and NT\$16,597,023 for directors' remuneration in cash.

(2) The difference between the proposed distribution situation approved by the original board of directors and the actual: the actual distribution situation is the same as the original proposed distribution situation by board of directors.

(3) The Company is an audit committee system without a supervisor.

3.1.7 Repurchase of the Company's Shares by the Company: The Company didn't repurchase its own shares in the most recent year and up to the publication date of this Annual Report.

3.2 Corporate Bonds processing: None

3.3 Handling of Preferred Stock: None

3.4 Overseas Depositary Receipts: None

3.5 Employee stock option handling status: None

3.6 Operations of new restricted employee shares: None

3.7 Issuance of new shares in connection with the merger or acquisition of other Corporations: None

3.8 Implementation of Assets Process and Planning:

Due on the quarter before the publication date of the annual report, the Company has not issued or privately placed securities that have not been completed, or been completed within the past three years but the benefits of the plan have not yet been shown.

IV. Operational Highlights

4.1 Business Activities

4.1.1 Business Scope

1. Main areas of business operations

As the expert and leader of the world-class optoelectronics and precision components, Darfon provides a full range of integrated services, such as R&D, manufacturing, sales, consulting and specialty technologies. The Company strives to provide the best overall value to its customers by supreme quality of products, including computers, smart phone peripheral products, communication-related product components, display components, power supply and energy storage products, core equipment of solar power generation, and electric assisted bicycles, etc. Over the years, we have successfully created many innovative, breakthrough and market-leading products.

2. Revenue distribution

Unit : NT\$ thousands, %

Major Divisions	Year 2024	
	Total Revenues	Operating Ratio (%)
AIoT Products	15,331,853	71
Green Energy Product	6,388,373	29
Total	21,700,226	100

3. Main products

(1) AIoT products:

Laptop and desktop computer keyboards, illuminated keyboards, mice, gaming keyboards, gaming mice, portable keyboards, leather case keyboards, precision modules, notebook computer touch panel modules, notebook computer vibrating touch panel modules, fingerprint recognition modules, multilayer ceramic capacitors, power inductors, coupled inductors, common mode inductors, chokes, magnetic beads, LAN transformers, etc.

(2) Green energy products and passive components:

E-Mobility Li-ion battery modules and chargers, Smart IoT modules, E-Bike electric control kit, E-Bike IoT, intelligent training station, Hybrid Storage System, Motor electric control kit, E-Bike Li-ion battery modules, electric assisted bike, electric assisted mountain bike, electric assisted road bike, electric assisted folding bike, electric assisted city bike, intelligent robot, Li-ion battery modules, chargers, energy storage systems, power modules, battery modules, hybrid inverters and energy storage systems for light-weight mobile vehicles (LEVs), etc.

4. Development of New products

The AIoT product divided into two parts, peripheral component product and passive components.

The peripheral component product section focuses on the development of high value-added products, including various innovative products such as advanced gaming peripherals (switchable feel gaming mouse, switchable button sound mouse, ultra-thin adjustable travel stroke gaming button, etc.) and innovative notebook keyboards (new mini-LED backlit keyboards, vibration feedback keyboards, vibration feedback touch panels, etc.), mice roller electric modules and optical products (luminous logo, lighting parts for gaming laptops, lighting parts for gaming/ desktop computers, etc.) to continuously maintain the industry's leading position in Peripheral electronic products technology innovation. Company integrates the technical advantages of the existing precision mechanism design and button modules, and combines the capabilities of optics, electronics, firmware, software and acoustics, and continues to develop integration, new applications and new products that meet the needs of users, and expand the power of application scope of gaming and mobile devices.

In terms of passive components, in response to the vigorous development of industries such as automotive, 5G, server, high-speed computing, storage devices, the company will actively move towards integration (products and marketing), customization (research and development, promotion and customer application links) and High-capacity, high-frequency, high-reliability (high-voltage, high-temperature-resistant) development, and focus on mid-to-high-end products and niche products, and actively enter the high-growth market to grasp key needs. The Company is committed to improving the research and development technology and product quality of power supply and charger products. In response to the growth trend of lithium batteries, chargers and smart mobile vehicles, it develops high-value-added smart power chargers to expand economies of scale and optimize costs.

In terms of Green Energy Products, we focus on eMobility batteries, energy storage systems and other green Energy products, and provide multiple functional modes to different applications. For E-Bike, develop the E-Bike smart module kit (IoT) to seize business opportunities for the next generation of Smart Bike, prepare for OEM models, and promote the ODM market for smart training platforms, provide OEM solutions for smart training platforms and smart electric scooters. For E-Bike, the new generation of electronic control systems will be gradually applied to various product series, including electronic automatic transmission systems, bluetooth module corresponding application OTA firmware update and diagnostic functions, and the introduction of self-learning motor power assist systems into mass production, which continuously optimizes power output according to the rider's riding habits and terrain. In terms of power Li-ion battery modules, the Company matches the latest Shimano Motor System and 21700 new-generation batteries; then the complete compatible battery for a full range of Shimano motors is launched, with various accessories and smart modules. It continues to maintain leading position in the new generation of E-Bike batteries. Additionally, medium-to-large scale eMobility and Industry 4.0 expand the layout of related lithium batteries. For E-Bike, we develop a new generation of intelligent electric assisted bicycles, with a new generation of electronic control system, apply IoT 4G networking modules and antennas, develop electronic automatic transmission systems and electronic locks, etc., to comprehensively improve user experience. As for the product layout in the European market, in addition to matching Shimano mid-mounted motor system products, it cooperates with German system manufacturer Bosch to develop new city bikes and mountain bikes to establish a competitive advantage. The Company is committed to improving the research and development technology and quality of power supply and charger products. In response to the growth trend of mobile vehicle electrification lithium batteries, chargers and intelligence, we develop high added value and high-power digital chargers and power supply products, and expand economies of scale and cost optimization.

4.1.2 Industry Overview

1. Current Status and Future Development of Industry

(1) AIoT products

Peripheral electronic products include desktop and laptop keyboards, keyboards and gaming keyboards for tablets and smartphones, wireless keyboard and mouse sets, peripheral Bluetooth devices, gaming headsets, notebook touchpad modules, etc.

According to the report of the research institute, it is pointed out that in 2025, Trump may impose tariffs on laptops, which, combined with the risk of inflation, will be unfavorable to the growth of laptops. However, the Japanese NEXT GIGA education bid and the motivation for enterprises to change machines are enhanced, which is expected to help notebook computers grow slightly in the end.

In terms of AI notebook, which are concerned by the market, the shipment of AI notebook reached 39.35 million units in 2024. In the next two years, with the continuous promotion of NPU to execute generative AI applications by Intel (Intel), AMD (AMD), Qualcomm (Apple), and other manufacturers, it is expected that the proportion of AI notebook will increase rapidly.

Global Market Volume change in Notebook and Personal Computer

Unit: million, %

Year	2024	2025(e)	2026(f)	2027(f)	2028(f)
Notebook	174.5	179.9	194.0	197.7	207.9
Personal Computer	80.0	82.9	82.3	79.6	80.0
Notebook (YoY%)	5.4%	3.1%	7.8%	1.9%	5.2%
Personal Computer (YoY%)	2.5%	3.7%	-0.8%	-3.2%	0.5%

Source : DIGITIMES

The integrated component and material product line includes multilayer ceramic capacitors, power inductors, multilayer inductors, chokes, magnetic beads, LAN transformers, etc. The characteristics of this passive component is small size and high stability, and it is mainly used in related electronic products for information, consumer (PC, NB, mobile phone, tablet, etc.), industrial applications (power supply, energy storage, etc.) and automotive applications (car lights, displays, entertainment, and aftermarket products).

According to the statistics of research institutions, the excessive inventory of passive components has been alleviated after the elimination of chemicals from 2022 to the first half of 2024. The increase in demand for consumer electronic products has led to a significant increase in the annual growth rate of monthly revenue of major manufacturers since the second quarter of 2024. AI has stimulated the demand for cloud and edge computing, and the demand for automotive electronics has grown steadily due to the gradual expansion of the market share and output of electric vehicles. Looking ahead to 2025, the utilization rate of passive component production capacity will gradually recover thanks to the demand for AI server orders and the recovery in demand for ICT products. According to the survey of research institutions, BB Ratio will increase from 0.8 to 0.93 in the latter half of 2024, and it is obvious that AI server will be the main kinetic energy to drive the growth of passive components.

(2) Green Energy Products

The green energy product line includes power and energy storage chargers, consumer and industrial battery modules, electric bicycles and other eMobility Li-ion battery modules, energy storage systems, E-Bike smart modules (IoT), electric control kits, smart trainers, etc., which are applied in various power and solar green energy industry.

According to the statistics of QYResearch research report, the global demand for E-Bike declined in 2024, with a market size of about US\$18 billion. The major markets including Europe, the United States, and Japan are still in the stage of destocking. It is expected that the inventory level will return to normal in the latter half of 2025. Various bicycle brands will also re-launch annual new products into the market in 2026.

The growth trend of LEV Smart Charger and medium-to-large industrial Hybrid Storage Systems drives the demand for smart chargers and charging points. We continue to develop high-efficiency, high-power-density Li-ion battery chargers and DC power conversion modules, which are widely used in high-end niche products, such as high-power electrical tools, E-bikes, autonomous mobile robots and Li-ion battery energy storage power backup systems. With the large-scale access of new energy power generation and electricity consumption, energy storage will become an important basic element of the new power system in order to overcome the intermittent and fluctuating nature of wind and solar power.

2. Relationship with Up-, Middle- and Downstream Companies

(1) AIoT Product - Peripheral electronic products

Upstream Material	Midstream	Downstream applicants
* Integrated circuit chip * Printed circuit board * Composite material, glass * Environmental protection material * Optics LENS * Mini-LED * Membrane switch * Support frame * Vibrate motor for touchpad	* keycap * Middle board * Aluminum plate * iron plate * Silicone * Rubber * LED * Light guide plate	* Notebook computer touchpad module * Laptop keyboard * Desktop keyboard * Tablet keyboard * Gaming keyboard * Gaming earphone * Wireless mice * Luminous logo, light bar
		* Notebooks * Desktops * Smart phones * Smart TVs * Gaming monitor * Tablets * Gaming computer

(2) AIoT Product - Integrated component and materials

Upstream Material	Midstream	Downstream applicants	
* Ceramic powder * Electrode material * Alloy powder * Iron powder * Copper wire	* Multilayer ceramic capacitors * Multilayer power inductors * Integral molding power inductor * Integrated coupling inductor * Winding power inductor * Wire wound common mode inductor * Multilayer/wire-wound magnetic beads * LAN transformer * Chokes	* Car audio and video system * Car lighting * Digital set-top box * Notebooks * Tablet * Energy storage device * Server * TV/Home Appliances * AI Applications	* Industrial Control Products * Wireless network card * Bluetooth device * Storage device * Wearable products * Panel * Cell phone * Game console

(3) Green Energy Products - Power component

Upstream Material	Midstream	Downstream applicants
* Integrated circuit chip * Printed circuit board * Electrolytic capacitor * Diode * semiconductor * Transformer * Filter * Capacitance	* Wire * Resistance * Inductors	* Backlight converter * Power Supplier
		* Energy storage device for light electric vehicle * Small and medium uninterruptible power devices * Smart grid energy storage equipment * Computer room and communication base station * Gaming display * Notebooks * LCD TV * Tablet

(4) Green Energy Products - Green energy component

Upstream Material	Midstream	Downstream applicants
* Semiconductor control chip * Surge absorber * Lightning protector * Printed circuit board * Flash memory * Epoxy resin * Electrolytic capacitor * Metal case	* Diode * Transformer * Filter * Inductors * Wire * Resistance	* Hybrid energy storage inverter * Solar Micro Inverter * Network data collector * Solar inverters * Power cord communicator * Energy recovery device * Li-ion battery module
		* Factory energy recovery and power saving system * Electric motorcycles and industrial vehicles * Home power generation and energy storage system * Community emergency power supply system * Electric assisted bicycle * Power saving monitoring system * Solar power plant * Electric machine tool * Drones * Outdoor power equipment * Intelligent robots

(5) Green Energy Products - E-Bike

Upstream Material	Midstream	Downstream applicants
* Frames and other bicycle parts * Torque sensor * Speed sensor * Speed sensor * Li-ion battery cell * Charger * Motor	* Mid-mounted motor electric control system * Electric control system of drum motor * Li-ion battery pack *IoT 4G wireless modules *Bluetooth modules	* Electric assisted bicycle * Smart electric scooter

3. Product Trends

(1) AIoT Product - Peripheral electronic products

To meet the notebook demand for thin, light designs, power saving and environmentally friendly, the use of mini-LED backlight modules is expected to continue to expand, continue to develop towards the trend of reducing lights and saving electricity; as for keyboard products, the trend is towards high-end office application products such as magnetic axis, silent, and customized.

(2) AIoT Product - Integrated component and material

In response to market demand for automotive and industrial applications, continue to develop high-capacity, high frequency, high reliability products.

(3) Green Energy Products - Charger

We are actively introducing all-digital power supplies, gradually entering the edge computing artificial intelligence power supply field, and deploying high-end industrial computers to enter the local equipment field. Gradually transform into all-digital power supply to expand KW-class high-wattage charging power of medium and large mobile vehicles. Actively deploy the application of high-end niche high-efficiency products such as smart chargers and charging points related to Industry 4.0 smart manufacturing, and become a comprehensive professional manufacturer of smart chargers.

(4) Green Energy Products -Green energy component

The Company actively develops and promotes Li-ion battery modules, and combines resources of the Group to launch overall solutions such as E-Bike smart modules (IoT) and electric control kits. At the same time, we cooperate with the global trend of green electricity and renewable energy and launch a new generation of hybrid energy storage systems; therefore, the main growth momentum is in various types of electric vehicles, E-Bike, AGV/AMR, forklifts, tools and cleaning machines.

(5) E-Bike

The development trend of E-Bike products, various motor system manufacturers continue to introduce higher-power torque and light-weight motors, from the previous maximum torque of 85Nm to 100Nm, and the battery capacity is gradually increased to 700Wh to 900Wh, indicating that the market demand for the performance and specifications of E-Bike products is increasing.

4.Product Competition

- Peripheral electronic products : Chicony, Sunrex, Liteon, Primax, etc.
- Integrated Components : Yageo, Huashin, Holy Stone, Fenghua, Uct, Viyong, Cyntec, Tai-Tech, Arlitech, Sunlord, etc.
- Green energy components : Delta, Chicony, Eaton, Simplo/AES, Celxpert, MAHLE, HYENA, COMODULE, etc.
- E-Bike : Giant, Merida, Idea, Specialized, Trek, Accell Group, Pon Group, Cube, Tenways, Cowboy, etc.

4.1.3 Research and Development

1.Technical level and research development of the business

Peripheral electronic products are developing towards the use of light and thin and environmentally friendly materials, and are designed with precision mechanisms. The focus of technology research and development is on ultra-thin keyboard modules, easy to assemble recycled keyboard modules, gaming keyboard key modules, gaming mouse key modules, vibrating touchpads, fingerprint recognition modules. In terms of optical design, a more power-saving mini-LED backlight technology and optical luminous effect light bar module have been developed. For special applications, fully waterproof keyboards are developed, which can be used in industry, national defense or medical treatment. In terms of peripheral component products, the development of gaming peripherals, such as 4K transmission rate wireless mouse, 8K transmission rate wired keyboard.

The integration of component products not only research and develop material technology to cater demand inmarket, but also promote the product technology, include high-end capacitors/medium and high voltage/vehicle capacitors, high-frequency capacitors, high-power integrated inductors, large-scale high-power inductors, thin, low-resistance, high-efficiency inductors, integrated coupling inductors, etc.

Green energy products require high-efficiency power conversion efficiency technology in R&D to achieve the lowest noise interference and stable output generated by power parallel mains or independent power supply, and combine the high series and parallel battery modules of the energy storage system to cooperate and manage. The Company has established a complete study of material impedance characteristics, mastered heat dissipation and temperature technology, and continued to verify the reliability of each power supply and energy storage module system. At the same time, integration system has been optimized continuously, including Li-ion battery module management new high-level serial-parallel platform, safe use, and motor control vehicle frame, and smart battery technology. Platform capabilities of inverter and converter power engineering have accumulated to correspond to the Company's E-Bike development strategy and direction. The Company develops E-Bike smart module kits (IoT), intelligent training station, smart electric scooter and integrates the expertise of chargers and batteries to provide more advantageous integrated design and services. Based on the solid research and development foundation, Company is looking forward to further development in the power battery industry of two-wheelers or more in the future.

The research and development of E-Bike focuses on the electromechanical integration of the frame and the electronic control system, which needs to have the characteristics of both performance and product lightweight and miniaturization. In addition, product development, spare parts selection, packaging design and transportation all adhere to sustainable management. The use of applications and bluetooth modules is becoming more and more popular. In the past, products and firmware updates could only be detected through computer diagnostic tools. In recent years, we have also developed applications for after-sales service, allowing customers to connect to the E-Bike via their mobile phones to complete system detection and firmware updates, providing more convenient after-sales service tools.

2.Research and Development Expenses by the Central Research Institute (CRI) in the most recent Years as of publication of annual report

Unit : NT\$ thousands

Item	2023	2024	As of March 20, 2025
R&D expense	1,047,184	1,014,855	157,785
Business Revenue	25,791,522	21,700,226	3,513,544
Percentage (%)	4	5	4

3.Successful Development Overview of Technology and Product

(1) Overview of Product Development

- Mice electronic magnetic roller
- Ultra-thin RGB Per Key gaming keyboard
- Ultra-thin RGB luminous keyboard
- Ultra-thin mechanical gaming keyboard
- Ultra-thin magnetic keyboard
- Switchable keyboard
- Lifetable keyboard
- Leather keyboard
- Full waterproof keyboard
- Optical axis button
- Touchpad
- Fingerprint identification module
- Wireless Stereo Bluetooth Headset
- Li-ion battery module for energy storage
- Ceramic material formula modulation
- Electrode material formula modulation
- High-end capacitors/medium and high voltage/car capacitors
- High frequency capacitors (01005/0201/0402/0603/0805)
- High power integrated inductors
- Large-scale high-power inductors
- Thin Low resistance high efficiency inductor
- One-piece coupled inductor
- New chocker
- New type transformer
- Solar Micro Inverter
- Hybrid Energy Storage Inverter
- Energy Management System
- High efficiency energy recovery system

- Battery Module for Machine Tool/Cleaning Machine
- AMR/AGV Li-ion battery pack
- LEV Li-ion battery pack
- Electric assisted mountain bike
- Electric assisted folding bike
- Electric assisted city bike
- Electric assisted road bike
- E-Bike GSM/GPS positioning module
- E-Bike Bluetooth wireless communication module
- E-Bike man-machine interface system
- E-Bike electronic automatic transmission
- Smart electric scooter
- Hybrid solar energy storage system
- Solar power generation monitoring system
- In-wheel motor electric control system
- Mid-mounted motor electric control system
- Li-ion battery module for light vehicle
- E-Bike battery module
- E-Bike IoT Communication module
- E-Bike 4G Antenna module
- E-Bike electronic locks
- E-Bike electric control kit
- E-Bike Darfon Cloud
- Smart training platform

(2) Future R&D Scope

The Company owns over 1000 patents, and its products have won many international design awards such as German iF and Red Dot. In 2024, it was ranked 52th in the top 100 corporate patent applications of the Intellectual Property Bureau of the Ministry of Economic Affairs, showing that the Company's capabilities of product design and R&D innovation are deeply favored by the market and professional institutions.

E-sports and peripheral product series, developing mechanical keyboards, optical switch keys, and adjustable actuation point keys for the new generation of gaming notebook computers. Apply 4K transmission rate wireless and 8K transmission rate wired technology to keyboard and mouse. And develop a sound, silent switch button on the keyboard, mouse. Related parts of the notebook computers, there are thin keyboards, and the development of touchpads, vibration touchpads, fingerprint recognition modules, function key touch modules, notebook computer power switch modules and other notebook computer related components.

For integrate component products, continue to develop high-end ceramic powder/metal paste and other key materials and process technologies, and invest resources and equipment to accelerate and continue to strengthen product characteristics and competitiveness.

Green energy products continue to develop smart chargers for various eMobility, medium and large Li-ion battery modules, E-Bike smart module kits (IoT), package integration solutions, intelligent training station, smart electric scooter and high-volume and high-efficiency energy storage systems.

E-Bike plans to develop higher capacity lithium battery packs for the flagship electric mountain bike products, and to develop more environmentally-friendly materials for car body parts to meet the requirements of sustainable operation in various countries.

4.1.4 Long-term and Short-term Development

1. Long-term Development

- (1) Strengthen global business layout, establish diversified sales channels, deepen customer relationships, and expand market share.
- (2) Grasp future product trends, grasp growth opportunities from the IT and green energy industries, and accelerate the development of innovative products and market launch timeline.
- (3) Optimize product portfolio and build a vertically integrated system to achieve a one-stop service model, so that customers are satisfied with one-time purchase.
- (4) Enhance the three core technical capabilities of institutions, materials and energy. Implement the operational development strategy of "Backward Integration-master core capabilities and technologies, Forward Master-create and expand output."
- (5) Strengthen human resource management, refine the allocation of talents, promote a flat organization, and focus on the identification and development of key talents to build a competitive and high-quality team

2. Short-term Development

- (1) Strive to achieve annual KPI, improve the proportion of sales of high value-added products, and aim for growth in revenue and profitability.
- (2) Continue to strengthen thorough quality management, respond promptly to customers' requirements, and satisfy customers' requests in terms of quality, quantity and delivery.
- (3) Strengthen the global logistics management and establish a cross-business integration platform to achieve economies of scale, and strictly investigate the reasonableness and necessity of various expenses.

4.2 Overview of Market and Sales

4.2.1 Market Analysis

1. Sales (Service) Region

Unit: NT\$ thousands, %

Region \ Year	2023		2024	
	Sales Amount	Percentage (%)	Sales Amount	Percentage (%)
Local	5,684,703	22	4,476,937	21
Export	20,106,819	78	17,223,289	79
Total	25,791,522	100	21,700,226	100

2. Market Share (%) and KPI of Major Product Categories

The top six global notebook computer brands account for approximately 90% of global shipments. The Company has close relationships with major brand companies in product development and has established a good foundation for cooperation with related OEM/ODM manufacturers. Darfon ranks among the top three in the world in peripheral component products such as notebook computer keyboards.

3. Market Analysis of future supply and demand situation and growth

(1) Peripheral electronic products

In 2025, it is expected that the shipments of notebook in the three major application fields of consumption, commerce and education will all increase compared with that in 2024, with higher growth rates in the educational and commercial sectors. Windows 10 will stop supporting in October 2025, and the commercial AI application of Microsoft Copilot+ PC will be more mature, and the low-cost and diversified AI notebook hardware platform will be able to drive a larger wave of replacement in the business market. As for the education part, Japan's large-scale education project NEXT GIGA began shipping from the end of 2024. It is expected to purchase 8 million to 9 million educational terminal devices in the next three years, of which 6 million to 7 million will be laptops, which is expected to bring significant growth to the shipment of educational laptops in 2025.

(2) Integrated components and products

The continuous and steady demand for passive components in products such as motherboards, laptops, servers, portable personal information products, LCD TVs and smartphones; in recent years, 5G, high-speed computing, storage device development, automotive, industrial and robot related applications have continued to grow, especially in response to the trend of green energy and environmental protection. In the future, related applications such as electric vehicles, self-driving cars and battery energy storage systems (energy saving), which will drive the growth of demand for MLCCs and inductors after.

(3) Green energy products

The market for green energy and various power applications has become a global development trend. There are rapidly changing applications in various electric eMobility, and electronization, lithium-ionization and intelligentization of renewable energy. The Company can provide customers with a complete set of solutions and global services to meet customer needs.

(4) E-Bike

In 2024, the inventory level of major markets, including Europe, the United States, and Japan remained high, and the demand declined slightly. Various brands successively launched promotional programs to accelerate inventory destocking. According to interview with bicycle factories by research institution, the industry generally believes that the market inventory is expected to return to normal water level in the latter half of 2025.

4. Competitiveness Scope

The Company has laid a good foundation in the industry through years of experiences in the manufacturing of computer peripheral products. Since its establishment, the scope and depth of each product line has been actively expanded, in addition to the advantage of economics of scale as the main source of growth and profitability. Besides ODM customers, there are also geographical and cultural advantages so to actively explore emerging markets in China and the Asia-Pacific. The Company has successfully developed new products, such as energy storage systems, solar hybrid inverters, E-Bikes, and Li-ion batteries in use of three core technologies, mechanism, energy, and material, in regards of building an advance product portfolio with time.

5. Favorable and Unfavorable Factors in the Long Term and Countermeasures

(1) Favorable

- a. The rapid innovation and growth of 3C products such as PC, LCD monitors, TVs, e-sports computers and communications have continued to inject growth momentum into the Company's peripheral, power supply and integrated component products.
- b. To maintain procurement flexibility and to avoid risk of excessively concentrated sources of purchases, we closely cooperate with domestic and foreign raw material suppliers to seek for stable material supply and established long-term stable cooperative relations, and we maintain all major raw material suppliers are more than two.
- c. Domestic component manufacturers have brought highly automated process improvements in response to the continuous cost reduction trend of major international manufacturers, which will greatly reduce the impact of labor costs.
- d. The promotion and subsidies of renewable energy policies in various countries will effectively drive the purchase demand for power management, energy storage equipment, it also enhances the synergy effect of green industry in Group.

(2) Unfavorable

- a. The US tariff policy has been unstable since Trump took office, the supply chain is facing another round of restructuring, and the risk of inflation has not been completely eliminated, all of which affect the international prosperity in 2025.

Countermeasures:

- (i) The Company actively strengthens the global operations system and puts emphasis on supplier management, lean production, and material costs management.
- (ii) Actively promote the automation of production lines, and constantly review the production process, effectively control costs and expenses, and reduce the dependence on manpower.
- (iii) Instead of education notebooks, the Company focuses on business notebooks as the key shipping momentum in the market.
- b. Development technology of domestic materials and molds is incompetent to meet the Company's needs of product development.
Countermeasures:
 - (i) Cultivate good relations with foreign material and component suppliers, and jointly develop materials and equipment to secure source of supply.
 - (ii) Take advantage of a large number of procurements by both procurement and R&D to create room for negotiation with suppliers to reduce procurement costs. In addition, the Company reduces the use of components and simplifies the production process through research and developments. °
 - (iii) Self-manufacturing molds to reduce dependence on suppliers.
- c. Due to the fierce price competition of electronic products in recent years, the profit margins of manufacturers have been squeezed, and labor costs have been rising year by year, causing the industry to face pressure from cost competition.
Countermeasures:

The Company develops innovative and high value-added products to highlight the uniqueness and competitiveness of products. We actively reduce production costs by accelerating production automation and transferring production centers to manufacturing plants with lower labor cost so as to reduce labor costs, strengthen the vertical integration, take advantage of local orders and offer customers nearby and fast services.

- d. Different countries have different power systems, and the formulation of laws and regulations is time-consuming. Except for the major

European and American countries that have successively issued relevant inspection specifications, customers are still in a learning stage about their industrial scale and system application familiarity. Regional development is relatively scattered, and standard requirements are inconsistent.

Countermeasures:

Invest resources to strengthen the development and construction of core technologies, master key materials and technology platforms, and launch product modules to quickly respond to demand for different specifications. Select key customers in key development areas to grasp the trends of policies and regulations in various countries, launch innovative and integrated services, and build product brand value.

4.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses

- (1) Peripheral electronic products: input components for computer products and smart phones
- (2) Passive Components:
 - a. Multilayer ceramic capacitors: It has the functions of storing charge, reducing electromagnetic interference and bypass coupling.
 - b. High-frequency capacitors: It is used in high-frequency communication products, such as 5G, Wi-Fi, LTE, etc.
 - c. Power inductors and high-voltage capacitors: It is used in power supply and communication products, such as notebook computers, Panel and Mobile, for automotive and industrial etc.
- (3) Green Energy Products:
 - a. Power supply: It is used for mobile devices such as E-Bikes, forklifts, outdoor mobility devices, high-speed computers, and local devices provide power input and power conversion.
 - b. Hybrid Energy Storage Inverter: It is used to convert solar panels into commercial power, which can be used by household loads. The excess power can be stored in batteries or fed back to the mains. When the power fails, it can be used as an uninterrupted power system to achieve power generation and energy saving effects.
 - c. Li-ion battery: It is used various kinds of power and industrial and commercial products, such as E-Bike, AMR/AGV and forklift, cleaning machine tools, other power vehicles, notebook computers, etc.
- (4) E-Bike electronic control system and Li-ion battery pack: It is used in electric assisted bikes.

2. Major Products and Their Production Processes

- (1) Desktop computer keyboard and tablet computer keyboard production process
Assembly → plug-in → word key assembly → word key laser → printed circuit board assembly, software circuit board and accessory assembly → cable, base plate assembly → function test → general inspection, packaging
- (2) Production process of laptop keyboard
Aluminum plate, support column, software circuit board, etc. assembly → blank character key assembly → character key screen printing, pad printing → character key laser → UV drying, curing → appearance inspection → accessory assembly → function test → general inspection, packaging
- (3) Backlight module converter production process
Surface-adhesive parts → assembly test → thermal engine test → voltage and current test → test inspection → packaging
- (4) Power Supplier
Surface adhesive printing → Automatic plug-in → Assembly test → Heat engine test → Voltage and current test → Test inspection → Packaging
- (5) Multilayer ceramic capacitor production process
Ball milling → ingredients → thin strip production → screen printing → stacking pressure equalization → cutting → adhesive burning out → sintering → barrel grinding → terminal silver → electrode burning → plating → testing → packaging
- (6) Integral molding power inductor production process
Ingredients → winding → spot welding → forming → baking → bending feet → appearance inspection → testing → packaging
- (7) Li-ion battery
Cell classification → Grouping into bracket → Nickel sheet spot welding → Protective plate soldering → Product into shell lock → Electrical testing → Packaging
- (8) E-Bike
Front fork assembly of the frame → head bowl assembly riser assembly → front and rear wheel assembly → electric control parts assembly → transmission system assembly → seat car handle assembly → testing → packaging
- (9) Touchpad
Surface adhesive printing → testing → button key assembly → fit → automatic welding → module testing and checking → packaging
- (10) Vibrating touchpad
Surface adhesive printing → testing → piezoelectric patches testing → piezoelectric patches assembly → welding → base plate frame assembly → glass assembly → touch function testing → vibrating function testing → packaging

4.2.3 Supply Status of Main Materials

1. The main materials of computer keyboards are rubber, iron, aluminum plates, key caps, etc. The Company maintains a good relationship with upstream and downstream supply chain and actively implements vertical integration, to decrease the productive cost
2. The main raw materials of the backlight module converter are iron core, wire frame, enameled copper wire, high voltage capacitor, power chip and printed circuit board. The Company maintains a good relationship with supply chains ◦
3. The manufacturing process of multilayer ceramic capacitors has been fully converted to base metal manufacturing. Nickel and copper are used to replace precious metals such as silver and palladium. We are committed to strengthening the development of ceramic powder blending and materials self-production to reduce manufacturing costs and improve quality.

4.2.4 A list of any suppliers and clients accounting for 10% or more of the Company's total purchases (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total purchases (sales) accounted for by each, and an explanation of the reason for increases or decreases in the below figures

1. Major Suppliers in the Past Two Years

Unit: NT\$ thousands; %

2023				2024				2025 (As of previous quarter) (Note2)			
Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
Others	21,044,360	100	-	Others	17,839,299	100	-	Others	-	-	-
Net Total Purchases	21,044,360	100	-	Net Total Purchases	17,839,299	100	-	Net Total Purchases	-	-	-

Note 1: Reason for the increase or decrease: There is no major purchase supplier in the Company's consolidated financial report.

Note 2: The most recent previous quarter verified by CPAs, financial statement for 2024 has been disclosed as of the printing date of this Annual Report.

2. Major Clients in the Past Two Years

Unit: NT\$ thousands, %

2023				2024				2025 (As of previous quarter) (Note2)			
Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
A	2,269,502	9	-	A	2,463,290	11	-	-	-	-	-
B	1,740,079	7	-	B	1,724,425	8	-	-	-	-	-
Others	21,781,941	84	-	Others	17,512,511	81	-	Others	-	-	-
Net Sales	25,791,522	100	-	Net Sales	21,700,226	100	-	Net Sales	-	-	-

Note 1: Reason for the increase or decrease: There have been no major changes in the past two years.

Note 2: The most recent previous quarter verified by CPAs, financial statement for 2024 has been disclosed as of the printing date of this Annual Report.

4.3 The number of employees in the past two years and as of the publication of the annual report

Year		December 31, 2023	December 31, 2024	Data as of March 20, 2025
Number of Employees	Direct employee	4,977	4,721	4,446
	Indirect employee	1,294	1,669	1,683
	Total	6,271	6,390	6,129
Average Age		39.6	40.1	41
Average Duration of Service		8.8	9.2	9.5
Education Allocation percentage (%)	Ph.D. / Masters	20	19	19
	Bachelor's Degree / College	79	80	80
	Senior High School and below	1	1	1

4.4 Environmental Protection Expenditure

4.4.1 Environmental Protection Expenditure

Losses, including indemnity and if any result violates environmental protection laws and regulations, the punishment date and number, the details of the regulations, the content of the violation and the punishment should be listed, caused by environmental pollution and the total indemnity amount involved in the most recent year up to the date this report is published; accounts of future countermeasure, including improvement actions, and possible expenditures, including loss, disposition, and an estimate of indemnity incurred by a failure to implement countermeasures; if a reasonable estimation cannot be made, the justification shall be provided: None

4.4.2 Management Policy of energy savings

Every year, the Company regularly collects statistics on water and electricity consumption and waste recycling information generated in manufacturing plants around the world, and aims to reduce water and solid waste. By building energy management systems and develop cleaner production mechanisms in the future, in line with GHG emissions issues, and gradually complete comprehensive inventory of greenhouse gases in global manufacturing and ISO 14064-1 verification.

Through the improvement and strengthening of product functions, production efficiency, product cost control, and reduction of environmental load, the Company manages and controls operational risks with high efficiency and high capacity utilization. In response to the environmental protection issues, increase investment in environmental protection software and hardware, and replace high-efficiency and environmentally Disk Type Rotor concentration devices, Regenerative Thermal Oxidizer RTO, Regenerative Catalytic Oxidizers RCO and other facilities to achieve a balance between production activities and environmental protection.

According to the greenhouse gas inventory data, most of the greenhouse gas emission sources are Scope 2, i.e. indirect energy and electricity emissions. The Company continues to promote energy saving and consumption reduction measures to achieve the goal of reducing greenhouse gas carbon dioxide emissions. Through suppliers' meetings, the Company continues to carry out supply chain organizational carbon inventory programs, calling on manufacturers to work together to protect the earth.

4.5 Labor Relations

4.5.1 List of employee benefits, in-service training, internal training, retirement system, and implementation status, as well as employer-employee agreements, and protection measures for employee entitlements:

1. Employee welfare and implementation:

The Company has always been adhered to the business philosophy as "respecting humanity" and "caring for employees". In order to fully take care of the physical and mental health of staff and their relatives, and to establish a life support so that the staff can be dedicated to their work without unnecessary worries. The Company provides and sponsors various welfare plans, and the Welfare Committee is composed of staff themselves. The main measures for the planning and implementation of welfare are as follows:

(1) Comprehensive insurance plan

The Company provides comprehensive insurance systems such as labor and health insurance, life insurance, accident insurance, cancer insurance, medical insurance, and free group insurance.

(2) Thoughtful welfare

- a. Each of the Company's factories is equipped with staff restaurants and coffee bars, serving breakfast, lunch and dinner, and providing colleagues dining subsidies.
- b. Implement the leave system and encourage colleagues to pay attention to work-life balance. In addition to statutory special leave, paternity leave, menstrual leave, etc., the Company provides leaves that are superior to the labor law, such as special leave for newcomers, voluntary leave, engagement leave, and special leave in advance, as well as flexible planning of holidays and festivals, weddings, funerals and childbirth subsidies, child care allowance and comprehensive health care.

(3) Company environment with sound facilities

- a. Set up a "Wellness Center", a medical team composed of specialist physicians and nurses, through the organizations of various activities, we monitor the health of colleagues, such as health checks, medical health speeches, cancer screening activities, physical therapy, health information, etc., To ensure the health of colleagues
- b. Company established multi-functional gymnasium and fitness center, which are managed by sports professionals. In addition to the use of permanent billiards, badminton, basketball courts, fitness equipment, rhythm classrooms, and massage rooms, various sports course such as spinning, aerobics, and yoga are regularly opened. Colleagues are allowed to enjoy healthy sports and leisure activities outside of work.
- c. To promote employee health, InBody body composition analysis is introduced to help employees understand their own body composition and establish a scientific concept of health management. At the same time, the Walkii App walking challenge encourages employees to accumulate exercise through daily walking to enhance physical activity and develop good lifestyle habits. Through data tracking and community interaction, health management becomes more dynamic and interesting, and together we move towards a healthy and sustainable workplace life.
- d. In order to prevent and control tertiary illnesses such as obesity and chronic diseases and so on, the company actively promotes a number of health promotion measures. Through E-paper health promotion, thematic health lectures, and consultation with professional doctors, the company enhances the health awareness of its employees. For high blood pressure, the company provides graded health management services and doctor's health education leaflets, and installs medical-grade tunnel-type blood pressure monitors to facilitate employees' daily self-monitoring; for high blood glucose, the company will add the HbA1c item in the health checkups from 2025 onward to assist in the early detection of pre-diabetes; and for high blood fat, the company has combined the weight-loss challenge, the 7,500-step-a-day walk, the muscle-building and fat-loss program, and the promotion of healthy plates to encourage employees to build a healthy and sustainable health system through their daily diets and exercise. In 2024, various health promotion programs will be held, and the number of participants and results of the programs are listed below:

Program	No. of participants	Project performance
InBody measurement	459	Average body fat percentage reduced from 28.2% to 26.9%
Walkii walk activity	516	Total number of steps: 194 million.
Private physician consultation service	1. 53 persons for health education 2. 73 persons for consultation	

(4) Diversified Welfare Committee activities

In order to balance the work and life of employees, the Welfare Committee takes vitality, humanities and arts, green public welfare, and community activities as themes, and launches various festivals, parent-child interactions, annual meetings, and family days every month, so that employees can relieve their physical and mental pressure.

(5) Compensation Policy

Employees are regarded as the most important asset of the Company, so the employees' work performance and career development are extremely emphasized. Implement the "three highs" policies which indicates that high salary, high development and high care. Provides a complete and smooth career path. According to the Articles of Incorporation, the Company shall allocate 5 to 20% for employees' remuneration and no more than 1% for directors' compensation if earnings of the year are available. However, if there are accumulated losses, the Company should reserve the amount for impairment loss in advance, and issue performance bonuses based on the operating conditions and individual performance of employees every year to meet the requirements of employees in work, life and achievement, and enable employees to share operating results with the Company.

(6) Employee Stock Ownership Trust

To enhance the concept of financial management among employees, the "employee stock ownership trust system" is implemented. In addition to the chosen amount allocated from employees' salary, the Company also provides incentives.

2. Employee Training and Development:

- (1) Talent is the Company's most significant competitive advantage, and the training and development of talent is an important element of the Company's long-term development. The Company has established a complete selection and training mechanism to allow employees to realize their potential and stimulate performance. The long-term goal is to cultivate global talents, deeply root corporate culture and values in employees' working behavior and establish competitive advantages. Emphasize the manpower investment of companies and individuals, equal emphasis on short-term quick results and long-term training, combining with practical applications, and stimulating the potential of employees to learn independently.
- (2) According to the Company's "internal and external training management methods" and "employees' on-the-job training methods", the overall Company training courses are planned for the Company's organizational strategy, personal performance development and job needs, and three

training systems of function, class and self-development courses have been established, such as newcomer training, supervisor management ability training, professional function training, general education courses, government subsidized courses, etc. Assist colleagues in continuously growing through diverse learning methods, and introduce training courses related to the development of corporate ethics beliefs to cultivate key abilities of colleagues.

2024 Employee Education and Training Implementation

Types of course	Item	Content	Hours	Number	Total (NT\$ thousands)
Quality System		Quality system, quality tools, statistical methods, etc.	2,601	1,044	2,957
Self-development		Sharing of lectures in different industries, software application, work efficiency improvement, etc.	5,335	2,329	
Professional Skills		Professional courses such as business, research and development	5,192	3,251	
Organizational Strategy		Consolidate team consensus, strategy description, etc.	5,603	1,393	
Newcomer training camp		Training for new colleagues, promotion of integrity manuals, compliance with laws and regulations	500	812	
Management Competency		Supervisor training at all levels	847	128	
E.H.S		Training of emergency personnel, safety and health personnel, and fire drill personnel, etc.	1,893	594	
Total			21,971	9,551	

- (3) An online learning information platform DLS (Darfon Learning System) was constructed to provide employees with diversified course learning information.
- (4) The Company established an online learning platform "Darfon E-School" motivation and frequency, starting from the three trends of "action", "intuition", and "micro-learning", strengthen the extraction of knowledge and increase employees' learning.
- (5) Corporate culture is an important key to the sustainable growth of a Company. Therefore, training employees to recognize and implement corporate culture is the focus of the Company's talent development.

3. Retirement Policy and Implementation:

- (1) The Company's labor pension system is handled in accordance with the Labor Standards Law, the Labor Retirement Regulations, and other relevant regulations. If the provisions of the Labor Standards Law's retirement pensions apply, the retirement provisions are provided monthly at 2%~15% of the total monthly salary in accordance with the Labor Standards Law. The funds are deposited in the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee, and the committee is responsible for income and expenditure, custody, use and supervision.
- (2) Those who apply the pension system of the Labor Pension Regulations shall bear a labor pension withholding rate of not less than 6% per month in accordance with the Labor Pension Regulations, and withholding and depositing in the employee's monthly wage grading table approved by the Executive Yuan Individual labor pension account established by the Labor Insurance Bureau.

4. Agreements between labor and management and various employee rights protection measures

The Company attaches great importance to the rights and interests of employees and two-way communication. In addition to the establishment of channels of complaint, it also establishes multiple communication channels for employees, including labor-management meetings, human resources mailboxes, employee welfare committees, employee meal committees, etc. In response to complaints or incidents, the personal information of colleagues is carefully kept confidential and handled, so that employees can fully reflect and communicate with each other to promote labor-management harmony and create a win-win situation for the Company and employees.

Forced labor is prohibited, human rights clauses are included in contracts with suppliers, and on-site audits are implemented. Key suppliers are required to sign a social responsibility and business ethics agreement, requiring them to commit to abide by the Responsible Business Alliance Code of Conduct (RBA Code) and social responsibility standards (SA 8000).

The Company abides by the Responsible Business Alliance Code of Conduct (RBA Code of Conduct), and its factories in Suzhou, Huaian and Chongqing have all won silver honors.

5. Employee health management

- (1) The Company provides employees with a safe working environment. In 2017, ZOLL AED plus (automated external cardiac defibrillator) was added to the Company's headquarters, and regular first-aid and training courses were held to help employees use first-aid equipment correctly and enhance first-aid knowledge to ensure the workplace safety of employees.
- (2) Epidemic prevention and care: set up an epidemic notification system to understand the stocking and tracking of employees' health status in various branches and overseas materials, and provide epidemic prevention health promotion from time to time to remind employees of the importance of health and epidemic prevention. For female workers who are pregnant or less than 1 year after giving birth, and who are breastfeeding, provide work environment hazards and health problem assessments. Set up a breastfeeding room, provide a private and safe space and equipment.
- (3) Health education guidance: In accordance with the four major plans of the Occupational Safety and Health Administration, we protect the safety and health of workers and provide nursing guidance and health education for high-risk employees. According to the diagnostic criteria of the National Health Promotion Administration in 2007, provide guidance on health education. By using disease management guidance and case tracking management methods, we aim to enhance the self-care of individuals with metabolic syndrome. Guided by employee health, we intervene in the early stages of illness to change lifestyle and stress management, thereby reducing the risk of developing chronic diseases.
- (4) Provide health promotion activities, conduct pre-employment physical examinations for new employees, irregular physical examination of specific projects, and annual physical examination, special protection and vaccination publicity and reminders, and cancer screening.
- (5) Employee assistance program (EAP): Provide services including stress relief, interpersonal interaction, emotion management, communication between couples or parents and children, etc.

6. Protective measures for working environment and employees' personal safety

- (1) The Company has long been committed to environmental protection, energy conservation and employee care, and hopes to fulfill its social responsibilities and operate continuously while the Company grows. In addition to complying with relevant domestic laws and regulations, all factories have passed the internationally recognized ISO 14001 environmental management system (validity period of certification is from June 8, 2022 to May 3, 2025) and ISO 45001 occupational health and safety management system (validity period of certification is from June 7, 2022 to May 3, 2025).
- (2) Industrial safety inspection: In addition to regular publicity and related activities, the factory safety production management also promotes the division of safety production responsibility areas and the environmental safety and health inspection system; also, the Risk Management Committee

regularly assigns personnel to carry out risk and environmental safety and health audit operations at each manufacturing base, as a basis for continuous improvement of safety and health in each factory area. In addition, safety production management and supervisory personnel are assigned to each area of the factory, and the self-management system of occupational safety and health is implemented to immediately discover existing safety concerns and improve them immediately to ensure that every production process and link can be produced under safe regulations, which not only effectively reduces the risk of work injuries and factory hazards, but also protects the health and safety of employees in the workplace.

- (3) Equipment safety management: each factory area evaluates machine impact, clamping, rolling, and crushing as unacceptable risks, and inspects, strengthens, and improves its fool-proof functions and safety devices one by one to ensure the safety of operators. Each factory area conducts daily supervision and management, and considers in the following order to reduce risks-elimination, substitution, engineering control, sign warning and administrative control or personal protective equipment, and during the training of newcomers, teach colleagues how to use the right of withdrawal to avoid hazards in case of emergency hazards in the workplace. When implementing internal audits, the implementation of hazard identification, risk assessment, and control decisions are included in the key audit items to confirm the actual implementation of processes and improvement measures.
- (4) The Company provides pre-employment physical examinations for new employees, organizes physical health examinations and annual physical health examinations for specific items irregularly, and provides labor safety and health education and training in accordance with the Labor Safety and Health Law. Every year, firefighting, first aid and evacuation drills for the entire plant are regularly implemented, including fire safety education and publicity, fire escape drills, first aid education and training, employee fire extinguishing training, and handling of accidental chemical leakage, etc. enable employees to develop emergency response capabilities and implement safety concepts.
- (5) In order to prevent the occurrence of occupational diseases and occupational disasters, in accordance with the provisions of the Labor Safety and Health Law, labor safety and health management personnel and factory guards are set up to maintain the health of employees, and regular environmental inspections are performed to maintain a safe working environment.

7. Code of Ethical Conduct for Employees

The employees of the Company use "Work Rules", "Newcomers Teaching and Warfare Manual" and "Employee Service Code" as the basis for their daily work compliance and the guidance of the development direction. The Company's employees should abide by the code of ethical conduct as summarized below:

- (1) Strict work discipline; and team spirit execution.
- (2) Abide by Company rules and regulations, and Company arrangements cooperation.
- (3) Keep confidentiality; and keep the environment clean and tidy.
- (4) Company's credibility maintenance and not receiving gifts or banquets.
- (5) Working hours adherence and no dangerous goods allowed.
- (6) Environmental actions implementation and job distribution clearly

4.5.2 List of losses due to labor disputes in the most recent year up to the date this report is published, disclosure of the estimated amount, and countermeasures against current and possible future occurrences. If the amount cannot be reasonably estimated, the reason shall be provided: None

4.6 Cybersecurity management

4.6.1 State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:

1. Information security risk management framework

The Company has established the Information Security Committee in 2021Q4, and establish an information security supervisor and hold regular information security review meetings and held the Information Security meeting twice in 2024 and the implementation results of cybersecurity risk management were reported to the Board of Directors in November of the same year. Except the members in committee, the Company also arranges the dedicated personnel who cooperate with committee to control information security, promote each information security policy, formulate and import information security system, and audit information security. The Company's information security management structure is divided as follows:

- (1) Management unit: The president serves as the Information Security Committee Chairman, there are several members, who are mainly vice presidents. The convener is the manager in IT, who is in charge of organizational management and convocation. Under the unit, it includes:
 - a. Controlling Technology team: IT is responsible for information security technical work, interface integration and solutions to problems in information security.
 - b. Education and training team: HR is responsible for enhancing the risk awareness in information security, training in information security and holding the related lectures.
 - c. Audit team: auditing department is responsible for audit information security, abnormal evidence investigation, investigation and handling.
 - d. Document management team: Quality department is responsible for classification of confidential documents, class definition, control and examination.
- (2) Other unit: Covering all business units and factories of the Company, the main responsibilities include daily operation planning related to information security, regular self-inspection of information security risks, and implementation of information security risk improvement projects.

2. Information Security Policy

The Company formulates relevant internal operation regulations in accordance with the "Computerized Information System Management" of the "Internal Control System Processing Guidelines in public enlisted Companies" to reduce the unknown information security risk threats caused by the ever-changing information technology applications and environmental variations. The Company has formulated relevant information security standards, such as "System Security Management Operating Specifications", "Network Security Management Operating Specifications", etc., and revise information-related specifications and policies in accordance with the information security environment and its development, and control hardware, software, and personal data. Moreover, the computer operation control is regularly inspected and audited every year and reviewed and improved according to the inspection results. The 2024 Information Security inspection results are listed as follows:

Aspects of Concern	Internal and External Issues	Feedback and Improvement
Promotion of information security	Improve employee security awareness	Regular hold annual general education training for all employees Conduct social engineering drills from time to time
	Training information security professionals	Conduct professional course training and obtain certificates
	ISO 27001 certification extension	Complete the 2022 revision work, expect to pass the new version verification in 2025, and actively expand to the Vietnam plant

Aspects of Concern	Internal and External Issues	Feedback and Improvement
Information security governance	Continue to improve information security policies	Strengthen cloud service security and regularly review suppliers' personal information processing and legal compliance capabilities
		Add system configuration management procedures to ensure security configuration compliance and consistency
		Add data deletion and storage management procedures to reduce the risk of sensitive data leakage
		Revise emergency response drill procedures to ensure coverage of the organization's complete core business
		Strengthen the promotion of information security incident reporting process
	Effectively identify and analyze security threats	Use the information security early warning system to monitor network activities in real time and prevent unknown information security threats
		Collect various threat intelligence and identify information asset vulnerabilities to reduce the risk of intrusion
Use the information security early warning system to monitor network activities in real time and prevent unknown information security threats		
Information security risk	Information asset evaluation processing	Import VPN encrypted connection to prevent unencrypted intrusion risks and improve the security of working from home
	Core system managers	Import privilege management system, with core system responsibilities and powers not shared
		Regularly review the core operating systems, network equipment, and backup equipment management accounts
	Physical and environmental security enhancements	Regularly review monitoring system account permissions and access records
		Regular inspection and record keeping of fire protection systems and fire extinguishers
Security resilience	Strengthen the sustainable operation of enterprises	Conduct disaster recovery drills and simulate major security incidents every year
		Conduct annual penetration testing drills

Due to the thorough implementation from Company's information department of a complete information management structure to ensure data security, and no major circumstances have occurred in the Company's operations.

The Company's basic information security policy is controlled as follows:

- (1) The internal and external network access needs to pass the firewall, virus wall and intrusion prevention system inspection.
- (2) All information equipment shall be installed with anti-virus and anti-backdoor software.
- (3) Change the user password regularly, and it must comply with the password complexity principle.
- (4) Access to any system requires an account and permission restrictions.
- (5) Confidential files are encrypted in the whole process.
- (6) All business processes need to be electronically signed and approved before they can take effect.
- (7) All user terminal information equipment reclaims administrator authority, and then installs asset management software and endpoint security protection software

The Company regular inspect and audit of computer operation control and review and improvement are conducted every year. The items are as follows:

- (1) Division of powers and responsibilities between the information department and the user department.
- (2) The division of functions and responsibilities of the information processing department.
- (3) System development and program modification control.
- (4) Control of the compilation of system documents.
- (5) Access control of programs and data.
- (6) Control of data import and export.
- (7) Control of data processing.
- (8) Security control of files and equipment.
- (9) The purchase, use and maintenance control of hardware and system software.
- (10) System recovery plan and test procedure.
- (11) Control of information security inspection.

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

In order to strengthen the overall information security, the Information Security unit not only holds Information Security meeting once a month, but also promotes relevant information security strengthening policies, the scope is as follows.

Unit: NT\$

RESOURCES	2022	2023	2024
Amount	15 millions	15 millions	15 millions
Manpower allocation	Chief officer : 1 person Staff : 1 person	Manager : 1 person Staff : 1 person	Chief officer : 1 person Staff : 1 person

(1) Construction of major basic information security systems (from 2008 to 2024)

- The safety of computer room environment
 - (i) Construction of automatic environmental protection gas fire-fighting facilities in the computer room.
 - (ii) Double-loop UPS power supply system in the computer room.
 - (iii) Construction of redundant air-conditioning system in computer room.
 - (iv) Construction of panoramic camera monitoring system in computer room
 - (v) 24-hour environmental control monitoring (temperature/electricity/water leakage/air conditioning/access control/fire protection, etc.) in the computer room and the establishment of an instant messaging system.
- System information security
 - (i) Spam protection and mail in and out record backup system establishment.
 - (ii) Virtualization import of ERP historical data, long-term storage system and data security.
 - (iii) Reinforcement system vulnerability through external vulnerability scans.
 - (iv) the external system improvement becoming encrypted transmission to reduce risk of information security.
- Network information security
 - (i) Firewall upgrade function IPS intrusion detection system protection.
 - (ii) Introduction of the automatic switchover mechanism for the double backup of the dedicated line.
 - (iii) The Company network import prohibits any illegal network equipment from accessing the intranet system.
 - (iv) Introduce VPN encrypted connection and two-factor authentication when working from home.
- Host Information Security
 - (i) The traditional virtualized framework is upgraded to a highly fault-tolerant multi-copy hyper-converged framework to enhance the high availability of information security of software and hardware.
 - (ii) Comprehensively monitor servers and import instant alert system.
 - (iii) Regularly track and deal with server vulnerability.
 - (iv) Import endpoint protection to prohibit any unauthorized software installation and malicious Trojan horse implantation.

(2) Future Information Security Planning (from 2021 to 2025)

- Information Security System
 - (i) Evaluation and introduction of ISO 27001 information security management system. Through regular verification of the ISO 27001 information security management system, to implement information security policies, protect customer data and Company intelligence output, strengthen information security incident response capabilities, and achieve information security policy metrics. The Company obtained ISO 27001 certification in October 2022, Expand the scope of verification to China factory and obtain the certification in September 2023 and the certificate is valid until October 2025, the ISO 27001 2022 revision has been completed in 2024 and is expected to be approved in 2025 and expanded to Vietnam factory.
 - (ii) Conduct social engineering drills from time to time to enhance colleagues' awareness of information security. In 2024, the click-through rate of employees' social engineering letters was less than 8.45%, which was in line with the strategic target value.
- Information Security System alert
 - (i) Import related information security early warning equipment and mechanisms to visualize the internal security risk black box. Also, by combining with external information security information and analysis, the external hacking behavior can be perceived in advance, and related countermeasures can be carried out in advance to protect business information and system security.
 - (ii) Regularly conduct internal and external vulnerability scans focus on preventing and patching vulnerabilities to reduce information security risk exposure.
 - (iii) Penetration testing drills from outside to inside, conduct in-depth vulnerability testing and analysis, find out potential risks of equipment and systems, and improve security
- Information security protection
 - (i) Import MFA two-factor authentication to check the legitimacy of users through two-time verification procedures to prevent unauthorized users from obtaining internal Company information or conducting sabotage activities.
 - (ii) The importation of SIEM log management to collect system logs and save them centrally is conducive to tracking, clarifying and preventing future information security incidents.
 - (iii) Import privileged account management to prevent internal privileged users from being abused by external theft, centralized management and regular audits to reduce the risk of intrusion.
 - (iv) Introduce the protection of business secret data to avoid leakage of confidential data and key technologies, and protect the Company's core competitiveness.
 - (v) Introduce EDR endpoint detection and response, strengthen vulnerability risk management and control of key hosts, and automatically respond to suspicious events.
 - (vi) Introduce the control of users' online behavior and identify the potential risks of capital security through abnormal behavior analysis.
 - (vii) Evaluate and import source code security scans to detect application vulnerabilities and enhance development security.
- Employee information security promotion and training
 - (i) The Company's internal website occasionally promotes information security knowledge.
 - (ii) Send information security announcements by E-mail from time to time.
 - (iii) Conduct information security publicity for new colleagues.
 - (iv) Regular company-wide information security education and training, information security general knowledge online courses are held twice a year as compulsory courses for all employees. The content covers information security policy promotion, basic general knowledge, advanced information security, and personal data protection, with the purpose of information security for everyone.
 - (v) Cyber security personnel actively participate in external seminars and refresher courses, arrange more than 80 hours of information security training courses, such as CYBERSEC Taiwan Information Security Conference, Information Security 365 Annual Conference, Training of Apex One Vulnerability Protection, Information Security Insurance Response and Strategy Seminar and TWCERT Taiwan Cybersecurity Incident Response Annual Conference, and continue to plan to obtain international information security licenses, such as CompTIA security+ Internet Information Security Certification, ISO 27001 : 2022 Information Security Management System Master Lead auditor and CISM Certified Information Security Manager, etc., to elevate professional functions and master issues of concern.

TRAINING OBJECTS	INFORMATION SECURITY	INFORMATION UNIT	ALL EMPLOYEES
Outcome Indicators	<ul style="list-style-type: none"> ● Participate in more than 40 hours of external seminars and professional training courses. ● Actively obtain international professional licenses 	All completed the ISO 27001:2022 system auditor training course.	<ul style="list-style-type: none"> ● Information security promotion for new employees ● Internal website knowledge promotion ● All information security notices ● Information security online courses hold twice a year

4.6.2 State clearly any losses, possible impacts, and countermeasures caused by significant cybersecurity incidents in the year prior to the annual report publication date; if they cannot be reasonably estimated, an explanation must be made as to the fact that they cannot be reasonably estimated: None

4.7 Important Contracts

Contract Type	Counterparty	Contract Term	Major Contents	Restrictions
Licensing	Qisda Corporation	July 1, 1999~	Licensing of specific patents for keyboard technology	None
Licensing	Chicony Electronics Co., Ltd	By Contract	Licensing of specific patents for keyboard technology	None
Cooperation	Primax Electronics Ltd.	By Contract	Business Cooperation	None
Loan	Taipei Fubon Commercial Bank Co., Ltd.	August 24,2023~ August 24,2026	NT\$ 24.3 billion credit line	Land and Plant
Acquisition	Bike Holding GmbH	By Contract	Acquisition of all ordinary shares of Grofa Action Sports GmbH in several tranches	None

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

5.1 Financial Status

The main reasons and effects of major changes in assets, liabilities and shareholders' equity in the past two years

Unit: NT\$ thousands

Item	Year	2023	2024	Difference	
				Amount	Percentage (%)
Current Assets		21,637,187	20,894,990	(742,197)	(3.43)
Long-term Assets		68,253	46,650	(21,603)	(31.65)
Property, plant and equipment		8,940,399	8,744,727	(195,672)	(2.19)
Intangible Assets		717,549	1,543,348	825,799	115.09
Other Assets		3,518,206	3,004,839	(513,367)	(14.59)
Total Assets		34,881,594	34,234,554	(647,040)	(1.85)
Current Liabilities		14,592,995	14,928,752	335,757	2.30
Long-term Liabilities		3,995,125	4,224,000	228,875	5.73
Other Liabilities		524,375	617,879	93,504	17.83
Total Liabilities		19,112,495	19,770,631	658,136	3.44
Common stock		2,800,000	2,800,000	0	0
Capital surplus		4,138,312	4,129,208	(9,104)	(0.22)
Retained Earnings		4,473,939	3,979,657	(494,282)	(11.05)
Other components of equity		836,925	596,894	(240,031)	(28.68)
Equity Attributes to Shareholders of the parent		12,204,605	11,416,735	(787,870)	(6.46)
Non-controlling interest		3,564,494	3,047,188	(517,306)	(14.51)
Total Equity		15,769,099	14,463,923	(1,305,176)	(8.28)

Description of major changes (if the rate of increase or decrease is more than 20% and the amount of change amounts to NT\$ 10 million):

- The decrease in long-term investments is primarily due to a reduction in the carrying amount of the associated enterprises at the end of the period.
- The increase in intangible assets was mainly due to the impact of the first-time consolidation of a subsidiary.
- The decrease in other components of equity was mainly due to decrease in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.

5.2 Financial Performance

The main reasons and effects of major changes in operation revenue, operation net profit and net profit before tax in the past two years

5.2.1 Analysis of Financial Performance

Unit: NT\$ thousands

Item	Year	2023	2024	Difference	
				Amount	%
Net Revenue		25,791,522	21,700,226	(4,091,296)	(15.86)
Cost of Sales		21,190,731	17,714,544	(3,476,187)	(16.40)
Gross Profit		4,600,791	3,985,682	(615,109)	(13.37)
Operating Expenses		3,436,301	3,412,269	(24,032)	(0.70)
Operating Profit		1,164,490	573,413	(591,077)	(50.76)
Non-operating Income and Expenses		1,779,242	168,483	(1,610,759)	(90.53)
Profit before income tax for the year		2,943,732	741,896	(2,201,836)	(74.80)
Income tax expense		(1,046,631)	(223,482)	823,149	(78.65)
Profit for the year		1,897,101	518,414	(1,378,687)	(72.67)

Description of major changes (if the rate of increase or decrease is more than 20%):

- The decrease in operating profit mainly due to the decrease in gross profit.
- The decrease of Non-operating Income and Expenses is the decrease in other profit.
- The decrease of profit before income tax and income tax mainly due to the decrease in non-operating income.
- The decrease of profit for the year mainly due to the decrease in non-operating income and expenses.

5.2.2 Estimated sales volume and supporting information, and effected of changes on the Company's future business and future response actions:

The Company's expected sales volume is based on the overall industry environment and market supply and demand and considering its own production capacity and business development. Mainly due to the global shipment of personal computers, in the past two years, the global shipments of personal computers and LCD TVs have grown steadily, and it is estimated that the Company's personal computer keyboards will increase along with market demand trend.

5.3 Cash Flow

5.3.1 Changes in cash flows and liquidity improvement plan:

Unit : NT\$ thousands

Item	Year	2023	2024	Increase (decrease) amount	Change in proportion%
Net cash flows used in investing activities	(372,133)	(734,539)	(362,406)	97.39	
Net cash flows provided by financing activities	(2,129,056)	(2,159,120)	(30,064)	1.41	

1. The decrease in net cash inflows from operating activities was mainly due to the increase in profit from the disposal of non-current assets held for sale and the decrease in accounts receivable.
2. The increase in net cash outflows from investment activities was mainly due to the acquisition of a subsidiary.
3. The increase in net cash inflow from financing activities was mainly due to the payment of cash dividends.
4. Liquidity improvement plan: Not applicable.

5.3.2 Cash Flow Analysis for the Coming Year: Not applicable.

5.4 Major Capital Expenditure Items of the Most Recent Year and its Influence

The Company has no significant capital expenditures in the most recent year.

On the basis of consolidated statements, the Company and its subsidiaries purchased approximately NT\$ 900 million in property, plant and equipment in 2024, accounting for 4.16% of net sales, and had no significant impact on the Company's financial business.

5.5 Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The Company's reinvestment policy is mainly to invest in related businesses in the industry, with the main objectives of expanding the scale of product production, deepening the development of key raw materials, and developing product outlets. The Company's investment management strategy is dedicated to improving the manufacturing process, controlling the progress of production and sales, reviewing the progress of new products and new raw materials, and the results of market development. The recognized investment losses in 2024 was NT\$ 168,858 thousand. In 2025, we continued to promote lean production policies, integrate manufacturing sites, concentrate resources to accelerate the use of industrial automation, strictly control expenses and expenditures, and actively expand customers to increase the profitability of reinvestment businesses.

5.6 Analyze and assess the following risks in the most recent year up to the publication date of the Annual Report

5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

The bank loans of the Company and its subsidiaries are based on floating interest rates. The measures taken by the Company and its subsidiaries to deal with the risk of interest rate changes are to regularly evaluate the borrowing rates of banks and various currencies and maintain good relationships with financial institutions to obtain lower financing costs. At the same time, it cooperates with methods such as strengthening working capital management to reduce the dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on interest rate risk exposure. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year.

If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the net profit of the Company and its subsidiaries in 2024 and 2023 will decrease or increase by NT\$ 90,050 thousand and NT\$ 93,149 thousand respectively.

2. Foreign exchange rates

The Company's exchange rate risk mainly comes from foreign currency-denominated cash and cash equivalents, accounts receivable, borrowings and accounts payable. Therefore, fluctuations in international exchange rates may affect foreign currency-denominated operating income, operating costs and even profit performance. In order to prevent exchange rate changes from adversely affecting the Company's operating results, the Company uses forward foreign exchange contracts to conduct hedging transactions to reduce the impact of exchange rate risks on the Company. The derivative financial instruments undertaken by the Company do not meet the requirements of hedging accounting.

On the basis of the consolidated financial statements, the derivative products and foreign currency exchange gains and losses measured at fair value in 2024 were included in the current profit and loss as a net gain of NT\$44,611 thousand. In the future, hedging transactions will continue to reduce exchange rate risks. The book value of monetary assets and liabilities of the Company that are not denominated in functional currencies at the balance sheet date of 2024, including monetary items denominated in non-functional currencies that have been offset in the consolidated financial report, are as follows.

		December 31, 2024			Unit : NT\$ thousands	
	Foreign currency	Exchange rate	NT\$	Change in magnitude	Pre-tax effect on	
<u>Financial assets</u>						
	USD	\$ 340,371	32.7850	11,159,063	1%	111,591
	RMB	317,894	4.4915	1,427,821	1%	14,278
<u>Financial Liabilities</u>						
	USD	272,912	32.7850	8,947,420	1%	89,474
	RMB	634,437	4.4915	2,849,574	1%	28,496

3. Inflation

The CPI in 2024 was an increase 2.18% from CPI in 2023; the Company and its subsidiaries will continue to pay close attention to inflation, adjust product prices and inventory levels appropriately to reduce the impact of inflation on the Company and its subsidiaries, and sign purchase contract with major raw material manufacturers.

5.6.2 The policies to engage in high-risk, high-leverage investments, capital lending, endorsements and guarantees, and the derivative transactions, the main reasons for profits and losses, and the future countermeasures

1. The Company did not engage in any high-risk or high-leveraged investments.
2. Loans of funds to others: The short-term financing objects approved by the Company's board of directors are all 100% owned subsidiaries.
3. Endorsement and guarantee: The Company does not guarantee any endorsement.

4. Derivative commodity transactions: The Company and its subsidiaries have always adhered to the policy of not engaging in high-risk and high-leveraged investments. Derivative commodity trading uses risk avoidance as a strategy and does not engage in speculative trading. Under the principle of hedging, no relevant operational risks occurred in the Company's 2024 derivatives transactions. In the future, the Company will continue to engage in derivative product transactions based on the principle of avoiding risks caused by fluctuations in exchange rates and interest rates, and continue to evaluate foreign exchange positions and risks on a regular basis to reduce the Company's operational risks.

5.6.3 Future Research & Development Projects and Corresponding Budget

Unit : NT\$ thousands

Research Projects	Completion	Expected Research Expenditure in 2025	Expected Completion Schedule	Major Risk Factors
Mechanical keys with adjustable actuation points for notebook gaming computers	Prepare to develop mass production molds and equipment	20,000	December, 2025	Automated manufacturing
Linear motor vibration touchpad	Provide samples to customers for testing	10,000	December, 2025	Product price
AI inspection equipment for button appearance defects	Mass production testing	10,000	June, 2025	AI recognition rate
Development of mouse electromagnetic scroll wheel	Mass production modularization Designing	10,000	June, 2025	Product cost
Notebook module for increased light source utilization	Designing	10,000	December, 2026	Uniformity ratio of illuminance
Affordable scissor-switch keyboard applied for high-class office keyboards	Designing	10,000	December, 2026	Product price
Recyclable rubber dome	Sample making	10,000	December, 2025	Product effect
Dual shock electronic mountain frame	Sample making	3,000	October, 2025	Lightweight and product cost

5.6.4 Effects of and Response to Changes on domestic and foreign Policies and Regulations Relating to Corporate's Finance and Sales

1. Policy: The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. In recent years and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.
2. Regulations: The Company's business philosophy is based on compliance with relevant laws and regulations as the highest guiding principle; therefore, the Company's management team always pays attention to the replacement of related laws and regulations, and expects to be able to respond to various situations arising from the replacement of laws and regulations at any time. Up to now, changes in related laws have not had a significant impact on our major strategies.

5.6.5 Effects of and Response to Changes on Technology (including cyber security risk) and the Industry Relating to Corporate's Finance and Sales

The covid 19 pandemic changes the global situation and technology trend, leading to the transformation of digit and lifestyles, such as remote working as well as teaching and cloud service. In addition, the awareness of ESG, environmental protection, and energy saving and carbon reduction rise; therefore, the green power storages and green energy mobile equipment would become the industrial trend in the future.

The Company promotes the policies related cyber security management to fulfill protection for cyber security and deal with related matters. We also regularly evaluate the risk of cyber security, implement cyber security training and formulate the cyber security operating procedure to strictly execute the cyber security risk management,

The Company attaches great importance to input and training of R&D talents and developments in technology. The Company has a stable financial situation, and the existing funds and bank credit lines are sufficient to meet the needs of future technology and technology development. The implement of cyber security please refer to pages 64-66 in annual reports.

5.6.6 The Impact of Changes of Corporate Image on Corporate's Risk Management, and the Company's Response Measures

1. The Company reviews corporate operations and management systems on a regular basis, and understands and simulates any possible issues that may affect the Company, and proposes appropriate countermeasures in a timely manner to reduce the risk of uncertainty; the Company has a risk management unit responsible for operation Analysis of relevant risks and impacts, and formulate relevant contingency plans.
2. Aside from working to strengthen internal management and conforming to all relevant corporate governance requirements, the Company has also consistently maintained an ethical business philosophy and fulfilled its social responsibilities by taking integrity

and sustainable operation as the goal. Operation results briefings on the Company's operating conditions were held irregularly, and major resolutions of the Company's board of directors were disclosed immediately to increase financial transparency.

5.6.7 The expected benefits and possible risks to engage in mergers and acquisitions (M&A) and the countermeasures

On June 21, 2024, the Board of Directors resolved to acquire all ordinary shares of Grofa Action Sports GmbH ("GAS"), which is a distributor of professional bicycles/electric bikes (E-Bikes) and their components, bicycles and sports personal parts, electric scooters (E-Scooters) and consumer electronics, in two tranches, for a total amount not exceeding EUR 37 million.

1. Expected benefits: To integrate the resources of both parties to maximize the complementary effect, and through the sales of Grofa platform, to establish a new business entity of E-Mobility channel platform in Europe, and to rapidly enter the key market of E-Mobility in Europe, with the expectation of realizing the maximum benefits.
2. Possible Risks: Operating results may not be as expected due to the impact of the overall economic environment.
3. Measures: Regularly review the operation status, provide timely review and supervision, and assist in the integration of resources in order to maximize the synergy of the investment.

5.6.8 The expected benefits and possible risks to expand the factories

The Company's plant and equipment at this stage is enough to meet the demand of production capacity to maximize economic scale benefits.

5.6.9 Risk of purchases and sales concentration, and countermeasures

The distribution of the Company's main raw material suppliers and customers at home and abroad is not risk of excessive concentration, and the Company has established long-term and stable cooperative relations. The Company consistently evaluates its customer financial performance, arranges necessary controls, such as insurance, bank letters of credit and collateral, etc., and timely tracks customer payment status to safeguard the Company's interests.

5.6.10 The impacts and risks arising from major transfer or exchange of shares by directors or shareholders with over 10 percent of shares in the Company and the countermeasures

The director and major shareholder of the Company, Qisda Corp., did not transfer the Company's shares in 2024. As of March 31, 2025, it held 58,004,667 shares of the Company, accounting for 20.72% of the Company's equity, is the Company's largest shareholder.

5.6.11 Impact, risk, and response measures related to any change in the administrative authority towards the Company's operations

As of the date of this Annual Report, such risks were not identified by the Company.

5.6.12 Litigation or Non-litigation Matters

1. If there are any litigation, non-litigation or administrative proceedings that has received final judgment or is still ongoing in which the Company, has a material impact on the shareholders' interests or stock price, the Company shall disclose the facts in dispute, amount in dispute, filing date, parties, and status as of the printing of the Report: None.
2. If there are any litigation, non-litigation or administrative proceedings that has received final judgment or is still ongoing in which the Company's director, supervisor, general manager, substantial representative, major shareholder (having holding of more than 10%) or subsidiary is a party and has a material impact on the shareholders' interests or stock price, the Company shall disclose the facts in dispute, amount in dispute, filing date, parties, and status as of the printing of the Report:

(1) The litigation events of Unictron Technology Co., Ltd. (UTC), a subsidiary company of the company, are described as follows:

In December 2022, the Hsinchu District Prosecutor's Office and the Third Brigade of the Seventh Security Police Brigade of the Police Department of the Ministry of the Interior conducted a search and investigation of the Water Pollution Prevention and Control Law. The case was ultimately sentenced to a deferred prosecution for violating the Water Pollution Prevention and Control Law, with a deferred prosecution period of one year. The defendant was required to pay NT\$7 million to the public treasury, and the case was concluded on December 16, 2024.

5.6.13 The Company established a risk management policy in 2008 to effectively manage risks that exceed the Company's risk tolerance, and use risk management tools to optimize the total cost of risk management, as a guideline for the Company's colleagues in risk management. The structure of its organization and authority is as follows:

Type	Responsibility	Supervision
Strategic risk	Company staff	Board of Directors
Operational risk	Company staff	Risk Management Committee
Financial risk	Company staff	Risk Management Committee
Hazard risk	Company staff	Risk Management Committee

5.6.14 Vision of Risk Management

1. Commitment to continue to provide products and services to create long-term value for customers, shareholders, employees, and society.
2. Risk management requires systematic risk management procedures and organization, timely and effective identification, evaluation, processing, reporting, and monitoring of major risks that affect the Company's viability, and enhance all employees' risk awareness.
3. The pursuit of maximum benefits to optimize risk management costs when risks are acceptable, not the pursuit of "zero" risk.

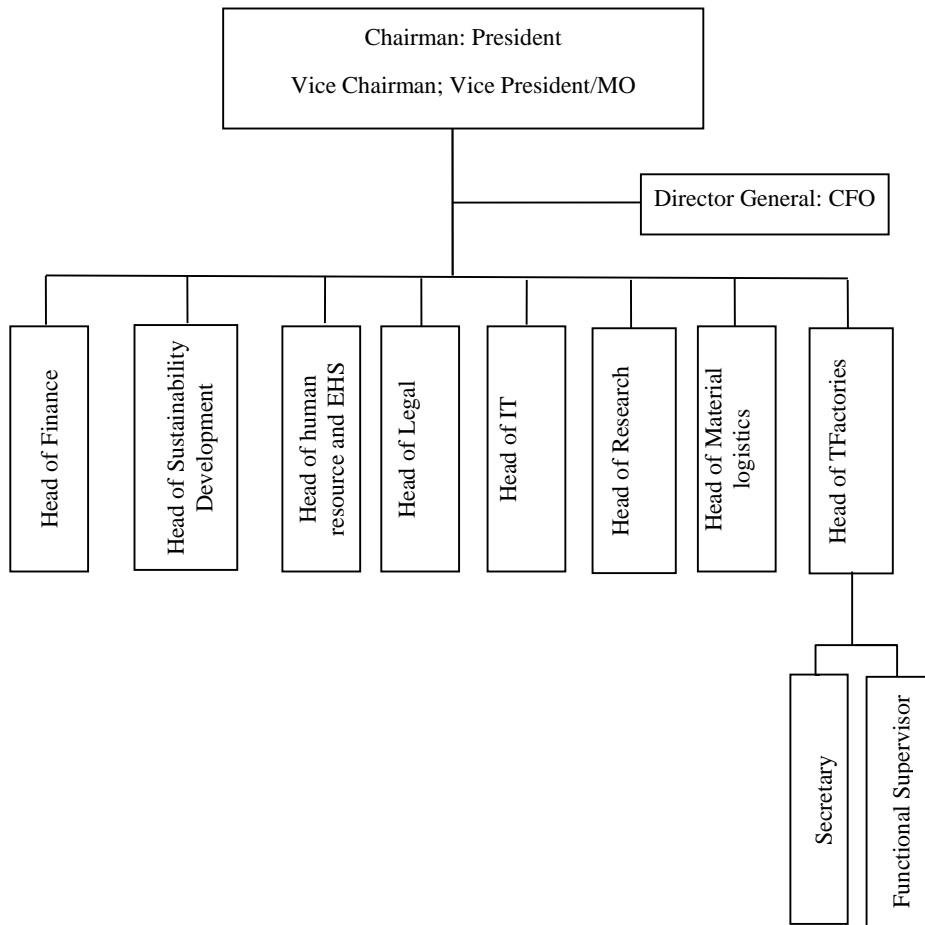
5.6.15 Policy of Risk Management

1. To ensure the Company's sustainable operation, a risk management committee was established to identify, evaluate, process, report, and monitor risks that may cause a negative impact on the Company's operating objectives on a regular basis every year.
2. Risks should be identified and controlled before accidents occur, losses should be suppressed when accidents occur, and the provision of products and services should be quickly restored after the accident. Business continuity plans are formulated and update promptly for major risk scenarios identified by the Risk Management Committee
3. For risks that do not exceed the risk tolerance, risk management costs must be considered, and different management tools should be used to deal with them, but the following conditions are not limited:
 - (1) Negative impact on the life and safety of employees.
 - (2) Negative impact on the Company's goodwill.
 - (3) Violation against laws and regulations.

5.6.16 Structure and Responsibility of Risk Management

The Risk Management Committee is to effectively control the risk management work to implement the work related to the establishment, implementation, supervision, and maintenance of the risk management plan

5.6.17 Purpose and measures of hedge accounting: Not applicable



5.7 Other important items: None

VI. Special Disclosure

- 6.1 Summary of Affiliates:** For more information of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, please refer to MOPS (https://mopsov.twse.com.tw/mops/web/t57sb01_q10).
- 6.2 Private Placement Securities in the Most Recent Years up to the publication date of this Annual Report, disclosing the date on which the private placement was approved at a shareholders meeting and the amount thus approved; the basis for and reasonableness of the pricing; the manner in which the specified persons were selected (where the offerees have already been arranged, the names of the offerees and relationship between the offerees and the Company shall also be described); the reasons why the private placement was necessary; the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the Company, participation in the operations of the Company, actual subscription(transfer) price, the difference between the actual subscription(transfer) price and the reference price; the effect of the private placement on shareholders' equity; and for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of common shares, the implementation progress of the plan, and the realization of the benefits of the plan:** Not applicable.
- 6.3 Other items that must be included:** Not applicable.
- 6.4 Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report:** Not applicable.

Darfon Electronics Corp.

Chairman : Su Kai-Chien