

Stock Code: 2030



彰源企業股份有限公司
FROCH ENTERPRISE CO., LTD.

2024 Annual Report

This annual report is available on: Market Observation Post System (MOPS)

<http://mops.twse.com.tw>

Website of the Company <http://www.froch.com>

Date of Publication: May 10, 2025

I. Name, title, telephone number and email address of the Company's spokesperson and acting spokesperson:

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Title: Vice Chairman
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Acting Spokesperson Name: Kuei-Ling Liao
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III. Name, address, telephone number and website of the share transfer agency:

Name: KGI Securities Co., Ltd. – Stock Affairs Department
Address: 4F, No. 2, Sec. 1, Chongqing S. Rd., Taipei City 100
Telephone Number:(02)2314-8800
Website:<http://www.kgi.com.tw>

IV. Names of certifying CPAs and information on the CPA firm for the most recent fiscal year:

CPAs: Jui-Lung Hsu; Shao-Chun Wu
CPA Firm Name: Deloitte Taiwan
Address: 22F, No. 88, Sec. 1, Huizhong Rd., Xitun Dist., Taichung City 407
Telephone Number:(04)3705-9988
Website:<http://www.deloitte.com.tw>

V. Name of the exchange on which overseas securities are listed and method of accessing such information: None

VI. Company Website:<http://www.froch.com>:

Table of Contents

Page Number

One. Message to Shareholders-----	1
I. 2024 Business Results -----	1
II. 2025 Business Plan Summary and Company Development Strategy-----	2
III. Effects of the external competitive environment, regulatory environment and overall business environment: -----	4
Two. Corporate Governance Report-----	5
I. Information on directors, president, vice presidents, assistant vice- presidents, department heads and branch office heads -----	5
II. Corporate Governance Practices -----	18
III. Information on the Certified Public Accountants -----	104
IV. Information on Change of CPAs: -----	104
V. Whether the Chairman, President, or manager responsible for finance or accounting has been employed by the CPA firm or its affiliates in the most recent fiscal year: None.	105
VI. Share transfers and pledge changes of shareholding by directors, managers, and shareholders holding more than 10% of the Company's shares during the most recent fiscal year and up to April 18, 2025.-----	105
VII. Information on relationships among the top ten shareholders by shareholding percentage:-----	107
VIII. Number of shares held in the same reinvested enterprise by the Company, its directors, managers, and entities it directly or indirectly controls, including the total consolidated shareholding ratio: -----	108
Three. Capital Raising Activities -----	109
I. Capital and Shares -----	109
II. Corporate Bonds Issuance: None. -----	115
III. Preferred Shares Issuance: None.-----	115
IV. Global Depositary Receipts Issuance: None. -----	115
V. Employee Stock Warrant Issuance: None.-----	115
VI. New Restricted Employee Share Issuance: None. -----	115
VII. Issuance of New Shares for Mergers or Acquisitions of Other Companies' Shares: None.-----	115
VIII. Implementation of Capital Allocation Plans -----	115

Four. Business Overview	116
I. Business Activities	116
II. Market and Production-Sales Overview	122
III. Employee Information for the Most Recent Two Fiscal Years and up to the Date of Annual Report Publication	126
IV. Environmental Protection Expenditures	126
V. Labor-Management Relations	128
VI. Information Security Management and Internal Material Information Handling Procedures:	133
VII. Major Contracts:	135
VIII. If the Company or its affiliates have encountered financial difficulties in the most recent year or up to the date of publication of the annual report, the report shall disclose their impact on the Company's financial position: None.	135
Five. Financial Condition and Operating Results – Analysis and Risk Factors	136
I. Review and analysis of financial condition	136
II. Operating Results	137
III. Cash Flows	138
IV. Impact of Major Capital Expenditures in the Most Recent Year on Financial Operations	139
V. Recent Investment Policy, Profit or Loss, and Improvement Plans and Investment Plan for the Coming Year	140
VI. Risk Assessment	141
VII. Other Important Matters: None.	145
Six. Special Disclosures	146
I. Information on Affiliated Enterprises	146
II. Private placements of securities in the most recent fiscal year and up to the publication date of this annual report: None.	148
III. Other necessary explanatory matters: None.	148
IV. Matters that have occurred in the most recent fiscal year and as of the date of publication of the annual report that may materially affect shareholders' equity or securities prices as specified in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act: None.	148

One. Message to Shareholders

The Company is primarily engaged in the professional manufacturing and sale of stainless steel pipes and stainless steel coils. In 2024, the sales volume of stainless steel pipes reached 119,429 metric tons, representing a 3% increase compared to the previous year. The sales volume of stainless steel coils in 2023 was 30,087 metric tons, marking a 7% increase from the previous year. Domestic sales accounted for 56%, while export sales accounted for 44% of total sales. America, Europe, and Asia remain the main markets for exports. The Company aims for long-term development of sales to diversify its markets and customers as a strategy for risk reduction.

In 2024, nickel prices ranged from US\$15,000 to US\$18,000 per metric ton. At one point, prices surged to US\$21,000 per metric ton due to riots in nickel-producing regions, before declining to US\$16,000 per metric ton and stabilizing at approximately US\$15,500 per metric ton. The global market remained generally weak, but despite fluctuations, prices were relatively stable. In summary, compared to 2023, the overall nickel price level in 2024 was lower than in 2023. As the decline in product prices outweighed the increase in sales volume, operating revenue decreased by 3%. Gross profit margin increased from 7% in 2023 to 10% in 2024. The 2024 business results and the 2025 business outlook are reported as follows:

I. 2024 Business Results

(I) Business plan implementation results

Unit: NTD thousands

Item	Actual Performance in 2024	Actual Performance in 2023	Comparison of actual performance	Growth rate %
Stainless steel pipes	10,178,890	10,506,823	(327,933)	(3.12)
Stainless steel coils	2,191,626	2,267,854	(76,228)	(3.36)
Others	27,768	82,222	(54,454)	(66.23)
Operating amount	12,398,284	12,856,899	(458,615)	(3.57)

(II) Budget implementation

Unit: Metric tons

Item	Actual Performance in 2024	Forecast for 2024	Growth rate %
Stainless steel pipes	119,429	144,000	(17.06)
Stainless steel coils	30,087	42,000	(28.36)
Sale weight	149,516	186,000	(19.62)

(III) Profitability analysis

Item	2024	2023
Operating profit to paid-in capital (%)	14.44	8.93
Ratio of Pre-Tax Net Profit to Paid-in Capital (%)	11.10	3.33
Return on assets (%)	3.03	1.49
Return on shareholders' equity (%)	4.77	1.01
Net Profit (Loss) Margin (%)	1.90	0.40
Earnings (Loss) per Share (NTD)	0.84	0.18

(IV) Income and expenses

Unit: NTD thousands

Item	2024	2023	Changed amount	Note
Net cash inflow (outflow) from operating activities	437,524	574,114	(136,590)	I.
Net cash inflows (outflows) from investing activities	(249,398)	(380,187)	(130,789)	II.
Net Cash Inflows (Outflows) from Financing Activities	(349,583)	(87,834)	261,749	III.

Note 1: The decrease in net cash inflow from operating activities was primarily due to an increase in inventory purchases during the period.

Note 2: The decrease in net cash outflow from investing activities was primarily due to reduced acquisition of property, plant and equipment during the period.

Note 3: The increase in net cash outflow from financing activities was primarily due to higher repayments of bank loans and a reduction in cash dividend distributions.

(V) Research and development

The Company's research and development activities primarily focus on process development, product quality enhancement and new product development. In terms of process development and improvement, the Company has introduced both domestically and internationally sourced advanced process equipment and molds and has also developed its own in-house equipment to improve production technologies, capacity, and product quality.

To improve product quality, the Company actively adopts and certifies various quality management systems, engages in industry-academe collaborative R&D projects and introduces smart devices to mitigate labor shortages and enhance overall product quality. For new product development, the Company conducts comprehensive market research, introduces advanced domestic and overseas equipment and molds, recruits professional talent and provides intensive training to existing R&D personnel for experimental development of related products. In addition, R&D staff actively develop and produce materials and accessories that increase the added value of the Company's products. This approach not only fulfills specific customer requirements and enhances customer satisfaction but also helps reduce procurement costs.

II. 2025 Business Plan Summary and Company Development Strategy

(I) Operational guidelines and strategies

1. Sales plan:

(1) Increase sales of stainless steel pipes

Continue to develop high value-added products, and continue to expand product categories to increase sales.

(2) Actively expand the export market and strive for major domestic investment orders, improve customer loyalty, and diversify the market so as not to be affected by the prosperity of one single industry and one market.

2. Production plan:

(1) Continued Full Utilization of Production Capacity

The Company specializes in the production of stainless steel pipes and has expanded the product items to expand the coverage of customer needs.

(2) Reduction of costs and expenses

The Company will focus on the improvement of manufacturing processes, and actively control the unit cost of related equipment and auxiliary materials, to further increase the inventory turnover rate and reduce the capital cost caused by inventory backlog.

3. Financial structure plan:

The Company remains focused on its core operations, aiming to increase revenue and profitability. In the current year, the Company will continue to expand operations and boost earnings to strengthen its financial structure.

(II) Expected sales volume and basis

1. The Company's 2025 sales forecast is as follows:

Unit: Metric tons

Item	Year	Estimated Sales Volume for 2025
Stainless steel pipe		138,000
Stainless steel coils		36,000
Total		174,000

2. Basis:

At the beginning of 2025, the newly inaugurated President of the United States adopted a more aggressive tariff protection policy, creating uncertainty that may impact international competitiveness. The Russia-Ukraine war is expected to cease and future infrastructure and housing reconstruction in Ukraine will generate significant demand for steel. However, it remains uncertain whether China, the largest global supplier of stainless steel, can rectify its domestic supply-demand imbalance and successfully stimulate internal demand. Overall, competing positive and negative forces continue to influence the international economic landscape. In summary, the nickel price and stainless steel price in 2025 will remain stable. The cost of inventory is more manageable, and the fluctuation of product sale price will be mitigated. The product sale price and volume could be kept under control or may perform even better. The Company will continue its R&D of products toward higher added value, which will strengthen the competitive power and profitability of the Company.

The Company's core competence is in R&D, which is ahead of other industry peers. The Company has developed products of high added value, such as circular pipe and square pipe online polishing and online thermal treatment, and an automatic packing system, which have been quite successful. The Company avails a complete line of products to satisfy the diversified needs of the customers. Customers could make one-stop shopping at Froch. In terms of quality, the Company has been recognized by Taiwan's Ministry of Economic Affairs as an ISO 9001-compliant manufacturer and has obtained ISO 14001 environmental management system certification from Lloyd's Register of the UK. In 2001, the Company's quality assurance laboratory was accredited under the Chinese National Laboratory Accreditation (CNLA) system of the Republic of China. In 2010, it was further accredited and registered by the Taiwan Accreditation Foundation (TAF). In 2009, the Company received JIS product certification from Japan; in 2011, it was certified for pressure piping components; and in 2014, it obtained multiple certifications from Germany's TÜV. The sales network is spread across the world, with thousands of domestic customers and a presence in over 100 countries. The market is quite fragmented, which is conducive to competition. The impact of the legal and overall business environment is relatively reduced and not significant.

(III) Major production and sale policies:

In 2025, the Company will continue to strengthen inventory management, increase inventory turnover, reduce production costs and expenses, and improve the competitiveness of the Company's products and increase market share by coordinating production and sales.

(IV) Development strategy of the Company in the future:

The Company will continue to develop expertise in manufacturing technologies and develop new sales channels at home and abroad, and continue to increase its market share so that the business performance could be improved.

III. Effects of the external competitive environment, regulatory environment and overall business environment:

- (I) The promotion of public infrastructure projects and major private investments continues to impact the development of the stainless steel industry.
- (II) The ups and downs of the overall economic environment will affect the demand for the stainless steel industry.
- (III) The level of impact on the regulatory environment is relatively low and the impact is not significant.

Two. Corporate Governance Report

I. Information on directors, president, vice presidents, assistant vice- presidents, department heads and branch office heads

(I) Information on Directors

April 18, 2025

1. Regular directors and independent directors:

Title	Nationality or place of incorporation	Name	gender Age	Date of election (or appointment)	Date of initial appointment	Term of office	Shareholdings at the time of election		Current shareholdings		Shareholdings by spouse and minor children		Shareholdings held under the names of others		Major education and work experience	Current positions held in the Company and other companies	Other managers or directors who are spouses or within the second degree of kinship			Remarks
							Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan, Republic of China	Bing-Yao Chang	males 73 years old	2022.06. 21	1984.09.15	3 years	17,547,946	6.12	17,547,946	6.25	8,388,978	2.99	No	No	Western Pacific University, USA – Completed Coursework Chairperson, Froch Enterprise Co., Ltd.	Xin Jiexin Co., Ltd. Supervisor	Vice-Chairperson Chairperson	Hsin-Da Chang	Father and son	Also serving as President
Vice Chairman	Taiwan, Republic of China	Hsin-Da Chang	males 49 years old	2022.06. 21	2022.06. 21	3 years	21,648,931	7.56	21,648,931	7.71	840,830	0.30	No	No	Graduate, Department of International Business, University of Denver, USA	Xin Jiexin Co., Ltd. Director	Chairman	Bing-Yao Chang	Father and son	First degree of kinship
Regular Director	Taiwan, Republic of China	Chio-Chi Yang	males 54 years old	2022.06. 21	2022.06. 21	3 years	0	0.00	0	0.00	No	0.00	No	No	Chinese Culture University Graduate, Department of Chemical Engineering	Froch Enterprise Co., Ltd. Director, Procurement Division	No	No	No	No
Regular Director	Taiwan, Republic of China	Jun-Chi Lee	males 54 years old	2022.06. 21	2022.06. 21	3 years	0	0.00	0	0.00	609,684	0.22	No	No	Master's Degree in Finance, Colorado State University, USA	Froch Enterprise Co., Ltd. Associate Vice President, Steel Pipe Export Division	Chairman	Bing-Yao Chang	No	First degree of kinship
General Manager	Taiwan, Republic of China	Xin Jiexin Co., Ltd.	Legal Entity	2022.06. 21	2007.06. 13	3 years	28,206,372	10.05	28,206,372	10.05	No	No	No	No	No	No	No	No	No	No
Regular Director	Taiwan, Republic of China	Representative of Xin Jiexin Co., Ltd. - Ching-Yang Juan	males 72 years old	2022.06. 21	2016.06. 21	3 years	0	0.00	0	0.00	No	No	No	No	Director, Kaohsiung City Government Bureau of Controlled Drugs	No	No	No	No	No
Independent Director	Taiwan, Republic of China	Shun-De Wen	males 76 years old	2022.06. 21	2016.06. 21	3 years	0	0.00	0	0.00	No	No	No	No	Director-General, Fengyuan Branch, National Taxation Bureau of the Central Area, Ministry of Finance	Independent Director, Longchen Paper and Packaging Co., Ltd.	No	No	No	No
Independent Director	Taiwan, Republic of China	Ying-Fang Li	males 74 years old	2022.06. 21	2019.09.13	3 years	0	0.00	0	0.00	No	No	No	No	Director, Weihu Branch, National Taxation Bureau of the Central Area, Ministry of Finance	No	No	No	No	No
Independent Director	Taiwan, Republic of China	Shu-Fu Wang	males 69 years old	2022.06.21	2019.09.13	3 years	0	0.00	0	0.00	No	No	No	No	Director, National Taxation Bureau of the Central Area, Ministry of Finance	No	No	No	No	No
Independent Director	Taiwan, Republic of China	Hui-Kue Chen	females 70 years old	2022.06. 21	2022.06. 21	3 years	0	0.00	0	0.00	1,000	0.00	No	No	Manager, Huwei Branch, Land Bank of Taiwan	No	No	No	No	No

Explanation: Chairperson concurrently serving as President – The stainless steel industry is a mature industry. When the Chairperson concurrently serves as President, it enables the Board of Directors to gain a more comprehensive grasp of company operations. Furthermore, a flatter organizational structure enhances responsiveness and decision-making efficiency. The Company has added one independent director to strengthen oversight and provide checks and balances.

2. Major shareholders of corporate shareholders:

Corporate Shareholder Name	Major Shareholders of the Corporate Shareholder	
Xin Jiexin Co., Ltd.	MICHAEL J CHANG	26.0%
	Bing-Yao Chang	13.2%
	Hsiu-Miao Lee	12.4%
	Hsin-Da Chang	15.2%
	Li-Shen Chang	15.2%
	Yu-Chen Chang	15.2%
	Fang-Yu Ni	2.8%

3. Where the major shareholder of a corporate shareholder is itself a legal entity: Not applicable

Corporate shareholder name	Major shareholders of the corporate shareholder
No	No

4. Disclosure of directors' professional qualifications and independence:

Conditions Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies where serving as independent director
Chairman Mr. Bing-Yao Chang	Completed coursework at Western Pacific University, USA; has served as Chairperson, Froch Enterprise Co., Ltd. Possesses expertise in business, finance, leadership and corporate management. Not subject to any of the situations specified under Article 30 of the Company Act.	1. Concurrently serves as President of the Company, i.e., a director with managerial status. 2. Concurrently serves as supervisor at an affiliate. 3. Among the Company's top ten individual shareholders. 4. Relative within second degree of kinship to the Vice-Chairperson and Director Lee.	No
Vice Chairman Mr. Hsin-Da Chang	Graduate, Department of International Business, University of Denver, USA; has served as Vice-Chairperson, Froch Enterprise Co., Ltd. Possesses expertise in business, marketing, leadership and corporate management. Not subject to any of the situations specified under Article 30 of the Company Act.	1. Concurrently serves as Vice President of the Company, i.e., a director with managerial status. 2. Concurrently serves as director at an affiliate. 3. Among the Company's top ten individual shareholders. 4. Relative within second degree of kinship to the Chairperson.	No
Director Mr. Chio-Chi Yang	Graduate, Department of Chemical Engineering, Chinese Culture University; has served as Director, Procurement Division, Froch Enterprise Co., Ltd. Possesses expertise in business, procurement, and operational management. Not subject to any of the situations specified under Article 30 of the Company Act.	1. Concurrently serves as Director of the Company's Procurement Division, i.e., a director with managerial status.	No
Director Mr. Jun-Chi Lee	Master's Degree in Finance, Colorado State University, USA; has served as Manager, Steel Pipe Export Division, Froch Enterprise Co., Ltd. Possesses expertise in business, finance, and operations management. Not subject to any of the situations specified under Article 30 of the Company Act.	1. Concurrently serves as Associate Vice President of the Steel Pipe Export Division, i.e., a director with managerial status. 2. Relative within second degree of kinship to the Chairperson.	No
Director Mr. Ching-Yang Juan	Graduate, Graduate Institute of Public Affairs, Tunghai University; has served as Director, Bureau of Controlled Drugs, Kaohsiung City Government. Possesses expertise in legal affairs and leadership. Not subject to any of the situations specified under Article 30 of the Company Act.	Meets relevant independence requirements (Note 2)	No
Independent Director Mr. Shun-De Wen	Graduate, Graduate Institute of Business Administration, National Chung Cheng University; has served as Director-General, Fengyuan Branch, National Taxation Bureau of the Central Area, Ministry of Finance. The Company may improve the quality of corporate governance by focusing on taxation, finance, and corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act.	According to the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies," directors are elected through a candidate nomination system. During the nomination and selection process for members of the Board of Directors, the Company obtained written declarations from each director, along with their professional experience, proof of current employment, and family relationship disclosure forms, to conduct verification. The information reviewed includes whether or not the director, their spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated enterprises; their shareholding status in the Company; whether or not they serve as directors, supervisors or employees of companies having specific relationships with the Company; and whether or not they have received any remuneration in the past two years for providing business, legal, financial or accounting services to the Company or its affiliated enterprises.	1 company Longchen Paper & Packaging Co., Ltd.
Independent Director Mr. Ying-Fang Li	Graduated from the Institute of Business Administration, National Chung Cheng University; has served as Director of the Huwei Branch, National Taxation Bureau of the Central Area, Ministry of Finance. The Company may improve the quality of corporate governance by focusing on taxation, finance, and corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act		No
Independent Director Mr. Shu-Fu Wang	Graduated from the Department of Accounting, Feng Chia University; has served as Director at the National Taxation Bureau of the Central Area. The Company may improve the quality of corporate governance by focusing on taxation, finance, and corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act		No
Independent Director Ms. Hui-Kue Chen	Graduated from the Department of Economics, Feng Chia University; has served as Manager of the Huwei Branch, Taiwan Cooperative Bank. Possesses expertise in finance, leadership, and corporate governance, which contributes to enhancing the quality of the Company's corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act		No

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. For members of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience should be stated. Also indicate whether any of the circumstances specified in Article 30 of the Company Act apply. Note 2: Independent directors shall disclose their compliance with independence criteria, including but not limited to whether or not they, their spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated enterprises; the number and proportion of Company shares held by themselves, their spouse or second-degree relatives (including shares held under others' names); whether or not they serve as directors, supervisors, or employees of companies with specific relationships to the Company (as defined in Article 3, Paragraph 1, Sub-paragraphs 5 to 8 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); and the amount of remuneration received within the past two years for providing business, legal, financial or accounting services to the Company or its affiliated enterprises.

4-1 Implementation status of the Board diversity policy:

Diversity criteria	Nationality	gender	Concurrent employment with the Company	Age			Term of service as Independent Director			Professional background			Professional expertise		
Director name				Under 60 years old	60 (inclusive) to 70 years old	Over age 70 (inclusive)	Less than 3 years	3 to 6 years	Over 6 years	Business management	Leadership and decision-making	Risk management	Finance and accounting	Procurement	Industry knowledge
Bing-Yao Chang	Republic of China	males	√			√				√	√	√	√	√	√
Hsin-Da Chang		males	√	√						√	√	√	√	√	√
Chio-Chi Yang		males	√	√						√	√	√		√	√
Jun-Chi Lee		males	√	√						√	√	√	√		√
Representative of Xinjie Xin Co., Ltd. Ching-Yang Juan		males				√				√	√	√			√
Shun-De Wen		males				√			√	√	√	√	√		√
Ying-Fang Li		males				√		√		√	√	√	√		√
Shu-Fu Wang		males			√			√		√	√	√	√		√
Hui-Kue Chen		females				√	√			√	√	√	√		√

The Company's current Board of Directors consists of nine members. The specific management objectives under the Board diversity policy and their status of achievement are as follows:

Management objectives	Status of achievement
Independent directors comprise more than one-third of the total number of directors	Achieved
It is advisable that directors concurrently serving as managerial officers do not exceed one-third of the total number of directors	Not achieved
The term of independent directors does not exceed three terms	Achieved
Adequate diversity in professional knowledge and skills	Achieved

(II) Information on president, vice-presidents, assistant vice-presidents, department heads and branch office heads

Unit: shares; %
April 18, 2025

Title	Nationality	Name	gender	Election (or Appointment) date	Shareholding		Shareholding by spouse and minor children		Shareholdings held under the names of others		Major education and work experience	Current positions held in other companies	Managerial officers who are spouses or within the second degree of kinship			Remark
					Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio			Title	Name	Relationship	
President	Republic of China Taiwan	Bing-Yao Chang	males	1984.10.05	17,547,946	6.25	8,388,978	2.99	No	No	Western Pacific University, USA – Completed Coursework Plant Manager, Beittia Metals Co., Ltd.	Xin Jiexin Co., Ltd. Supervisor	Vice President Manager	Hsin-Da Chang	Father and son	Chairperson (concurrent post)
Vice President	Republic of China Taiwan	Hsin-Da Chang	males	2021.01.01	21,648,931	7.71	840,830	0.30	No	No	Department of International Business, University of Denver, USA Graduate	Director, Xin Jiexin Co., Ltd.	President	Bing-Yao Chang	Father and son	First degree of kinship
Vice President	Republic of China Taiwan	Jen-Hsiang Lee	males	1993.08.01	86,390	0.03	0	0.00	No	No	Completed Executive Management Program, Tunghai University Business Manager, Beittia Metals Co., Ltd.	No	No	No	No	No
Division Manager	Republic of China Taiwan	Wen-Chih Lee	males	2012.03.01	126,029	0.04	0	0.00	No	No	Graduate of the Institute of Business Administration, Dayeh University	No	No	No	No	No
Division Manager	Republic of China Taiwan	Chang-Chieh Huang	males	2012.03.01	30,557	0.01	0	0.00	No	No	Graduate of the Graduate School of Business, University of New South Wales, Australia Manager, Yuen Foong Paper Co., Ltd.	No	No	No	No	No

Division Manager	Republic of China Taiwan	Chio-Chi Yang	males	2017.04.01	0	0.00	0	0.00	No	No	Graduate of the Department of Chemical Engineering, Chinese Culture University	No	No	No	No	No
Division Manager	Republic of China Taiwan	Wen-Hsiu Lee	males	2017.04.01	8,182	0.00	0	0.00	No	No	Graduate of the Department of Mechanical Design, National Formosa University	No	No	No	No	No
Assistant Vice President	Republic of China Taiwan	Han-Lin Chang	males	2014.01.01	0	0.00	0	0.00	No	No	Graduate of the Department of Chemistry, National Taiwan University Associate Manager, Xiamen Weimeng Environmental Materials Co., Ltd.	No	No	No	No	No
Assistant Vice President	Republic of China Taiwan	Jun-Chi Lee	males	2022.06. 01	0	0.00	609,684	0.22	No	No	Master's Degree in Finance, Colorado State University, USA	No	President	Bing-Yao Chang	Father-in-law and son-in-law	First degree of kinship
The Corporate Governance Officer:	Republic of China Taiwan	Wen-Chi Chang	males	2022.06. 29	0	0.00	0	0.00	No	No	Graduate of the Graduate Institute of Finance, National Yunlin University of Science and Technology	No	No	No	No	No

Note: The Vice President is a first-degree relative of the President. Personnel appointments at the Company are made based on professional considerations and the legitimacy of such appointments remains within a reasonable scope. The Company has added one additional independent director to enhance the supervisory function of the Board of Directors.

(III) Remuneration paid to directors, the President, and vice presidents in the most recent fiscal year

As of December 31, 2024 Unit: NTD thousands

1-1. Remuneration of Regular Directors and Independent Directors

Title	Name	Director Remuneration								Remuneration received by employees who concurrently serve as directors																The sum of A, B, C, D, E, F, and G and its percentage of net income (%)		Remuneration received from reinvested entities other than subsidiaries and the parent company
		Remuneration (A)		Severance pay and pension expenses (B)		Remuneration to directors (C)		Business execution expenses (D)		The sum of A, B, C, and D and its percentage of net income (%)		Salaries, bonuses, and special allowances (E)		Severance pay and pension expenses (F)		Employee remuneration (G)				Number of shares exercisable through employee stock warrants		Number of newly acquired restricted employee shares						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Cash amount	Shares amount	Cash amount	Shares amount	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
Chairman	Bing-Yao Chang	0	0	0	0	169	169	201	201	0.16	0.16	4,630	4,630	0	0	7	0	7	0	0	0	0	0	2.12	2.12	No		
Vice Chairperson Chairperson	Hsin-Da Chang	0	0	0	0	85	85	198	198	0.12	0.12	2,954	2,954	108	108	6	0	6	0	0	0	0	0	1.42	1.42	No		
Regular Director	Chio-Chi Yang	0	0	0	0	85	85	201	201	0.12	0.12	1,781	1,781	76	76	5	0	5	0	0	0	0	0	0.91	0.91	No		
Regular Director	Jun-Chi Lee	0	0	0	0	85	85	201	201	0.12	0.12	2,511	2,511	102	102	5	0	5	0	0	0	0	0	1.23	1.23	No		
Regular Director	Xin Jiexin Co., Ltd.	0	0	0	0	424	424	0	0	0.18	0.18	0	0	0	0	0	0	0	0	0	0	0	0	0.18	0.18	No		
Regular Director	Representative of Xinjie Xin Co., Ltd. - Ching-Yang Juan	420	420	0	0	0	0	201	201	0.26	0.26	0	0	0	0	0	0	0	0	0	0	0	0	0.26	0.26	No		
Independent Director	Shun-De Wen	820	820	0	0	0	0	201	201	0.43	0.43	0	0	0	0	0	0	0	0	0	0	0	0	0.43	0.43	No		
Independent Director	Ying-Fang Li	420	420	0	0	0	0	201	201	0.26	0.26	0	0	0	0	0	0	0	0	0	0	0	0	0.26	0.26	No		
Independent Director	Shu-Fu Wang	420	420	0	0	0	0	201	201	0.26	0.26	0	0	0	0	0	0	0	0	0	0	0	0	0.26	0.26	No		
Independent Director	Hui-Kue Chen	420	420	0	0	0	0	201	201	0.26	0.26	0	0	0	0	0	0	0	0	0	0	0	0	0.26	0.26	No		

*In addition to the above, remuneration received by directors for providing services (e.g., as non-employee consultants) to any company within the financial statements during the most recent year: None. The salary expenses recognized in accordance with IFRS 2 "Share-based Payment," including employee stock warrants, restricted stock awards (RSAs), and cash capital subscriptions, shall be included in remuneration: None.

Please describe the remuneration policy, system, standards and structure for independent directors and the correlation between remuneration and their responsibilities, risks and time commitments: According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration standards with reference to industry norms. Current independent directors are compensated based on their roles (e.g., whether or not they serve as convener) and time commitment.

1-2. Remuneration Brackets Table

Remuneration levels for each director of the Company	Director name			
	Total remuneration from the preceding four items (A + B + C + D)		Total remuneration from the seven items (A + B + C + D + E + F + G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.	Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.	Ching-Yang Juan, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.	Ching-Yang Juan, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)	Shun-De Wen	Shun-De Wen	Shun-De Wen, Chio-Chi Yang	Shun-De Wen, Chio-Chi Yang
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)			Hsin-Da Chang, Jun-Chi Lee	Hsin-Da Chang, Jun-Chi Lee
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)			Bing-Yao Chang	Bing-Yao Chang
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Shun-De Wen, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.	Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Shun-De Wen, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.	Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Shun-De Wen, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.	Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Shun-De Wen, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen, Xin Jiexin Co., Ltd.

2. Remuneration to the President and Vice Presidents

As of December 31, 2024

2-1. Remuneration to the President and Vice-Presidents

Unit: NTD thousands

Title	Name	Salaries (A)		Severance pay and pension expenses (B)		Bonuses and Allowances and Special Expenditures, etc. (C)		Employee Remuneration Amount (D)				The sum of A, B, C, and D and its percentage of net income (%)		Remuneration received from reinvested entities other than subsidiaries and the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Shares amount	Cash amount	Shares amount			
President	Bing-Yao Chang	3,060	3,060	0	0	1,940	1,940	7	0	7	0	5,007 / 2.12%	5,007 / 2.12%	No
Vice President	Hsin-Da Chang	2,220	2,220	108	108	1,017	1,017	6	0	6	0	3,351 / 1.42%	3,351 / 1.42%	
Vice President	Jen-Hsiang Lee	1,427	1,427	103	103	919	919	6	0	6	0	2,455 / 1.04%	2,455 / 1.04%	

Senior executives' salaries are paid in accordance with the Company's employee management regulations. Performance bonuses are based on the Company's overall operational results, individual professional competencies, and special contributions and are approved by the Remuneration Committee.

2-2. Remuneration Brackets Table

Remuneration Brackets for the President and Vice-Presidents of the Company	Names of the President and Vice-Presidents	
	Total remuneration from the preceding four items (A + B + C + D)	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	Hsin-Da Chang, Jen-Hsiang Lee	Hsin-Da Chang, Jen-Hsiang Lee
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	Bing-Yao Chang	Bing-Yao Chang
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total	Bing-Yao Chang, Hsin-Da Chang, Jen-Hsiang Lee	Bing-Yao Chang, Hsin-Da Chang, Jen-Hsiang Lee

3-1. Remuneration of the Top Five Highest-Paid Officers in the TWSE/TPEX-Listed Company

Title	Name	Salaries (A)		Severance pay and pension expenses (B)		Bonus and special expenditures (C)		Employee Remuneration Amount (D)				The sum of A, B, C, and D and its percentage of net income (%)		Remuneration received from reinvested entities other than subsidiaries and the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Shares amount	Cash amount	Shares amount			
President	Bing-Yao Chang	3,060	3,060	-	-	1,940	1,940	7	-	7	-	5,007 / 2.12%	5,007 / 2.12%	-
Vice President	Hsin-Da Chang	2,220	2,220	108	108	1,017	1,017	6	-	6	-	3,351 / 1.42%	3,351 / 1.42%	-
Assistant Vice President in Export Sale of Steel Pipe	Jun-Chi Lee	1,929	1,929	101	101	868	868	5	-	5	-	2,903 / 1.23%	2,903 / 1.23%	-
Director of Marketing	Chang-Chieh Huang	1,019	1,019	58	58	1,724	1,724	5	-	5	-	2,806 / 1.19%	2,806 / 1.19%	-
Vice President	Jen-Hsiang Lee	1,427	1,427	103	103	919	919	6	-	6	-	2,455 / 1.04%	2,455 / 1.04%	-

3-2 Managers Receiving Employee Remuneration and the Status of Distribution

2024						Unit: NTD thousands
Title	Name	Shares amount	Cash amount	Total	Total Remuneration as a Percentage of Net Profit After Tax (%)	
President	President	Bing-Yao Chang	0	7	7	0.00
	Vice President	Hsin-Da Chang	0	6	6	0.00
	Vice President	Jen-Hsiang Lee	0	6	6	0.00
	Division Manager	Wen-Chih Lee	0	5	5	0.00
	Division Manager	Chang-Chieh Huang	0	5	5	0.00
	Division Manager	Chio-Chi Yang	0	5	5	0.00
	Division Manager	Wen-Hsiu Lee	0	5	5	0.00
	Assistant Vice President	Han-Lin Chang	0	5	5	0.00
	Assistant Vice President	Jun-Chi Lee	0	5	5	0.00
	Corporate Governance Officer	Wen-Chi Chang	0	4	4	0.00

4. Severance Pay and Pension

- (1) Amount paid in the most recent year (2024): The Company's directors, President and vice-presidents are not retired, so no amounts were paid.
- (2) Amount of severance pay and pension expenses expensed in the most recent year (2024):
 - a. The pension system under the Labor Pension Act constitutes the new pension system. An amount of 6% of employees' monthly salaries was contributed to the Labor Insurance Bureau for the current year, totaling NT\$16,263 thousand.
 - b. The pension system under the Labor Standards Act constitutes the old pension system. This is based on 2% of the employee's total

monthly salary, which is deposited in the name of the Labor Pension Reserve Supervisory Committee at the Bank of Taiwan (formerly the Central Trust of China, which merged with the Bank of Taiwan in 2007). The amount deposited was NT\$2,209 thousand.

- c. If the Company's appointed managers are not in compliance with the provisions of these two systems, the amount of severance pay and pension will be omitted. The Company is required to disclose all severance pay and pension amounts for 2024, including amounts for the new and old pension systems and for appointed managers, as well as any severance pay and pension amounts for actual retirees that may be paid according to contract. (Note: This does not include severance pay for redundancy): Not applicable.
- (3) Amount of severance pay and pension actually paid in 2024 or the amount expensed or contributed for severance pay and pensions:
- a. The actual pension amount paid to the Company's employees in 2024 was NT\$2,186 thousand.
 - b. The Company has no severance pay and pension expenses or contributions.

(IV) A comparative analysis of the total remuneration paid to the Company's directors, President, and vice-presidents by the Company and all companies in the consolidated financial statements over the past two years, as a percentage of net profit after tax (%), along with an explanation of the remuneration policy, standards and composition, the procedures for setting remuneration, and the relationship between remuneration and operating performance as well as future risks.

Item	Unit: %			
	2024		2023	
	The Company	Consolidated	The Company	Consolidated
Director	2.01	2.01	31.80	31.80
President and Vice-Presidents	4.14	4.14	19.45	19.45

Directors' remuneration consists of earnings distribution-based director remuneration and transportation allowances for the Board. Directors' remuneration for performing duties is paid according to the Company's Articles of Incorporation. The remuneration of the General Manager and Deputy General Managers is determined based on the principle of the Company's job grading and the approved compensation standards.

In 2024, the pre-tax net income before deducting employee and director remuneration was NT\$296,400,229. According to Article 10 of the Company's Articles of Incorporation, the Company must first cover prior-year losses, then set aside 1% for employee remuneration and no more than 3% for director remuneration. For the year 2024, the remuneration allocated for directors and employees was NT\$2,964,002 each.

II. Corporate Governance Practices

(I) Operations of the Board of Directors

The Board of Directors held a total of 7 meetings in 2024. The attendance of directors is as follows:

Title	Name	Number of attendances in person	Number of proxy attendances	Percentage of attendances in person (%)	Remarks
Chairman	Bing-Yao Chang	7	0	100	Re-election
Vice Chairman	Hsin-Da Chang	6	0	86	Re-election
Director	Chio-Chi Yang	7	0	100	Re-election
Director	Jun-Chi Lee	7	0	100	New appointment
Director	Representative of Xinjie Xin Co., Ltd. - Ching-Yang Juan	7	0	100	New appointment
Independent Director	Shun-De Wen	7	0	100	Re-election
Independent Director	Ying-Fang Li	7	0	100	Re-election
Independent Director	Shu-Fu Wang	7	0	100	Re-election
Independent Director	Hui-Kue Chen	7	0	100	New appointment

Other required information:

- I. For board meetings that meet any of the following descriptions, the date and session of the board meeting, the agenda, all independent directors' opinions, and the Company's response to independent directors' opinions should be stated:
 - (I) Regarding the particulars outlined in Article 14-3 of the Securities and Exchange Act: Please refer to the Audit Committee's report in this year's annual report. All independent directors unanimously approved all motions.
 - (II) Other board resolutions, aside from the aforementioned matters, that were opposed or qualified by independent directors and were documented or made in writing: None.
- II. For any director who recused themselves from a proposal due to a conflict of interest, the name of the director, the content of the proposal, the reason for recusal and participation in voting should be stated: None.

III. Board of Directors' Evaluation Implementation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
The evaluation is performed annually, to be completed before the end of the first quarter of the following year.	2024.01.01~ 2024.12.31	Board of Directors	Board of Directors' self-evaluation	I. Level of participation in the operation of the Company. II. The upgrade of the decision-making quality of the Board. III. The organization and structure of the Board.

				IV. The election and continuing education of the Directors. V. Internal Control.
The evaluation is performed annually, to be completed before the end of the first quarter of the following year.	2024.01.01~ 2024.12.31	Board member	Board member self-evaluation	I. Comprehension of the objectives and mission of the Company. II. Understanding of the duties of Directors. III. Level of participation in the operations of the Company. IV. Cultivation of relations inside the Company and communications. V. Specialization and continuing education of the Directors. VI. Internal Control.
The evaluation is performed annually, to be completed before the end of the first quarter of the following year.	2024.01.01~ 2024.12.31	Functional committees (Audit Committee and Remuneration Committee)	Self-evaluation of the operation of the functional committees.	I. Level of participation in the operation of the Company. II. Understanding of the duties of the functional committees. III. Upgrade the decision-making quality of the functional committees. IV. The organization and structure of the functional committees. V. Internal Control.

The Company conducted the 2024 performance evaluation of the Board of Directors in accordance with the "Regulations Governing Board Performance Evaluation," with the Finance Department responsible for execution. The internal questionnaire method was adopted, and questionnaires were collected based on the self-evaluation of the Board of Directors, self-evaluation of the directors, self-evaluation of the Audit Committee, and self-evaluation of the Remuneration Committee. The performance evaluation was completed in February 2025. The Company's directors and committee members demonstrate an understanding of the Company's goals, fulfill their responsibilities, provide specific suggestions for proposals, continue to enhance their professional knowledge and skills, the management team is responsible for operations, and internal controls are effectively implemented. The evaluation results indicate that the self-evaluation of the Board of Directors' operations, the self-evaluation of the directors, and the self-evaluation of the Audit Committee and the Remuneration Committee's operations were all rated as good. The evaluation results will be used as a reference for the selection or nomination of directors, and the performance evaluation results of directors and functional committee members will serve as a basis for setting their individual salaries and remuneration. The report was presented to the Board of Directors on March 12, 2025.

IV. Objectives of Strengthening the Functions of the Board of Directors in the Current and Most Recent Year (e.g., Establishing an Audit Committee, Enhancing Information Transparency, etc.) and the Evaluation of Their Implementation:

- (I) In order to strengthen corporate governance and enhance information transparency, the Company has established independent directors, increasing the number of seats from 3 to 4 in 2022. An Audit Committee, composed of all independent directors, was formed to enhance the performance of the Board of Directors. Details on the implementation can be found on pages 20–23.
- (II) A Remuneration Committee, consisting of all independent directors, assists the Board of Directors in performing compensation management functions. For details on its implementation, please refer to pages 58–61.
- (III) Continuing Education for Directors: Directors continue to pursue ongoing education to maintain their core values and professional competence (please refer to page 58).
- (IV) To implement the sustainable operation of the Company, the diversity of the board of directors has been considered and new directors were appointed in 2022.

(II) Audit Committee Operations Information:

Audit Committee Operations Information

The Audit Committee held 7 meetings (A) in the current year. The attendance of independent directors is as follows:

Title	Name	Number of actual attendances (B)	Number of attendances by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Independent Director	Shun-De Wen	7	0	100	Re-elected 2022/06/21
Independent Director	Ying-Fang Li	7	0	100	Re-elected 2022/06/21
Independent Director	Shu-Fu Wang	7	0	100	Re-elected 2022/06/21
Independent Director	Hui-Kue Chen	7	0	100	Newly appointed 2022/06/21

Other required information:

I. If any of the following circumstances occur in the operation of the Audit Committee, the Company shall specify the date and session of the Audit Committee meeting, the content of the proposals, any dissenting opinions, qualified opinions, or material recommendations expressed by independent directors, the resolutions of the Audit Committee, and how the Company has handled the opinions of the Audit Committee.

(I) Particulars outlined in Article 14-5 of the Securities and Exchange Act.

Date	Session	Proposal Content (Particulars outlined in Article 14-5 of the Securities and Exchange Act)	Independent directors' opinions
2024.03.13	First session of 2024	1. Approval of the 2023 financial statements and final accounts 2. Approval of the 2023 Statement of Internal Control System. 3. Passed the amendment to the "Articles of Incorporation" of the Company. 4. The motion of payment for the service of the certified public accountants for certification of the Company in 2024.	Audit Committee Resolution: Approved by all attending members without objections, qualified opinions, or significant recommendations. Company's Handling of the Audit Committee's Opinion: Approved by all attending directors.
2024.05.09	Second session of 2024	1. Passed the motion of the consolidated financial statements of the Company covering 2024 Q1 2. Passed the motion of endorsement and guarantee in favor of Wuxi Froch Metal Products Co., Ltd.	
2024.08.07	Fourth session of 2024	1. Passed the motion of the consolidated financial statements of the Company covering 2024 Q2.	
2024.11.08	Sixth session of 2024	1. Passed the motion of the consolidated financial statements of the Company covering 2024 Q3 2. Passed the motion of endorsement and guarantee in favor of Wuxi Froch Metal Products Co., Ltd.	
2024.12.18	Seventh Session of 2024	2. Approval of amendments to the "Internal Control System Effectiveness Evaluation" of the Company.	

(II) Except for the above matters, there are no other resolutions that were not approved by the Audit Committee but were approved by more than two-thirds of all directors.

- II. For the recusal of independent directors from the discussion/voting of motions due to conflicts of interest, the names of the independent directors, the content of the motions, reasons for recusal, and participation in voting must be stated: The Company has not had any independent directors who recused themselves from discussions/votes due to conflicts of interest.
- III. Information on the communication between the Independent Directors, Chief Internal Auditor and the independent auditors (including materiality in financial position and operation of the Company and the means and result of the communication).

(I) The Chief Internal Auditor of the Company presents the internal audit report and the recommendations for corrective actions on audit defects to the Independent Directors for review. They also attend the meetings of the Audit Committee and report to the Independent Directors on the conduct of internal audits. The Independent Directors supervise the internal audit function through this communication mechanism. A special session may be called at any time in case of material non-conforming incidents. The communication between the Independent Directors and the Chief Internal Auditor of the Company is sound so far.

(II) The Independent Directors and the certified public accountants for certification convene at least twice a year and communicate and discuss matters related to financial reporting. They convene at any time in case of material non-conforming incidents. The communication between the Independent Directors and the certified public accountants for certification of the Company is sound so far.

Independent director topics for communication with the certified public accountants and chief internal auditor:

date	Mode of communication	Topics for communication with the Chief Internal Auditor	Topics for communication with the certified public accountants for certification
2024/01/18 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in December 2023 →noted and as stated, no other opinions.	-
2024/02/20.21 (3 independent directors/1 person)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in January 2024 →noted and as stated, no other opinions.	-
2024/03/13 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits in February 2024 →noted and as stated, no other opinions. Reviewed the 2023 internal control system self-assessment report and prepared the "Internal Control System Statement". → Proposed to the Board of Directors for resolution.	A. Audit findings in 2023 and communication on the modified items. →No adverse opinion. B. The update of applicable laws governing finance and accounting → noted and as stated, no other opinion. C. Discussion of current audit topics. → noted and as stated, no other opinion.
2024/03/13 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)		A. Auditors Report on audit findings and modified items in 2023. →No adverse opinion.
2024/03/13 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	A. Pursuit of the Audit Plan for 2023 Q4. B. Project audit report – on-site inspection of material receipt at Ta Gang. →No adverse opinion.	
2024/04/18. 19 (2 independent directors/2 person)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in March 2024 →noted and as stated, no other opinions.	-

2024/05/09 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits and report on corrective action addressing to audit defects in April 2024 →noted and as stated, no other opinions.	-	
2024/06/12 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	A. Pursuit of the Audit Plan for 2024 Q1. B. Project audit report – On-site audit of process inspection. →No adverse opinion.	-	
2024/06/12 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits in May 2024 →noted and as stated, no other opinions.	-	
2024/07/09 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in June 2024 →noted and as stated, no other opinions.	-	
2024/08/07 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits in July 2024 →noted and as stated, no other opinions.	A. Review result in 2024 Q2. →No adverse opinion. B. Update of the topics of related administrative orders → noted and as stated, no other opinion. C. Audit plan update for 2024. → noted and as stated, no other opinion.	
2024/08/07 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)		Auditors Review Report in 2024 Q2. →No adverse opinion.	
2024/09/27 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in August 2024 →noted and as stated, no other opinions. A. Pursuit of the Audit Plan for 2024 Q2. B. Project audit report – On-site audit of shipping procedures at Yenshan Plant. →No adverse opinion.		
2024/10/16 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in September 2024 →noted and as stated, no other opinions.	-	
2024/11/08 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits in October 2024 →noted and as stated, no other opinions.	-	
2024/12/08 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits in November 2024 →noted and as stated, no other opinions. Reviewed the 2024 audit plan. → Proposed to the Board of Directors for resolution. Reviewed and revised the implementation rules of internal audit. → Proposed to the Board of Directors for resolution.	-	

2024/12/18 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	A. Pursuit of the Audit Plan for 2024 Q3. B. Project audit report – On-site audit of material procurement. →No adverse opinion.	-	
2025/01/15 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in December 2024 →noted and as stated, no other opinions.	-	
2025/02/07 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in January 2025 →noted and as stated, no other opinions.	-	
2025/03/12 (Four Independent Directors)	Audit Committee	Report on the pursuit of internal audits in February 2025 →noted and as stated, no other opinions. Reviewed the 2023 internal control system self-assessment report and prepared the "Internal Control System Statement." → Proposed to the Board of Directors for resolution.	A. Audit findings in 2024 and communication on the modified items. →No adverse opinion. B. The update of applicable laws governing finance and accounting → noted and as stated, no other opinion. C. Discussion of current audit topics. → noted and as stated, no other opinion.	
2025/03/13 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)		A. Auditors Report on audit findings and modified items in 2024. →No adverse opinion.	
2025/04/10 (Four Independent Directors)	Exclusive discussion sessions (Separate meetings)	Report on the pursuit of internal audits in March 2025 →noted and as stated, no other opinions.	-	
Result of communication: The above has been reviewed or approved by the Audit Committee. The Independent Directors hold no adverse opinion.				

(III) Corporate Governance Practices and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies:

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
I. Has the Company established and disclosed corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies?	V		The Company's "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies" were approved by the Board of Directors on December 17, 2015, and the relevant practices were disclosed on the Company's website and in the Market Observation Post System.	No material difference.
II. Company's shareholding structure and shareholders' equity:				
(I) Does the Company have internal procedures in place to handle shareholders' suggestions, queries, disputes and litigations? Are these procedures implemented according to the procedures?	V		(I) The Company has established the positions of spokesman and acting spokesman and has also delegated professional share registration and investor service agents, "Investor Service Department of KGI Securities," to handle the queries and suggestions of shareholders. If a legal issue is concerned, the Company will appoint lawyers or legal professionals to handle the matters.	(I) No material difference.
(II) Does the Company maintain a list of its major shareholders and ultimate controllers of its major shareholders?	V		(II) The Company has delegated a professional share registration and investor service agent to handle share registration and transfer, and has appointed designated personnel to handle the declaration of changes in shareholding of insiders and shareholders. The status of shareholding of the shareholders is kept under control.	(II) No material difference.
(III) Does the Company establish and implement risk control and firewall mechanisms between itself and its affiliates?	V		(III) The authority and responsibility of asset and financial management between the Company and its affiliates are clearly defined. Any business transactions between the Company and its affiliates shall be deemed a transaction with an independent 3rd party. The Company has instituted the "Internal Control System Operating	(III) No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
(IV) Does the Company have internal policies to prohibit insiders from trading securities using unpublished market information?	V		Procedure” and related regulations as guidance for regulating the control of the 9 major transaction cycles, such as sale and revenue, and the supervision and management of the subsidiaries for the proper pursuit of risk control and firewall mechanism over the affiliates/subsidiaries. (IV) The Company has instituted the “Procedure for Handling Material Inside Information and Prevention of Insider Trade” for the governance of personnel of the Company and those who access information of the Company due to functions performed or controlling relations. Any act entailing insider trade will be prohibited. The Company also provides education for Directors, managers and employees on the prevention of insider trade and other applicable legal rules at the time of orientation or through on-the-job training. In addition, the Company organizes training for Directors, managers, and employees in the prevention of insider trade and other applicable legal rules at least once a year. From October 22, 2024, to November 30, 2024, an "Insider Trading Prevention Promotion" campaign was carried out, reaching 390 directors, managers and employees through presentations, posters, video links and scanning QR codes to access promotional videos. The content of the promotion includes (but is not limited to) prohibiting directors from trading their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of	(IV) No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			each quarterly financial report; additionally, the trading of shares or other equity securities issued by the Company in the exchange or OTC market under the names of the directors or a third party before going public or within 18 hours after going public is also prohibited. The Company will alert the Directors and insiders of the closing period and the avoidance of trading stocks in their holding via email or communication software 20 days prior to the quarterly financial reporting day and 35 days prior to the annual financial reporting day.)	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors adopted a diversity policy, set specific management objectives and implemented them?	V		The Company has fortified the function of the Board through the policy of diversity of the Board as stated in Chapter 3 of the “Code of Practice on Corporate Governance”. The nomination and election of the members of the Board of the Company was made in conformity to the internal code of the Company where the candidate nomination system is adopted. Further to the education and work experience of the candidate, the Company also assures the diversity and independence of the members in accordance with the “Regulations Governing the Election of Directors” and the “Code of Practice on Corporate Governance” . 1. The goal of diversity of the Board members: (1) The members of the Board shall be specialized in the knowledge related to the steel and iron industry, management, accounting, and finance, and also the	(I) No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			competent in leadership and decision-making, operation judgment, corporate management, financial analysis, crisis management, industry specialization , and international market. (2) At least half of the members of the Board who do not hold positions as employees or managers of the Company for achieving the goal of monitoring. (3) To maintain their independence, more than half of the independent directors shall not serve more than three terms. (4) At least 1 seat of the Directors shall be reserved for female. 2. The attainment of the goal of diversity of the Board members: (1) In the regular session of the Shareholders Meeting in 2022, 9 Board members have been elected (including 4 Independent Directors). They are complementary in performing the functions of the Board in terms of professional competence in industry experience, finance and banking, accounting and law. (2) There are 4 Independent Directors in the Board and 1 Institutional Director. They do not hold positions as employees or managers for achieving the purpose of monitoring. (3) At least three-fourths of the independent directors shall not serve more than three terms. Meet the policy objective of diversity of Board members. (4) One of the Independent Director is female, which made	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
(II) In addition to the Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	V		the proportion of female Independent Director at 11% of all from 0%. (II) The Company has duly established an Audit Committee and a Remuneration Committee in accordance with the law. To establish a sound corporate governance system, enhance management functions and promote the implementation of corporate social responsibility and sustainable operations, the Company established the Corporate Sustainable Development Committee in October 2015. The current Chairman, Mr. Ping-Yaiao Chang, serves as the Chairperson of the Committee, and the Head of the Human Resources Department serves as the convener and a committee member. Furthermore, on March 23, 2021, the Company appointed a Corporate Governance Officer responsible for tracking the implementation performance of corporate governance, corporate social responsibility and ethical corporate management and reporting the results to the Board of Directors.	(II) No material difference.
(III) Has the Board established methods for evaluating its performance and implemented regular annual assessments, with results submitted to the Board as reference for individual directors' remuneration and renomination?	V		(III) The Company has defined the performance goal for the realization of corporate management to enhance the function and operational efficiency of the Board, and has resolved to pass the motion of the institution of "Regulations Governing the Evaluation of Board Performance" pursuant to Article 37 of the Corporate Governance Best-Practice Principles for TWSE and TPEX-Listed Companies. The Corporate Governance Officer of the Company collects information on the	(III) No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			activities of the Board, fills in related questionnaires, and keeps records on the evaluation results. The results will be reported to the Board for review and improvement. Evaluation by an external team of scholars and experts will be conducted once every 3 years on the performance of the Board of the Company. The team will compile an analysis report on external evaluation. Evaluation will be conducted by external scholars and experts once every 3 years: The last evaluation by experts was held in 2022. The “Taiwan Investor Relations Institute” was delegated to conduct an evaluation of the Board on its performance in the period of December 2021 to November 2022. An evaluation report was presented in January 2023. Taiwan Investor Relations Institute (TIRI) was delegated to conduct “Evaluation of Board Performance” in 2022. TIRI and its staff hold an objective attitude toward the Company without affecting its status of independence. They conducted an evaluation of the five dimensions of the organization of the Board and professional development, the quality of decision-making of the Board, the performance of the Board’s function, internal control and risk management, and the participation of the Board in corporate social responsibility. The evaluation was conducted through the review of documents provided by the Company, self-assessment questionnaire, and interview via videoconferencing. TIRI has dispatched a team of three members, Chung-Lin Kuo, Shih-Hsiung Chien and Huei-Yee Cheng, who are fully	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			independent, to review the operations of the Board. This team has objectively and professionally examined the Board's performance through supervision and exchange and produced a report. The Company has taken the recommendations presented by this team in the report as a reference for the continued improvement of Board functions, and reported to the Board in the session on March 14, 2023. Conclusion and recommendations and the state of improvement in 2023: (1) Establishment of functional committees under the Sustainable Development Committee. → The Company established the Corporate Sustainable Development Committee in October 2015. The current Chairman, Mr. Ping-Yaiao Chang, serves as the Chairperson of the Committee and the Head of the Human Resources Department serves as the convener and a committee member. Furthermore, on March 23, 2021, the Company appointed a Corporate Governance Officer responsible for tracking the implementation performance of corporate governance, corporate social responsibility and ethical corporate management and reporting the results to the Board of Directors. The implementation status for 2023 was reported to the Board of Directors on August 7, 2024. (2) The Company prepares its Sustainability Report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI). → The Company's 2023 Corporate Sustainability Report was	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			prepared and published in June 2024, in accordance with the latest GRI Standards. The Corporate Governance Officer reported the contents and implementation status to the Board of Directors on August 7, 2024. The report has not yet been assured by an independent third-party verification provider. The 2024 Corporate Sustainability Report is expected to be prepared and published in June 2025, also in accordance with the latest GRI Standards and likewise has not yet received assurance from an independent third-party verification provider. (3) The Company has established a Board Diversity Policy. → In the regular session of the Shareholders Meeting in 2022, 9 Board members have been elected (including 4 Independent Directors). They are complementary in performing the functions of the Board in terms of professional competence in industry experience, finance and banking, accounting and law. The Board includes one female Independent Director, increasing the proportion of female directors from 0% to 11%. Additionally, three-fourths of the Independent Directors have served no more than three terms. Meet the policy objective of diversity of Board members. (4) The Company has established succession planning for members of the Board and key management personnel. → In consideration of the Company's size, business nature and future strategic direction, as well as the professional expertise required of its directors, the Company periodically formulates continuing education plans for	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			Board members. All key management personnel have clearly defined job roles and designated deputies. Through professional training, assignment to key projects and tasks, cross-functional experience and job rotation, expansion of managerial responsibilities, and participation in the formulation of corporate policies, the Company develops leadership talent equipped with strategic planning capabilities, decision-making skills, team leadership and a commitment to human-centric values. Potential successors are assessed accordingly to ensure continuity in key management roles. (5) The Company has formulated a risk management policy and procedures, as approved by the Board of Directors. → The Company has consulted external experts to assist in developing relevant risk management policies and strategies. (6) Communication between Independent Directors, the Chief Internal Auditor and the Independent Auditors. → Please refer to page 21 for details regarding communication between the Independent Directors, the Chief Internal Auditor and the Certified Public Accountants (CPAs). (7) The Company conducts periodic internal performance evaluations of functional committees. (I) For the realization of corporate governance and upgrade of the function of the Board, the Company has instituted the “Regulations Governing the Evaluation	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			of Board Performance” on December 10, 2020 at the resolution of the Board. Under the Regulations, the Board and the functional committees shall conduct an internal evaluation on performance at least once a year. The result of the internal evaluation of the Board and the functional committees in the current year (2024) was reported to the Board on March 12, 2025. (II) The scope of the evaluation of the performance of the Board and the functional committees covers the Board as a whole, individual Board members, and respective functional committees. The evaluation was carried out with items and indicators and scoring standards in conformity to the Regulations Governing the Evaluation of Board Performance. (A) Evaluation of the Performance of the Board of the Company 1. The items of assessment cover the following dimensions: A. Level of participation in the operation of the Company. B. The upgrade of the decision-making quality of the Board. C. The organization and structure of the Board. D. The election and continuing education of the Directors. E. Internal Control. 2. The result of internal evaluation of Board performance of the Company in 2024 is shown	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			below: (1) Period of evaluation: January 1, 2024 to December 31, 2024. (2) Scoring standard: The total scoring of each item at 80% or higher is regarded as “Good”. Scoring of 60% to 80% is regarded as “Acceptable”, and scoring below 60% is regarded as “Poor”. (3) Result of evaluation: The overall scoring of the performance of the Board is “Good.” (B) (Self) Assessment of individual Board members 1. The items of assessment cover the following dimensions: A. Comprehension of the objective and mission of the Company. B. Understanding of the duties of Director. C. Level of participation in the operation of the Company. D. Cultivation of relations inside the Company and communications. E. Specialization and continuing education of the Directors. F. Internal Control. 2. The result of Self-Assessment of individual Board members of the Company in 2024 is shown below: (1) Period of evaluation: January 1, 2024 to December 31, 2024.	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			(2) Scoring standard: The total scoring of each item at 80% or higher is regarded as “Good”. Scoring of 60% to 80% is regarded as “Acceptable”, and scoring below 60% is regarded as “Poor”. (3) Result of evaluation: The overall scoring of the self-assessment of Board members is “Good.” (C) Evaluation of the performance of the functional committees of the Board. 1. The items of assessment cover the following dimensions: A. Level of participation in the operation of the Company. B. Understanding of the duties of the functional committees. C. Upgrade the decision-making quality of the functional committees. D. The organization and structure of the functional committees. E. Internal Control. 2. The result of internal evaluation of performance of the functional committees of the Company in 2024 is shown below: (1) Period of evaluation: January 1, 2024 to December 31, 2024. (2) Scoring standard: The total scoring of each item at 80% or higher is regarded as “Good”. Scoring of 60% to 80% is regarded as	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			“Acceptable”, and scoring below 60% is regarded as “Poor”. (3) Result of evaluation: The overall scoring of the performance of the the Audit Committee and Remuneration Committee is “Good.” (III) The above evaluation result will be served as a reference for the election of Board members or the nomination of Independent Directors of the members of the functional committees in accordance with Article 8 of the Board of Directors and Functional Committees Performance Evaluation Standard of the Company. (8) Establishment of the Information and Communication Security Risk Management framework. The Board resolved to pass the Regulations Governing Information and Communication Security Control and Information and Communication Security Risk Management Framework on November 8, 2023. → The Company employs one Information Security Officer, one Information Security Specialist, and three IT personnel. The Company conducts two employee information security training sessions and one disaster recovery drill annually to raise employee awareness. All five IT personnel undergo continuing education in cybersecurity each year to enhance the resilience of the Company’s information security defenses. The 2023 Information Security Report was presented to the Board of Directors on May 9, 2024.	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			(9) The Intellectual Property Management Plan is underway. (10) The requirement of no stock trade for the Directors in the closing period was added to the Code of Practice on Corporate Governance. The Board passed the amendment to the “Procedure for Handling Material Inside Information and Prevention of Insider Trade” on November 8, 2023, which included (without limitation to) the prohibition of Directors in stock trade in the closing period of 30 days prior to the day of financial reporting and 15 days prior to the quarterly financial reporting day. In addition, trading of shares or other equity securities issued by the Company at the exchange or OTC market in the names of the Directors or the name of a third party before going public or within 18 hours after going public is also prohibited. The Company will alert the Directors and insiders of the closing period and the avoidance of trading stocks in their holding via email or communication software 20 days prior to the quarterly financial reporting day and 35 days prior to the annual financial reporting day. (11) Assess the independence and competence of the certified public accountants retained as independent auditors with reference to the Audit Quality Indicators (AQI). A report on the independence of the certified public accountants retained as independent auditors was compiled on the basis of the assessment of the certified public accountants with reference to the AQI on December 18, 2024. (12) The unaudited financial statements of the year were declared within 75 days after the end of the year after	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor											
	Yes	No	Description												
(IV) Does the Company regularly assess the independence of its external auditors?	V		passing by the Board. Announcement and declaration of financial statements of 113 has been made on March 12, 2025. (13) Planning for the time and key motions for the Board in the new fiscal year at an earlier time. In 2024, the Board of Directors' average attendance rate was 98.4%. The proposed meeting schedule for the Board in 2025 was provided to all Directors in advance during the Board meeting on December 18, 2024. (IV) For assuring the independence of the certified public accountants retained as independent auditors and the reliability of financial reporting, the Finance Department conducted an assessment on the independence and competence of these certified public accountants pursuant to Article 47 of the Certified Public Accountant Act and the professional code of conduct and the AQI disclosure framework and samples once a year: <table><tr><th>Item</th><th>Indicator</th><th>Key content</th><th>Assessment result</th></tr><tr><td rowspan="4">Dimension 1</td><td rowspan="4">Professional standing</td><td>Audit experience</td><td rowspan="4">The CPA office and the audit service team is well experienced for the job, and the training of these personnel has met the requirement of the Company in audit.</td></tr><tr><td>Training hours</td></tr><tr><td>Turnover rate</td></tr><tr><td>Professional support</td></tr></table>	Item	Indicator	Key content	Assessment result	Dimension 1	Professional standing	Audit experience	The CPA office and the audit service team is well experienced for the job, and the training of these personnel has met the requirement of the Company in audit.	Training hours	Turnover rate	Professional support	(IV) No material difference.
Item	Indicator	Key content	Assessment result												
Dimension 1	Professional standing	Audit experience	The CPA office and the audit service team is well experienced for the job, and the training of these personnel has met the requirement of the Company in audit.												
		Training hours													
		Turnover rate													
		Professional support													

Evaluation Item	Operation Status					Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor	
	Yes	No	Description				
			Dimension 2	Quality control	The workload of the CPAs	The CPA office and the audit service team did not fail to control the quality of rendering audit service to the Company because of having too many cases for service.	
					Indulgence in the audit		
					Engagement		
					Quality Control Review (EQCR) Status		
			Dimension 3	Independence	Quality support capacity	Conflict of interest/existence of potential incident/appointment to defend the Company/excessive affiliation/possible threat of the Company that affects the independence in audit simply does not exist between the audit team and the Company.	
					Non-audit service		
			Dimension 4	Supervision	Disciplinary action on	The CPA office and the audit team has not been	

Evaluation Item	Operation Status						Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description				
					defective external audit	punished by the competent authority regularly. The repetition of penalty is similar to or lower than the industry standard.	
					Letter from the competent authority urging for rectification		
			Dimension 5	Innovation capacity	Innovative planning or advocacy	The CPA office and the audit team made use of the cloud audit platform, tools, and applied digital know-how and audit support center to upgrade the overall audit quality and efficiency.	
			Upon evaluation by the Company's Finance Department, no violations of independence or instances of material incompetence were found regarding CPA Hsu Jui-Lung, CPA Wu Shao-Chun of Deloitte Taiwan, or members of their audit service team. They meet the Company's criteria for CPA independence and competency and are deemed qualified to serve as the Company's certifying accountants. The Finance Department has presented the 2025 assessment report to the Audit Committee and the Board for finalization on March 12, 2025.				
IV. Do listed companies appoint adequate and	V		The Company has established the position of Corporate				No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
competent corporate governance personnel, and designate a Corporate Governance Officer to handle corporate governance matters (including but not limited to providing directors and supervisors with information necessary to perform their duties, assisting them in complying with laws and regulations, handling matters related to Board and Shareholders' Meetings in accordance with the law and preparing meeting minutes)?			Governance Officer on March 23 2021. Manager Wen-Chi Chang of Finance Department was appointed as the Corporate Governance Officer of the Company by the 14th term of the Board in its 22nd session dated June 9, 2022. The primary function of the Corporate Governance Officer: (I) Administer the convention of the Board and Shareholders' meeting and related matters as required by law. (II) Compilation of the minutes of Board meeting and Shareholders' meeting on record. (III) Assist the Directors in assumption of office and continuing education. (IV) Provide information and materials for the Directors pertinent to their assigned duties. (V) Assist the Directors in matters pertinent to law and compliance. (VI) Other tasks as specified in the Articles of Incorporation of the Company or agreement. Performance of duties in 2024: (I) Assistance to the Directors in performing their assigned duties, and supply them with the required information and arrangement of continuing education: 1.Keep track on the latest development of the regulatory environment related to corporate management and corporate governance with routine update. 2.Provide the Directors with the required information on the Company, assure smooth communication between the Directors and the function heads, and review the level of	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			classification of related information. 3. Assist to arrange meetings for the Independent Directors, Chief Internal Auditor, and the independent auditors for understanding of the financial position and operation of the Company. 4. Assist the Directors in the annual planning of continuing education and course arrangement. (II) Assistance to the Board and Shareholders' meeting in the aspect of compliance in the meeting procedure and resolution. 1. Report to the Board, Independent Directors, and Audit Committee on the status of corporate governance and assure that the Shareholders' meeting and the Board convene in compliance with applicable laws and the Code of Practice on Corporate Governance. 2. Assist and remind the Directors on the law to be observed in performing their assigned duties or formal decision-making in the sessions of the Board. (III) Prepare the agenda for the meetings of the Board and notify the Directors 7 days beforehand. Call for the meetings of the Board and provide meeting materials. Give reminders to Directors on recusal from motions that entail conflict of interest, and complete the compilation of the minutes of Board meeting on record within 20 days after the meeting. (IV) Registration of the date of Shareholders' meeting in advance as required by law, production of meeting notice, meeting handbook, minutes of meeting on	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			record and registration on any amendment to the Articles of Incorporation or election of Directors within the mandatory time limit. (VI) Other tasks as specified in the Articles of Incorporation of the Company or agreement were accomplished. (V) Hours of continuing education of the Corporate Governance Officer in 2024: Continuing Education: A minimum of 12 hours per year is required and has been completed. 2024/07/03 6 hours Taiwan Stock Exchange and Cathay Financial Holdings and its subsidiaries 2024 Cathay Sustainable Finance and Climate Change Summit 2024/09/30 3 hours Securities and Futures Institute Annual Insider Trading Prevention Advocacy for 2024 2024/11/19 3 hours Securities and Futures Institute 2024 Sustainability Committee and Chief Sustainability Officer Symposium	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a Stakeholder Section on its corporate website, and appropriately responded to key corporate social responsibility issues of concern to stakeholders?	V		The Company values the rights and comments of the stakeholders and has arranged a special area for stakeholders on the official website. The Company has also established the positions of spokesman and acting spokesman as the channels for communication with outsiders. The stakeholders may communicate with the functional departments with business transactions such as the sales division, financial department,	No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			and purchase department. The Company can and will properly respond to the stakeholders on concerned topics, including sustainable development. [Related channels for communication] Investor relations: Spokesperson hsin-ta.chang@froch.com Customers: Marketing Division, marketing@froch.com Suppliers: Purchase Division, suppliers@froch.com Employees: Administration Department, humanresources@froch.com Topics to the concern of stakeholders will be responded by designated personnel. No feedback from stakeholders in 2024. The Corporate Governance Officer has reported to the status of implementation to the Board on May 8, 2025. The status of implementation was disclosed on the pages of the website.	
Stakeholders to the Company are shareholders, customers, suppliers, and employees. Stakeholders may use the functional departments for business transactions as channels for communication, such as the Business Division, Finance Department, and Purchase Department, for the ongoing smooth operation of the Company. The Company seeks to maintain a positive relationship with its stakeholders and has established the positions of a spokesman and an acting spokesman as channels for communication. The methods of contact are shown below:				

Evaluation Item			Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
			Yes	No	Description	
Stakeholders	Degree of importance	Topics of concern	Communication channels and frequency	Track of record	channels	
Customers	We value customer satisfaction, and will provide high quality products to create value for the customers.	•Economic performance •Customer health and safety •Marketing and labeling •Customer privacy •Brand management •Product and service innovation	•Customer satisfaction survey (annually) •Visit customers or reception for customer visit (as needed) •Overseas exhibition (from time to time) •Customer/suppliers areas established at the official website	•The customer satisfaction survey result indicated satisfaction at 98.67%. The Company has established the window for customer service, and will respond to the needs and expectation of the customers properly. The result will be reported to the monthly business meeting •Substantive result in 2024: (1) Customer satisfaction is congruent with the annual objective of ISO 9001 (2) Cases of customer complaint are congruent with the annual objective of ISO 9001 (3) Delivery of purchase orders is congruent with the annual objective of ISO 9001.	•Marketing Division: Telephone: 05-5576868 •Service Email: marketing@froch.com •Customer inquiry hotline: 0800-556888～9	

Evaluation Item			Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
			Yes	No	Description	
Investors	The support of the customers is the driving force for the sustainable development of an enterprise. Therefore, we shall protect the right of the investors and establish a viable governance system with sustainable corporate development.	• Product and service innovation • Economic performance • Marketing and labeling • Ethical corporate management • Law and compliance • Sustainable supply chain management • Reduce the waste of resources • GHG management • Water resources management	• Regular session of Shareholders’ meeting (annually) • Institutional Investor Conference (annually) • Annual Report and Financial Statements Disclosure (Annually and quarterly) • Disclosure at MOPS website (from time to time) • Designated email IP and contact telephone number	• Shareholders’ meeting convened in regular session on June 12, 2024 • Hosted physical investor conferences at the Taiwan Stock Exchange 1F Information Display Center and online institutional investor meetings on May 30, 2024 and September 26, 2024 • Quarterly disclosure of reviewed/audited financial statements • Announcement of revenue status annually at MOPS website • Disclosure of 22 items of material information at MOPS website	• Service Email: Spokesman: hsin-ta.chang@froch.com Acting Spokesman: Kuei-Ling.liao@froch.com Telephone Number:05-5571-668#626 • Share registration and investor service agent KGI Securities Co., Ltd. Telephone: 02-23892999 • The Corporate Governance Officer: Telephone Number:05-5571-668#621 Service Email: governance@froch.com	
Suppliers	Indispensable partners on the road to	• Purchase in practice	• Supplier evaluation (annually)	• The Company evaluates the suppliers at regular intervals. In the event of material breach of the	• Purchase Division Contact Number: 05-5573-099#561	

Evaluation Item			Operation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
			Yes	No	
	sustainable corporate development	• Economic performance • Sustainable supply chain management • Customer health and safety	• Undertaking of business ethics and integrity • Visit to suppliers (from time to time) • Customer/suppliers areas established at the official website	code of conduct, the Company will reduce the purchase from the supplier as a penalty until corrective action has been taken. • The Company Is on good terms with the suppliers in the long run, and the product and service of the Company rely on the stable supply of raw materials, parts and components from several suppliers. In addition, the Company will also make use of its influence in the industry to work in cooperation with the supplying partners in the prevention of pollution to the environment and violation of labor human rights.	Service Email: suppliers@froch.com
Employees	Employees are vital for the operation and sustainable development of the Company	• Occupational safety and health • Labor–management relations • Law and compliance	• Information on announcement and notices will be disclosed on the official website of the Company and the personal email of	• Employee Welfare Committee convened 4 times • Occupational Safety and Health Committee convened 4 times • Labor–Management Meeting convened 4 times	• Administration Department Contact Number: 05-5571-667#501 • Service Email: community@froch.com

Evaluation Item			Operation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
			Yes	No	
				healthcare by in-house nurses at the plants (from time to time) • Complaint hotline	
Government institutions	Complying with applicable legal rules and policy requirement of the government	• Occupational safety and health • Reduce the waste of resources • Training in information security • Disaster Emergency Response Training and Drill • Confined Space Operation Hazards and Prevention Seminar	• Law and compliance • Document correspondence • Meeting of competent authority on policy advocacy	• Participation in the conference and training of the advocacy of law with 1,555 participants by head count for a total of 4,108 hours.	• Finance Department Contact Number: (05)5571-668#621 • Service Email: finance@froch.com • Administration Department Contact Number: (05)5571-667#501 • Service Email: administra@froch.com

Evaluation Item			Operation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
			Yes	No	
Community and private organizations	The Company persists in making efforts in social charity and advocating environmental protection for the perpetual circulation of positive force in society under the principle of taking from society and giving back to society.	• Water resources management • Corporate citizen and charity • Local community	• Visit to the local official representatives by designated personnel (from time to time) • Participation in community events • Participation in charity events	• Organization of/Participation in community events, 65 instances • Spending on charity events and donation amounting to NT\$1,821,200	• Administration Department Contact Number: 05-5571-667#501 • Service Email: administra@froch.com
Channel for Grievance Redress	This channel was established for the pursuit of the ethical	Any question and comment from the stakeholders are welcome. We shall explain to you in sincerity Dedicated Hotline: 0800-556888~9 Email address: assist.president@froch.com Regulations of Froch Enterprise Co., Ltd. Governing the Processing of Reporting on Illegal, Immoral or Unethical Practices			

Evaluation Item			Operation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
			Yes	No	
Mechanism	code of conduct and ethical corporate management policy of the Company for assuring sustainable development .	I. Cause This set of Regulations is instituted for the proper pursuit of the ethical code of conduct and ethical corporate management policy of the Company for assuring sustainable development. Therefore, all insiders and outsiders are encouraged to report any act of defiance against the law, moral code, and ethical corporate management principle. II Purpose The system of grievance redress mechanism was established for hearing the complaints from insiders and outsiders as a means for the proper pursuit of the moral code and ethical corporate management principles established by the Company, and assuring the legitimate rights of the informants and parties concerned. III. Channels for processing If any act of defiance against the “ethical corporate management best-practice principles,” “code of conduct” or applicable laws was discovered, report to the designated body of Company through the following channels. Email for reporting: assist.president@froch.com Reporting hotline: 0800-556888~9 Report in writing: send to “Office of the President, No. 122, Gongye Road, Douliu Industrial Park, Yunlin County.” IV. (Responding Procedure) 1. The informant shall report in real name through the channels specified in Article III of the Regulations, and provide adequate information to facilitate the investigation (including the name of the party concerned, the department, the title, the date of the incident and the detail). Any report without real name will not be accepted. If the content of the report entails an investigation, the case will be referred to relevant departments for further action and will be listed as reference for review in internal control. 2. The “Office of the President” is the designated body for responding to complaints. If the report of the complaints involves a Director or a senior executive, the case will be reported to the level of Independent Directors. 3. If the case is proven to be true, the accused will be subject to disciplinary action by the Company or punishment by law. The Company will allow the accused to explain or file a complaint before making a decision on punishment. If the designated body for responding to reports and complaints discovers a material breach of the internal code of the			

Evaluation Item			Operation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
			Yes	No	
		Company or an incident that may inflict material damage to the Company during the investigation, it will compile the findings into a report and inform the Independent Directors in writing. 4. If the personnel of the designated body decline to respond without justifiable reason, or the supervisor of the accused has acknowledged the illegal, immoral, or unethical practice of the accused but failed to take proper action before the complaint was heard, the parties concerned will be subject to disciplinary action under the internal code of the Company. 5. The Company will keep the identity of the informants or the personnel participating in the investigation and the content of investigation in strict confidence to avoid unfair or retaliatory action to these persons. If the parties concerned face unfair treatment or retaliation or other similar action due to the act of reporting the incident or participating in the investigation, they are urged to report to the designated body. 6. The acceptance of the report, the investigation process, and the findings will be tracked on record in hard copy or soft copy, which will be kept safely in due diligence. 7. If the incident being reported has been proven to be true, and the reporting of this incident entails significant contribution or economic benefit to the Company, the informants shall be appropriately rewarded by the President under special petition. V. Miscellaneous Anything not mentioned in the Regulations shall be governed by applicable laws and other internal rules and regulations of the Company. VI. Implementation The designated body of the Company charged with grievance redress mechanism shall report to the Board on the complaint or incident being reported, the handling process, and review of the incident in the aftermath for corrective action.			
VI. Does the Company engage a professional stock affairs agency to handle shareholders' meeting matters?			V		The Company has appointed KGI Securities Co., Ltd. – Stock Affairs Agency Division to coordinate and manage shareholders' meeting affairs. Stock Agency Service, KGI Securities Address: 5F, No. 2, Chongqing South Road Section I, Taipei

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			Telephone: (02)23892999	
VII. Information Transparency				
(I) Does the Company have a website to disclose financial, business, and corporate governance information?	V		(I) The Company maintains an official website that provides timely disclosure of financial information, Board resolutions, corporate governance updates and matters concerning related stakeholders.	(I) No material difference.
(II) Does the Company adopt other means to disclose information (e.g., establishment of an English-language website, appointment of dedicated personnel for information collection and disclosure, implementation of a spokesperson system, disclosure of investor conference materials on the Company's website, etc.)?	V		(II) The Company has appointed a designated body to collect and disclose related information. The Company has also established the system of spokesman responsible for the disclosure of material inside information of the Company as required by law. The Company was invited to participate in an online institutional investor conference hosted by KGI Securities on June 8, 2023, where it presented an overview of its operations. Relevant materials have been disclosed on the MOPS website and the Company's official website.	(II) No material difference.
(III) Does the Company announce and report its annual financial statements within two months after the close of the fiscal year and announce and report its first, second, and third quarter financial reports and monthly operating results by the statutory deadlines?	V		(III) The Company has announced and declared our annual report within the time limit (in 75 days) and also the financial reports covering Q1, Q2 and Q3 (in 45 days) and the monthly business report (before the 10th of each month) pursuant to Article 36 of the Securities and Exchange Act and other requirements. The Company did not announce our annual financial report within 2 months after the end of the fiscal year. The Financial Statements of 2024 has been announced and declared on March 12, 2025. The financial reports for the first to third quarters of 2024 were announced	(III) No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor
	Yes	No	Description	
			and filed on May 9, August 7 and November 8, 2024, respectively.	
VIII. Does the Company have any other material information that may help stakeholders better understand its corporate governance practices (including but not limited to employee rights, employee welfare, investor relations, supplier relations, protection of stakeholder rights, continuing education for directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer-related policies and the Company's purchase of liability insurance for directors and supervisors)?	V		Employee rights and care: The Company treats the employees in good faith and protect their legitimate right under the Labor Standards Act. The Company seeks to build up positive relation with the employees under mutual trust and dependence by providing good welfare system and education and training system so that they could live in a good life. The Company holds regular quarterly Labor–Management Meetings and Employee Welfare Committee meetings. In 2024, it completed the establishment of a system and grievance mechanism for handling unlawful workplace conduct against employees and discussed topics including employee meal provisions, domestic and overseas employee trips and activities and employee health examinations. Investor relation: The Company has a spokesman and an acting spokesman, and has also delegated the Stock Agency Service Department of KGI Securities to respond to the questions and suggestions of the shareholders in concerted effort. The Company held in-person investor conferences (at the Taiwan Stock Exchange 1F Information Display Center) and online institutional investor briefings on May 30 and September 26, 2024, to present an overview of its business operations. Cash dividend payment was accomplished on August 2, 2024 (at NT\$0.5/share). Supplier relation:	No material difference.

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			The Company is in positive interaction with the suppliers in the long run. The product and service of the Company rely on the stable supply of raw materials, parts, and components from several suppliers. In addition, the Company will also make use of its influence in the industry to work in cooperation with the supplying partners in the prevention of pollution to the environment and violation of labor human rights. Stakeholder relation: The Company is engaged in positive interaction with major stakeholders so that they can understand the state of operation of the Company promptly. The Company can also understand the demand and expectation of the major stakeholders for timely response. Continuing education of the Directors: All members of the Board attended the “Corporate Governance and Board Performance Evaluation in Practice – 2024 Edition” training, as well as the “Legal Responsibilities and Risk Prevention for Directors and Supervisors” course organized by TIRI on September 12, 2024. This training totaled six accredited hours. Risk management policy and the pursuit of the risk assessment standard: Different internal rules and regulations have been instituted under the law for the management and assessment of different risks. For information, refer to the section of response in risk management in the 2024 Sustainability Report of the Company.	

Evaluation Item	Operation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons therefor
	Yes	No	Description	
			The pursuit of customer policy: The Company is on good terms with the customers for creating profit for the Company. For information, refer to the section of the commitment and goal for customer relation in the 2024 Sustainability Report of the Company. The professional liability insurance for the protection of the Directors: On December 22, 2023, the Company purchased Directors' Liability Insurance for 2024. On December 18, 2024, the Board resolved to purchase Directors' Liability Insurance for 2025.	
IX. Please explain the Company's improvements based on the most recent corporate governance evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange, and propose priority areas and measures for aspects not yet improved.	The improvements are listed in the table below.			

Improvement indicators	Note to corrective action for improvement
Has the Company disclosed the professional qualifications and experience of the members of the Audit Committee, and gravity of work in the year and the operation? [Priority for Corrective Action]	The Company has disclosed the annual summary of the Audit Committee's work focus on its website.
Has the Company disclosed the information on separate occasions of communication between the Independent Directors, Chief Internal Auditor, and the independent auditors (like the means of communication on matters pertinent to the financial	Refer to pp. 21–23 for information on the communication between the Independent Directors, Chief Internal Auditor and the independent auditors (including materiality in financial position and operation of the Company, and the means and result of the communication). The information on the communication between the Independent Directors, Chief Internal Auditor

reporting of the Company, the state of operation and financial position, the content of communications and the result) on the official website of the Company. [Priority for Corrective Action]	and the independent auditors has been disclosed in the annual report and official website of the Company.
Does the Company's website or annual report disclose the board-approved ethical corporate management policy, specify concrete measures and anti-corruption programs, and describe implementation status? [Priority for Corrective Action]	The Company has designated the General Administration Division as the unit responsible for implementing integrity management. After the completion of the full fiscal year, it reports the execution status to the board and discloses the relevant training implementation in both the annual report and on the Company website.
Are the sustainability reports prepared by the Company submitted to the Board of Directors for approval?	The 2023 Sustainability Report has been submitted to the Board of Directors on August 7, 2024. The 2024 Sustainability Report is scheduled to be submitted to the board for discussion and resolution on June 16, 2025, prior to public disclosure.
Has the Company established and disclosed internal regulations on its website prohibiting directors, employees and other insiders from trading securities using undisclosed market information, including (but not limited to) blackout periods of 30 days prior to annual financial report announcements and 15 days prior to quarterly financial report announcements? Is implementation explained?	On November 8, 2023, the Board of Directors approved the revised "Procedures for Handling Material Inside Information and Prevention of Insider Trading." Article 17 clearly stipulates that directors are prohibited from trading company shares during the 30-day period before annual financial reports and the 15-day period before quarterly financial reports, among other restrictions. In addition, trading of shares or other equity securities issued by the Company at the exchange or OTC market in the names of the Directors or the name of a third party before going public or within 18 hours after going public is also prohibited. The Company will alert the Directors and insiders of the closing period and the avoidance of trading stocks in their holding via email or communication software 20 days prior to the quarterly financial reporting day and 35 days prior to the annual financial reporting day. Additionally, newly appointed directors, managers, and employees receive insider trading prevention and regulatory briefings upon onboarding. At least once per year, such training and legal education is conducted for all current directors, managers and employees. From October 22, 2024, to November 30, 2024, an "Insider Trading Prevention Promotion" campaign was carried out, reaching 390 directors, managers and employees through presentations, posters, video links and scanning QR codes to access promotional videos.

Continuing education for the Directors and Independent Directors in 2024:

Date	Course name	Organizer	Members
2024/09/27	Carbon Management Trends and Responses Toward Net Zero	Taiwan Investor Relations Institute (TIRI)	All Directors and Independent Directors: Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Shun-De

	Emissions (Net[1]Zero) – 3 hours		Wen, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen.
2024/09/27	Securities Law Violations and Director/Supervisor Responsibilities – 3 hours	Taiwan Investor Relations Institute (TIRI)	All Directors and Independent Directors: Bing-Yao Chang, Hsin-Da Chang, Chio-Chi Yang, Jun-Chi Lee, Ching-Yang Juan, Shun-De Wen, Ying-Fang Li, Shu-Fu Wang, Hui-Kue Chen.

(IV) If the Company has established a Remuneration Committee, please disclose its composition, duties and operations:

1. Remuneration Committee Member Information:

Category (Note 1)	Conditions Name	Professional Qualifications and Experience (Note 2)	Independence status (Note 3)	Number of other public companies in which they also serve on remuneration committees
Independent Director (Convener)	Shun-De Wen	Graduate, Graduate Institute of Business Administration, National Chung Cheng University; has served as Director-General, Fengyuan Branch, National Taxation Bureau of the Central Area, Ministry of Finance. The Company may improve the quality of corporate governance by focusing on taxation, finance, and corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act.	According to the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies," directors are elected through a candidate nomination system. During the nomination and selection process for members of the Board of Directors, the Company obtained written	No
Independent Director	Ying-Fang Li	Graduated from the Institute of Business Administration, National Chung Cheng University; has served as Director of National Taxation Bureau of the Central Area, Ministry of Finance. The Company may improve the quality of corporate governance by focusing on taxation, finance, and corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act	declarations from each director, along with their professional experience, proof of current employment, and family relationship disclosure forms, to conduct verification. The information reviewed includes whether the director,	No

Independent Director	Shu-Fu Wang	Graduated from the Department of Accounting at Feng Chia University; has served as Director-General, Fengyuan Branch, National Taxation Bureau of the Central Area, Ministry of Finance. The Company may improve the quality of corporate governance by focusing on taxation, finance, and corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act	their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated enterprises; their shareholding status in the Company; whether they serve as directors, supervisors, or employees of companies having specific relationships with the Company; and whether they have received any remuneration in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliated enterprises.	No
Independent Director	Hui-Kue Chen	Graduated from the Department of Economics, Feng Chia University; has served as Manager of the Huwei Branch, Taiwan Cooperative Bank. Possesses expertise in finance, leadership, and corporate governance, which contributes to enhancing the quality of the Company's corporate governance. Not subject to any of the situations specified under Article 30 of the Company Act		No

Note 1: Please specify in the table the years of relevant work experience, professional qualifications and experience, and independence status of each member of the Remuneration Committee. For Independent Directors, please refer to the relevant content in the appendix on page 6: "Board of Directors Information." Please indicate whether or not the member is an Independent Director or other. (If the member serves as the convener, please annotate accordingly.)

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of each individual member of the Remuneration Committee.

Note 3: Independence Status: Explain the independence status of each Remuneration Committee member, including but not limited to whether the individual, their spouse, or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; the number and percentage of shares held by the individual, their spouse, or relatives within the second degree of kinship (or held under another person's name); whether the individual serves as a director, supervisor, or employee of any company with a specific relationship with the Company (as defined under Paragraph 1, Sub-paragraphs 5–8, Article 6 of the Regulations Governing the Appointment and Exercise of Powers of the Remuneration Committee by Public Companies); and the amount of remuneration received in the past two years for providing commercial, legal, financial, accounting or other services to the Company or its affiliates.

2. Information on Remuneration Committee Operations

I. The Company's Remuneration Committee consists of four members.

II. Term of office of the Fifth Committee: From June 21, 2022 to June 20, 2025. The Remuneration Committee held two meetings in 2024. The qualifications and attendance of committee members are as follows:

Title	Name	Number of actual attendances (B)	Number of attendances by proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark
Convener	Shun-De Wen	2	0	100%	Re-elected 2022/06/21
Member	Ying-Fang Li	2	0	100%	Re-elected 2022/06/21
Member	Shu-Fu Wang	2	0	100%	Re-elected 2022/06/21
Member	Hui-Kue Chen	2	0	100%	Newly appointed 2022/06/21

Other required information:

I. If the Board of Directors does not adopt or modifies the recommendations of the Remuneration Committee, it shall disclose the date of the Board meeting, session, agenda item, resolution of the Board, and the handling of the Remuneration Committee's opinions (e.g., if the Board approves a more favorable compensation package than that recommended by the Committee, the differences and reasons shall be specified): No such circumstances occurred.

II. If any member of the Remuneration Committee expresses dissenting or qualified opinions on resolutions and such opinions are recorded or submitted in writing, the Company shall disclose the meeting date, session, agenda item, all members' opinions and the handling of said opinions: No such circumstances occurred.

III. Remuneration Committee Operations in 2024:

Meeting (session)/date	Content of the motions	Follow-up action	Resolution of the Remuneration Committee	Response to the resolution of the Remuneration Committee
2024/06/12	Assess the remunerations to the Directors and the Managers (at the level of Vice-Presidents and above) in 2023 for relevance with industry standard.	The remuneration for related personnel is only at 85% and 54% of the industry standard. The payroll scale and special bonus ratio for these personnel is justifiable for the time being, and no adjustment is necessary.	Passed as stated in the motion by all members of the Remuneration	The motion presented from the Remuneration Committee has been passed by the Board with all the Directors in session after passing

				Committee.	by all members of the Remuneration Committee.
	2024/11/08	Discussion on the motion of the remunerations to the Directors and the managers in 2024.	According to the Articles of Incorporation of the Company, if the Company has earnings in 2024, appropriate for covering carryforward loss in the first place and the remainder shall be available as distributable income where the employees shall be entitled to 1% and the Directors shall also be entitled to 1% of the remainder as remuneration. This motion is subject to the resolution of the Remuneration Committee, finalization of the Board, and report to the Shareholders' meeting.	Passed as stated in the motion by all members of the Remuneration Committee.	Report to the Shareholders' meeting on 2025/06/16 on the resolution made on 2024/11/08.

(V) Implementation of Sustainable Development Initiatives and Differences with the Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

Evaluation Item	Operational Status (Note 1)			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary Explanation (Note 2)	
I. Has the Company established a governance structure for promoting sustainable development, set up a dedicated or concurrent unit for sustainable development, and authorized senior management to handle related matters, with the Board of Directors		V	The Company has established the "Corporate Sustainable Development Committee" in October 2015. Chairman Ping-Yiao Chang acts as the Director-General. The head of human resources acts as the convenor and a member. The team	Plans are being considered to have the dedicated unit regularly report to the Board of Directors.

overseeing its implementation?			leaders are the executive members of the committees. This committee is charged with 5 dimensions of development, namely, “corporate governance,” “product responsibility,” “energy saving and carbon reduction,” “environment, safety and health management” and “social participation” based on which the framework and foundation for the advocacy of corporate sustainability of Froch Enterprise will be unfolded. Implementation Status: Please refer to pages 97–100 of this annual report.	
II. Does the Company conduct risk assessments on environmental, social, and corporate governance (ESG) issues related to its operations based on materiality and has it established relevant risk management policies or strategies?		V	The Company’s Corporate Sustainability Development Committee conducts ESG risk assessments based on materiality, covering environmental, social, and governance issues related to operations. External consultants have been engaged to assist in formulating relevant strategies. Identified ESG risk issues include: Environmental: Energy management, water and wastewater, emissions and waste management; Social: Labor relations, occupational safety and health, training and education, and workforce diversity; and Governance: Economic performance, market position, procurement practices and legal compliance risks.	Has consulted external experts to assist in developing relevant risk management policies and strategies.

Risk management:

Types of risks	Description of risks	Risk management strategy (responding measures)
Sustainable environment	Increasing volume of GHG emission	1. The Technology Development Division plays a leading role in this function and calls for regular meetings to review the goals of energy saving and carbon reduction and the state of improvement, and to collect related information for reporting to senior management. 2. The carbon management platform will be introduced to assure the accomplishment of organizational inspection and carbon footprint tracking on time to meet the demands of the stakeholders. The Company could also find out the hot spots for improvement at the same time. 3. The corrective actions for improvement include the setup of photovoltaic equipment, speeding up the replacement of obsolete high power consumption equipment, and the introduction of high performance energy materials and technologies. 4. In 2024, total electricity savings reached 268,207.5 kWh.
	Effective Energy Conservation	
	Increasing volume of effluent	1. The production line units are responsible for regulating the consumption of water, and reducing water consumption and the treatment of effluent. 2. Replacement of the obsolete pipework at the plants to avoid waste caused by leaking and reduce the volume of effluent requiring treatment. 3. In terms of waste reduction, the wastewater (including process water) recycling rate was 6.43%.
	Increasing volume of solid wastes for disposal/ Recycling rate stayed low	1. The Administration Department is responsible for keeping statistics on and advocate the reduction of solid waste. 2. Statistics on the generation of solid waste will be compiled on a monthly basis. The statistical data will be presented to senior management for reference. Plant administration will be asked to map out policies for reducing solid waste on the basis of this statistical data. 3. The total volume of waste decreased by 1.1% compared to the previous year and the waste reuse rate exceeded 61%.
	Water and power shortage	1. Monthly evaluation of water consumption of each production line and assure the production lines regulate their own consumption volume. 2. Replacement of obsolete water recycling equipment and use of the recycled water in the production process cooling tower so that water resources could be fully utilized.
	Tropical storms, floods	1. After the announcement of a maritime warning of a tropical storm by the Central Weather Bureau, the Office of Occupational Safety and Health will announce the information to alert related functional units to take precautions and update the status of the tropical storm in line with the news

		update from the Central Weather Bureau.
	Violation of environmental protection laws	1. Environmental protection policy: Complying with applicable laws, risk management, pollution prevention, energy saving and waste reduction, communication and consultation, health improvement, participation by all, and continuous improvement. 2. Laws in effect will be reported to the Environment, Safety and Health Meeting and related functional units will be informed to comply with these applicable laws to avoid violation of the laws governing environmental protection. 3. No record on violation of environmental protection laws in the period of 2022–2024.
Employees	Occupational disasters (Including the impact of COVID-19)	1. The Occupational Safety and Health Committee convenes quarterly to review the status of occupational safety protection. 2. The Environment, Safety and Health Meeting convenes monthly to review the result of short-term action plans, defects, and corrective actions.
	Defatigation (prolonged hours of work)	1. Employees accepting the annual health examination will fill in the work hours themselves. Interviews between employees assigned to high-risk duties (heavy workload) and in-house nurses will be arranged, with follow-up action. 2. The Occupational Safety and Health Committee convenes quarterly to review the status of occupational safety protection.
	High turnover rate (Labor shortage problem)	The employee turnover rate in 2024 was 13.1%. The Company will fill the vacancies. Respective functional units will also make arrangements for the duties and make adjustments accordingly to avoid affecting production and operations.
Operation performance	The risk of integrity	The Company has made the ethical corporate management policy, which is inscribed in the text of the Ethical Corporate Management Best-Practice Principles with disclosure on the official website and the annual report of the Company. For the proper pursuit of the ethical corporate management policy and prevention of any unethical practices to the best of effort. Information on the pursuit of ethical corporate management and the variation from the Ethical Corporate Management Best-Practice Principles, and the causes of the variation will be disclosed on the official website of the Company in order to establish an effective mechanism for corporate governance and risk control and create a positive environment for sustainable corporate development.
	Inadequate transparency of information disclosure	1. Institutional investor conferences will be held twice a year and will be hosted by the spokesman. The status of operations and the prospect will be explained to the investors. The Company held investor conferences on May 29, 2024 and September 23, 2024.

		2. In the event of material incident affecting the financial position of the Company, material information will be disclosed to the public at once. 3. In the event of query of the disclosure of company information, contact the spokesman or the acting spokesperson.	
	Decline of competitive power in market	1. Developed new sales channels and visited potential customers to promote product applications and recommendations. 2. Education and training for the management team to develop the capacity of the sales personnel and build up the performance indicators for the executives.	
	Information Security Incident	1. Determine if the incident is an information security incident, the type of incident, and level of the incident. 2. Report to the immediate superior officer by the level of the incident. In case of emergency, report by telephone/email. If the incident has already affected the operation of the users, it shall be notified related functional units. 3. Implemented mitigation measures to reduce potential harm. If it is necessary, activate the backup mechanism in due procedure. If legal liability entailed, keep track on the incident properly (backup). 4. Analysis of the cause of the incident and solution If it is necessary, introduce an additional protective mechanism and conduct analysis and assessment to determine the procedure, time, and resources required for eliminating the problem, and proceed upon approval. 5. Determine the system, equipment or environment required for recovery, and proceed with the recovery plan where necessary. 6. Review the mean-end consequence and the handling process of the incident, and map out the improvement mechanism. 7. No information security incidents occurred in 2024.	
	Product responsibility (Confronting recall/removal)	1. Refinement of product quality control and the mechanism of return and exchange. 2. Bolstering the consultation and communication with customers for a better understanding of customer expectation, which could be served as the basis for the adjustment of the production plan. 3. If the customers have special requirements of environmental technology standards, comply accordingly to meet customer needs.	
	Interruption of supply chain	1. Short-term risk: Lower information transparency during holiday periods. Response: quick response by information search and investigation with follow-up action. 2. Mid-term risk: the spread of the pandemic for which most countries imposed quarantine, and the postponement of production schedules caused an impact on production and material supply.	

		Response: Compile information on customer feedback and production as quickly as possible, adjust production and resource allocation, and mitigate potential influence to the lowest level. Keep abreast of the status of materials, production and human resources allocation. Response: Activate the supplier BCP investigation mechanism, keep abreast of the information on material supply and switch to other plants for verification if necessary. 3. Long-term risk: Rapid increase in product demand and tightening supply. Response: Keep the delivery lead-time under control and the trend of inventory changes, and take preemptive action to avoid the risk of material shortage. Response: Enhance the buffer level of inventory and purchase from a greater variety of sources to reduce dependence on a particular supplier for overall agility in operation.		
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system in line with industry characteristics?	V		(I) The Company has been certified as a compliant manufacturer under the ISO-14001 Environmental Management System by Lloyd's Register of the United Kingdom. In addition, the Company has undertaken wastewater treatment and reuse initiatives and improved material efficiency to achieve energy conservation and waste reduction.	(I) No discrepancies.
(II) Has the Company committed to improving energy efficiency and using environmentally friendly renewable materials?	V		(II) Comprehensive waste classification, recycling, and reduction measures have been implemented. Control the wasteful use of related resources and monitor to assure efficient use and no waste. The Company has also installed solar panels on the rooftop to generate green energy in-house, thereby reducing environmental impact.	(II) No discrepancies.
(III) Has the Company assessed potential current and future risks and opportunities from	V		(III) In addition to purchasing business interruption insurance, the Company	(III) No discrepancies.

climate change, and adopted responsive measures?			has assessed market risks, supply disruption risks, and disaster risks arising from climate change. The Company will continue to communicate and collaborate with relevant stakeholders to minimize potential impacts. Please refer to pages 93–94 for climate-related information.	
(IV) Has the Company disclosed its greenhouse gas emissions, water consumption, and total waste output over the past two years, and formulated relevant energy-saving, carbon-reduction, water-saving, or waste management policies?	V		(IV) The Company discloses the emissions of nitrogen oxides, sulfur oxides, and other significant gases, as well as water consumption and total waste volume, in its Sustainability Report. The Company also reports the generation and disposal of relevant waste, air pollution control, wastewater treatment, and soil remediation on a monthly and quarterly basis.	(IV) No discrepancies.

Energy-related information

●Energy consumption volume in the organization

The Company adopts the ISO 14001 environmental management system and the ISO 14064--1 GHG emission volume inspection standard to pursue “the advocacy of energy saving and carbon reduction and reduction and improvement of energy consumption” with continued review and improvement so as to reduce the consumption of energy and the cost of energy, and intensify the management of energy. In 2024, the main category of energy consumption was electricity used in product manufacturing. The electricity consumption statistics for each plant and business unit from 2022 to 2024 are as follows.

Area	2022 (10,000 kWh)	2023 (10,000 kWh)	2024 (10,000 kWh)
Taiwan	2560.67	2410.66	2465.33

Explanation: production process was adjusted in 2024 to upgrade production efficiency and reduce equipment utilization rate for the eventual reduction of power consumption.

●Energy consumption volume outside the organization

The electricity consumed by the Company is purchased from Taiwan Power Company, which is used in the plant sites and business locations. Related measures for energy saving have been advocated in the consumption process so as to reduce the capacity of power consumption. The electricity purchased by the Company was not used outside the facility.

●Energy density

The primary process of power consumption in the Company is the production of stainless steel pipes, stainless steel coils and stainless steel plates. The production volume is tracked by “metric ton.” Energy density is expressed by the capacity of power consumption (kWh) per unit production of product (metric tons), indicated by (kWh/metric ton).

Due to an increase in production volume in 2024 compared with the previous year, the energy intensity of the production plants in 2024 rose compared with that in 2023.

The following shows the energy density of the Annual major manufacturing plants and the variation in 2022–2024:

Area	2022 Energy Intensity (Electricity Consumption / Output)	2023 Energy Intensity (Electricity Consumption / Output)	2024 Energy Intensity (Electricity Consumption / Output)	Explanation of Variations
Taiwan	260.65	265.88	262.21	Production volume increased in 2024, resulting in lower energy intensity compared with 2023.

●Reduction of energy consumption

For the effective mitigation of pollution to the environment and reduction of the GHG emission, efforts have been made to assure the reasonable and most efficient use of energy under the management cycle of P-D-C-A for continued improvement. Obsolete equipment has been replaced year after year. Energy saving and carbon reduction were pursued under the principle of engineering control and administrative management every year. The efficient use of energy and the recycling and reuse of resources through energy saving, reduction of waste and the efficient use of energy were adopted to reduce the consumption of energy.

The main plant and the Tailian Plant of the Company have spelled out the plans for energy saving in 2023 and 2024, respectively. Energy consumption has been reduced and the result is shown below.

Area	2022 Energy Saved (Electricity Consumption Reduction in kWh)	2023 Energy Saved (Electricity Consumption)	2024 Energy Saved (Electricity Consumption)	Description of Energy-Saving Projects

		Reduction in kWh)	Reduction in kWh)	
Taiwan (For plants with contracted capacity >800 kW)	252,081	143,637	268,207.5	In 2024, the following energy-saving measures were implemented: 15 outdated TPT welding machines were replaced with new welding machines. 45W composite metal lamps were replaced with LED lighting. These measures were undertaken to achieve energy-saving outcomes.

●Reduce the energy demand in products and services

In response to the government's green energy policy, the Company has planned and installed photovoltaic solar power equipment at the Yuanshan Plant and Yuanfu Plant. The installed capacity at the Yuanshan Plant is 1,995.84 kW, at the Yuanfu Plant is 1,920 kW, and at Plant 1 is 1,816.3 kW. Further installations at other plants will be considered based on operational needs.

Area	2022 Electricity Generation (Electricity Generation in kWh)	2023 Electricity Generation (Electricity Generation in kWh)	2024 Electricity Generation (Electricity Generation in kWh)	Description of Installation Status
Taiwan	4,738,937	4,790,728	5,100,121	Photovoltaic solar equipment with capacities of 1,995.84 kW / 1,920 kW / 1,816 kW was installed in April 2019 / June 2020 / August 2024, respectively. The generated electricity is sold to Taipower.

Carbon emission related information

The trend of the low carbon economy worldwide compelled enterprises to play an increasingly essential role in the management of environmental risk. In the management of carbon emission, the Company controls the emission volume of GHG through collecting carbon emission data, and assures proper management and continued improvement of carbon emission.

There are overlapping activities in different plants that the emission volume of each plant is hard to differentiate that the statistics will be based on the emission of the whole group.

The collection of data and compilation of statistics on GHG emission volume of the whole Group in 2024 were based on the volumes of Scope 1, Scope 2, and Scope 3. The Company will base its installation of photovoltaic equipment for energy saving and continued improvement on the results of carbon emissions, production processes, and desk work activities of the whole group.

The company calculates and controls the density of GHG based on the volume of emissions from Scope 1, which includes direct GHG emissions from materials and products, Scope 2, which includes indirect GHG emissions from energy, including outsourced power supply and petrochemical fuels, and Scope 3, which includes GHG emissions from other sources and the production volume of each plant. This information will serve as a reference for improving energy consumption.

The collection of data on carbon emission and density in 2024 is shown in the table below:

Taiwan									
types	Scope 1			Scope 2			Scope 3		
Item	Emission of carbon dioxide (CO ₂ e equivalent)	Product ion volume (metric tons)	Carbon dioxide density (CO ₂ e/metric tons)	Emission of carbon dioxide (CO ₂ e equivalent)	Product ion volume (metric tons)	Carbon dioxide density (CO ₂ e/metric tons)	Emission of carbon dioxide (CO ₂ e equivalent)	Product ion volume (metric tons)	Carbon dioxide density (CO ₂ e/metric tons)
2022	6124	98241	0.0623	13090	98241	0.1332	74830	98241	0.7617
2023	4969	90666	0.0548	11932	90666	0.1316	337423	90666	3.7216
2024	4418	94023	0.0470	12179	94023	0.1295	372723	94023	3.9642

● Emissions of Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Gases

Since the Company's establishment, we have been a professional manufacturer of stainless steel materials, and we have always been committed to sustainable development. In the face of global warming and environmental change, we are committed to working with the environment to achieve our common goal of sustainable development. In practice, we are committed to effectively controlling substances that are hazardous to the environment during the production process to prevent pollution.

The table below shows the emission volume of different air pollutants from the Company in 2024. The Company has installed pollution control devices to all fixed pollution sources to control the emission of pollutants including Nox, VOCs and particulates. There is no substance emitted that may cause damage to the ozone layer. The Company has also installed air pollution prevention devices, such as dust collectors and rinsing devices, and conducts inspections and tests to declare the emission volume of air pollutants as required by the laws governing air pollution control. The air

pollutants collected by the devices will be properly treated before release. The value of the test on air pollutants was controlled below the required level of the environmental protection laws. It is not necessary to install additional devices for this purpose at this time.

Taiwan						
Area	Major gases					
	Nitrogen Oxides (metric tons)	Sox (metric tons)	POPs (metric tons)	VOCs (metric tons)	Particulates (metric tons)	Hazardous air pollutants (metric tons)
2022	3.516	0	-	0.229	0.171	-
2023	3.720	0	-	0.242	0.188	-
2024	3.198	0	-	0.153	0.157	-

Sold wastes related information

- The generation of solid wastes and related significant impact

For the effective management of the storage of solid wastes, the Company selected appropriate locations at each plant for the cautious storage of solid wastes after sorting by category. If some solid waste can be reused, the Company will appoint qualified contractors recognized by the competent authority of environmental protection for the cleanup and consider recycling for reuse and treatment by qualified contractors.

- Managing solid wastes related significant impact

The Company has properly controlled the flows of solid wastes and removed and recycled solid wastes by qualified contractors with caution. All the hazardous solid wastes of the Company were removed and treated by qualified contractors of Taiwan for assuring the lawful treatment of solid wastes.

- The generation of solid wastes

The Company has collected data and compiled statistics on solid wastes by category and generation volume from 2022 to 2024 for proper control and understanding of the situation so as to handle the solid wastes lawfully.

Area	Types of solid wastes	2022	2023	2024
	Unit	Metric ton	Metric ton	Metric ton
Taiwan	Inorganic sludge	578.65	528.09	474.71
	Plastic mixture waste (raw material packing materials)	113.13	63.58	89.94
	Dumped lubricants	40.26	3.35	6.44
	Other unitary non-hazardous metallic waste or metallic wastes mixtures	5.12	(No output, no removal)	(No output, no removal)

	General industrial wastes (household waste)	125.01	79.31	93.58
	Dumped wood	(Generated without cleanup)	(No output, no removal)	(No output, no removal)
	Non-hazardous collected dust and mixtures.	115.47	120.03	120.61

For plants that generate dumped sludge and lubricants, the Company has appointed legitimate contractors for removal, recycling, and reuse. Dumped lubricant will be collected and stored by authorized unit of the Company and referred to legitimate firms for recycling and reuse. General industrial waste will be referred to cleanup plant for removal and sent to public incinerators for incineration. The cleanup and treatment of waste have been done in conformity to applicable legal rules.

● Waste Disposal and Transfer

Unit: Metric tons

Area	Types of solid wastes	2022			2023			2024		
		reuse	regenerated	Others	reuse	regenerated	Others	reuse	regenerated	Others
Taiwan	Inorganic sludge	565.53	-	-	528.09	-	-	474.71	-	-
	Plastic mixture waste (raw material packing materials)	No	-	-	No	-	-	No	-	-
	Dumped lubricants	40.26	-	-	3.35	-	-	6.44	-	-
	Scrap metal waste (non-recyclable scrap metal)	No	-	-	No	-	-	No	-	-
	General industrial wastes (household waste)	No	-	-	No	-	-	No	-	-
	Others (please specify)	-	-	-	-	-	-	-	-	-
Description	1. Explain the ways of reuse or regeneration of different types of solid wastes by each plant/section/department, and fill in the treatment method in the space below (for example, as construction material, for refining into fuel, and so on) If there is no reuse or regeneration, put down “no” in the space below. 2. If there is reuse or regeneration of solid wastes, put down the ways of reuse or regeneration and also the quantity (by metric ton) in the space below.									

Water resources related information

● Mutual influence of shared water resources

The findings from the scenario simulation by using the Aqueduct tool of the World Resources Institute (WRI) indicated that the risk of water shortage in ASEAN countries in 2030 will be 20–40%. To tackle the problem of water shortage, the management of water resources will be a material topic. The Company is located at Douliu of Taiwan, which falls outside the regions of water supply pressure.

We receive our water supply from Taiwan Water Corporation, and have also obtained access to ground water, which we use, to meet our water consumption needs during production. The purpose of using running water and ground water is for the production process – cooling/rinsing/preventive device-rinsing tower/and also household use. In dealing with the problem of water shortage resulting from extreme weather, we recycle and reuse water in the cooling system, as we understand that the decrease in water supply caused by climate change means that saving water consumption is a common issue for the whole world. The method of recycling the water from the rinsing tower is an adjustment to the management of water resources, advocating for saving water and recycling and reusing water. This effectively helps to mitigate the impact of water shortage.

For the effective treatment of wastewater to the standard of control or discharge, some plants of the Company have installed a wastewater treatment facility and discharge the wastewater after treatment.

The following table shows the consumption of water by the plants and business units of the Company and the installation of the wastewater treatment facility:

Area	Use running water	Use running water/ground water	Recycle and reuse of water from cooling system	Wastewater treatment facility
Taiwan	✓	✓	No	✓

●Managing discharge-related impacts

Some of our plants have facilities for the treatment of wastewater and can directly discharge the wastewater from production in conformity with the control standard of the industrial park or the effluent standard before discharge. Plants equipped with facilities for treating wastewater work in conjunction with the administration of the industrial park to take samples from the effluent 1–2 times a month. In case of nonconformity, proceed with the content stated on the documents approved by the competent authority for water pollution control to take emergency measures in tackling the problem. In addition, the Company has delegated a third-party institution to test the content of water pollutants to avoid the impact of effluent on the environment and assure the content of the effluent conforms to the water pollutant control standard at the industrial park.

Water pollutants will be treated at the plants equipped with treatment facilities before discharge, and will be directed to the exclusive sewage system for effluent arranged by the industrial park for further treatment at the treatment center of the park. The content of the effluent is in compliance with the control and discharge standard of applicable legal rules governing water pollution control.

The data and result of the testing on the content of effluent from the plant sites are shown in the table below:

Plant	Discharge mode	Industrial Wastewater	Fill in the data		
			2022	2023	2024

		(cubic meters) (2024)	SS (mg/L)	BOD (mg/L)	COD (mg/L)	SS (mg/L)	BOD (mg/L)	COD (mg/L)	SS (mg/L)	BOD (mg/L)	COD (mg/L)
Taiwan	☒ For control ☐ Release	19030m3	Average value 16.23	Average value 13.87	Average value 36.57	Average value 12.36	Average value 9.65	Average value 55.94	Average value 8.37	Average value 7.09	Average value 35.99
Control standard: standard of Doutliu Industrial Park			480	480	480	480	480	480	480	480	480

● Water extraction volume

The Company uses running water and group water for meeting the demand in production process and household consumption. The volume of water consumption is shown in the table below:

Plant	Extraction volume in 2022 (megaliters)	Extraction volume in 2023 (megaliters)	Extraction volume in 2024 (megaliters)	Regions with pressure of water resources
Taiwan	121.716	106.611	107.098	No

● Discharge volume

The Company uses running water and ground water to meet the demand in production process and household consumption. Wastewater will be treated by related treatment facilities and discharged to the water treatment plant of the industrial park by respective plants or departments depending on their needs for further treatment and discharge.

The volume of effluent from respective plant sites and departments is shown in the table below:

Taiwan			
Year	Discharge volume in 2022 (megaliters)	Discharge mode	Regions with pressure of water resources
2022	86.45 megaliters	☐ Surface water ☒ effluent treatment plant (industrial park)	No
2023	69.34 megaliters	☐ Surface water ☒ effluent treatment plant (industrial park)	No

2024	76.61 megaliters	☐ Surface water ☒ effluent treatment plant (industrial park)	No
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IV. Social Issues				
(I)	Has the Company established relevant management policies and procedures in accordance with applicable regulations and international human rights conventions?	V	(I) The Company complies with labor and human rights laws in all jurisdictions in which it operates, and promotes important information regarding human rights protection and labor rights to both new and current employees. In addition, should any employee engage in conduct that infringes upon the human rights of others, the Company provides reporting channels for employees. Reports are handled by designated personnel who conduct due diligence investigations. The identity of the whistleblower is kept confidential, and the Company commits to taking no retaliatory action against whistleblowers whose claims are substantiated.	(I) No discrepancies.
(II)	Has the Company formulated and implemented reasonable employee welfare measures (including compensation, leave and other benefits, and appropriately reflected business performance or results in employee compensation?	V	(II) The Company lawfully provides all legally mandated social insurance and related protections in the jurisdictions in which it operates. The Company places great importance on employee compensation and benefits, actively cultivates talent, faithfully implements	(II) No discrepancies.

(III) Does the Company provide a safe and healthy working environment and conduct regular safety and health education for employees?	V		labor laws, and protects employee rights to foster a transparent and pleasant working environment. Effective communication and problem resolution between employees and the Company are achieved through departmental meetings and labor-management conferences. The Company adopts a human-centered management approach based on the principle of labor-management unity and shared accountability, thereby fostering cohesion among employees and enhancing operating performance to achieve the goal of sustainable development. Personal leave, sick leave, occupational injury leave, administrative leave, maternity leave, bereavement leave, matrimonial leave, family care leave, menstrual leave, prenatal leave, paternal leave, and annual leave are provided under the law. Employees may take leave as needed with peace of mind. (III) The Company has a dedicated unit responsible for reviewing workplace conditions to prevent occupational safety incidents. To address excessive indoor heat, ventilation and cooling systems have been installed, and electrolyte-replenishing products are made available near water dispensers. In addition to annual general health examinations, special check-ups are	(III) No discrepancies.
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			provided for employees working in specific manufacturing processes. A registered nurse is stationed onsite to provide emergency response and hygiene training. Pursuant to the “Regulations Governing Health Examination and Management,” the Company conducts annual health check-ups for all employees and foreign migrant workers. Based on the examination results, consultations are provided by professional in-house nurses and contracted physicians specializing in occupational medicine, offering health and hygiene education and recommendations. The Company has established the “Procedure for Education and Training Management” to upgrade the professional competence of individual employees and the occupational safety and health performance of the Company. Annual programs for education and training will be scheduled to meet the needs of the employees in professional competence at the workplace through on-the-job training. This will help to develop a positive attitude toward safe operation. In addition to the training of professional competence, such as licensing and certification of basic occupational safety and health management, operation supervisors,	
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(IV) Has the Company established an effective career competency development and training program for its employees?	V		and equipment operators training, the Company has also arranged for related personnel to receive professional training as supervisors of chemical substances operation and dust work operation, according to the nature of the task to be performed, and obtain the necessary license and certificate. (IV) Resource Input: 1. Review of Leadership Competencies: In 2024, the Company reviewed its leadership competency model and engaged in dialogue with management to align managerial direction. Substantive Results: The competitiveness of the enterprise stems from close collaboration within the organization. Successful training enhances work efficiency and significantly strengthens internal management. Organizational strength and value depend on the level of trust, collaboration, communication, and shared sense of purpose among members, departments, and hierarchical levels. This communication training serves as a key competency for promoting workplace collaboration, improving interdepartmental cooperation, optimizing internal teamwork and efficiency and energizing organizational growth.	(IV) No discrepancies.
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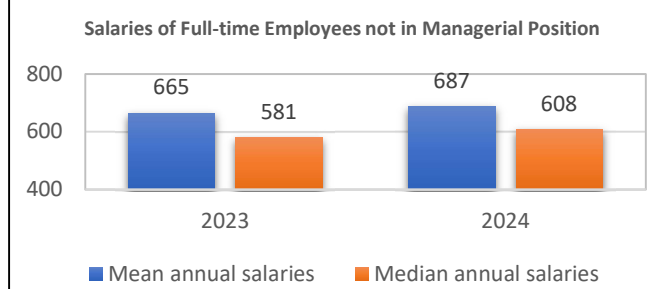
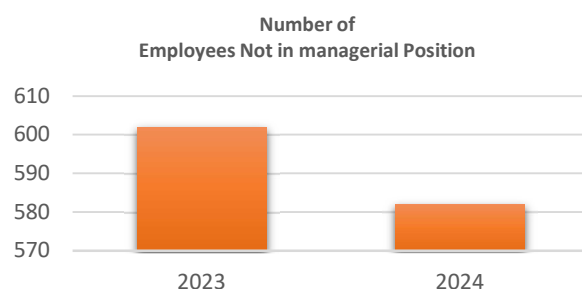
(V)	With regard to customer health and safety, privacy, marketing, and labeling of products and services, does the Company comply with relevant regulations and international standards and has it established policies and grievance mechanisms to protect consumer or customer rights?	V		(V) All of the Company's products comply with applicable standards and are covered by product liability insurance. To protect consumer rights, the Company has established standard procedures for handling customer complaints and feedback. A single point of contact is designated for customer communication to ensure prompt and effective issue resolution.	(V) No discrepancies.
(VI)	Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations concerning environmental protection, occupational safety and health, or labor and human rights, and how are these policies implemented?	V		(VI) The Company conducts periodic evaluations of its suppliers. In cases of major violations, procurement from such suppliers is reduced as a corrective measure until improvements are made.	(VI) No discrepancies.

Employee Benefits

●Salaries of full-time employees not in managerial position

Unit: person/NT\$1,000

Full-time employees not in managerial position	Employee population (annual average)	Mean annual salaries	Median annual salaries
2023	602	655	581
2024	582	687	608
Difference	-20	+32	+27



●Fringe benefits for full-time employees

Employee Benefit Items

Bonus or gift for the three major festivals depending on the business performance of the year, like the Labor Day, Mid-Autumn Festival, and year end. Personal leave, sick leave, occupational injury leave, administrative leave, maternity leave, bereavement leave, matrimonial leave, family care leave, menstrual leave, prenatal leave, paternal leave, and annual leave are provided under

●Parental leave

Leave of absence for parental leave/year	gender	Statistics		
		2022	2023	2024
Number of employees entitled to leave of absence for parental leave.	males	3	0	0
	females	3	0	0
Number of employees taking leave of absence for parental leave.	males	3	0	0
	females	3	0	0
Number of employees to be returned to duties after parental leave (A)	males	3	0	0
	females	3	0	0
Number of returning employees after parental leave (B) (including returning before the end of the leave)	males	3	3	0
	females	2	0	0
Returning rate (B/A)	males	100%	0%	0%
	females	67%	0%	0%
Number of returning employees after parental leave in the previous year and still in employment after returning to duties for 12 months (C)	males	0	2	0
	females	0	2	0
Staying rate (C/B of the previous year)	males	0%	67%	0%
	females	0%	100%	0%

Note 1: The number of employees entitled to parental leave is based on the number of male and female employees who have applied for maternity leave and paternal leave in the last 3 years.

Note 2: Returning rate = (the number of employees returning to duties in the year/the number of employees to be returned to duties in the year)*100%.

Note 3: Staying rate = (number of employees who returned to duties in the previous year and still in employment after 12 months of returning to duties/the number of employees returning to duties in the previous year)*100%.

Occupational Health and Safety

●Occupational Safety and Health Management System

The Company pursues safety and health management in all aspects under the occupational safety and health management system framework and through the planning, execution, checking and improvement (P-D-C-A) cycle of safety and health to create a safety and healthy work environment. The Company also spares no effort in providing education and training, identifying the risks deriving from operations, and complying with applicable laws through the establishment of related systems, documentation, and systematization. High risk tasks are singled out for risk control and management, and are listed as a part of emergency response or managed with special standards. The technical capacity, expense, cost, and the degree of influence of respective plants are considered and sorted out for management as the priority for corrective action. These efforts are made to create a safe and healthy workplace so that the workers can have a safe and healthy work environment. In addition, the Company also make tremendous effort to provide different forms of protection for eliminating hazards and reducing risk.

●Identification of hazards, assessment of risks, and investigation of accidents

The Company proceeds with the identification and assessment of hazards and opportunities of the process/region/personnel/facilities of all production process, activities or services in accordance with the “Procedures for the Identification of Hazards and Assessment of Risks” in order to identify possible hazards deriving from all activities of materials, machine, equipment, operation environment, personnel, customers, contractors and suppliers. The Company sorts out the items entailing high risk that require immediate corrective action, including engineering rectification, fortification of the management system or supply of personal protective gears by the nature of the risk and related control measures, and establishes related goals and solutions of occupational safety and health management for effective improvement and reduction of operation risk.

The Company is a business entity entailing obvious risk. As such, we have established strict control measures in all operational procedures to avoid occupational disasters. In operating dangerous machines and equipment (fixed crane, mobile crane, high pressure equipment and so on), the Company complies with applicable legal rules and conducts voluntary inspections at regular intervals to ensure the safe use of these machines and equipment.

In case of hazards during operation, the Company will investigate the cause of the accident in accordance with the “Procedure for Reporting, Handling, Investigation, and Management of Occupational Disasters” and take immediate and necessary measures for rectification and prevention. The Company will also educate the personnel of related departments on the causes of the accidents and the preventive measures to be taken through

case study sharing to avoid the recurrence of the same or similar accidents.

- Occupational health service/health improvement for workers

The Company provides health examinations for all employees and migrant workers in accordance with the “Regulations Governing Health Examination and Management.” Consultation services will also be provided by in-house professional nurses and contract-based medical experts on the basis of the results of the health examination to explain and give recommendations to employees taking the examination on topics of health and hygiene.

The findings from the health examination in 2024 indicated that 55 employees have health problems. Health consultation has been provided to these employees by the in-house professional nurses for 12 instances and related health services and supervision have also been appropriately arranged.

- Occupational participation, consultation and communication on the works related to occupational safety and health

The Company has established the “Occupational Safety and Health Committee” under law for the review and coordination of matters pertinent to occupational safety and health to assure the protection of the right of the workers and the expression of opinions of the labor to its entirety. The function of the Occupational Health and Safety Committee is the study, coordination and recommendation of matters pertinent to occupational safety and health. This committee is staffed with 1 Director-General, 1 Deputy Director-General (Executive Secretary), 7 representatives from the workers and other 21 members. The organization is specified below:

1. Director-General: This position is held by the Vice President of Business Headquarters.
2. Member (Executive Secretary): This position is held by the Assistant Vice President of Production Headquarters.
3. Occupational safety and health staff: they are the occupational safety and health management staff, administrator, and the function heads of the plants.
4. Engineering staff related to occupational safety and health: the heads of the Technology Development Division and Engineering Section.
5. Medical staff in the health service of the workers: the in-house nurses of the plants.
6. Representatives from workers: the representatives nominated by the representatives to the Labor–Management Meeting.

The content of the Occupational Safety and Health Committee aims to review the items required by applicable laws governing occupational safety and health. The members will propose related motions on occupational safety and health for discussion, and follow up with occupational related accidents that occurred in the plants in the last 3 months and also the findings from the annual health examination to reinforce the work safety of

the employees at the plants. The committee also advocates applicable laws governing safety and health and strengthens the awareness of safety and health among the employees so that they can properly observe the rules of safety and health at the workplace and can properly use protective gear. The occupational safety and health staff will conduct audits on safety and health issues from time to time.

The Occupational Safety and Health Committee convened 4 times in 2024. Topics of occupational safety and health have been discussed. Related functional units will carry out the resolutions of the committee on the basis of the results of the discussion of the members and take appropriate corrective and preventive action to upgrade related issues of safety and health management.

- Training of the workers related to occupational safety and health

The Company has established the “Procedure for Education and Training Management” to upgrade the professional competence of individual employees and the occupational safety and health performance of the Company. Annual programs for education and training will be scheduled to meet the needs of the employees in professional competence at the workplace through on-the-job training. This will help to develop a positive attitude toward safe operations. In addition to the training of professional competence, such as licensing and certification of basic occupational safety and health management, operation supervisors, and equipment operators training, the Company has also arranged for related personnel to receive professional training as supervisors of chemical substances operation and dust work operation, according to the nature of the task to be performed, and obtain the necessary license and certificate.

In 2024, the Company conducted nine sessions of on-site occupational safety and health training and arranged for employees to receive professional qualification or certification training at external training institutions, with the aim of enhancing employees’ awareness of occupational safety and health and equipping them with the qualifications and capabilities to carry out safe work operations and management.

- Prevention and Mitigation of the Impacts directly associated with business relation

The Company has provided charts on safety information for the reference of the operators to protect the safety and health of employees in the use of chemicals in production so that they could understand how to prevent hazards. The volume of using and discharge of controlled chemical substances have also been tracked and inspected. Related areas are also subject to control. In the area where operation may generate dust, like the polishing process, dust collection equipment has been installed to control the drifting of dust. In the wiping process of stainless steel coils, environmentally friendly grease remover is used to wipe out the grease stains to protect the health of the employees. The occupational safety and health unit inspects and supervise the use of ear plugs from time to time to protect the health of the employees at workplace.

- Workers Covered by the 2024 Occupational Safety and Health Management System

The Company responded to the request of Central Taiwan Occupational Safety and Health Center/Yunlin County Government Labor and Youth Affairs Department in safety and health inspection. This helped monitor and control the population of the plant site and conduct internal audits to disclose related information. We were able to effectively monitor and control the situation.

In 2024, the Company had a total of 590 employees. The types of workers covered by the occupational safety and health management system and the types of inspections conducted are as follows:

Management system/applicable legal rules	Type of inspection	Population size	Ratio	Remark
Occupational Safety and Health Act	Internal audit	577	$(577/590) \times 100\% = 97.80\%$	Population of the 9 major plant sites
	Labor inspection (Central Taiwan Occupational Safety and Health Center/Yunlin County Government Labor and Youth Affairs Department)	442	$(442/590) \times 100\% = 74.92\%$	The labor inspection institution mainly aims at the on-site inspection of the production sites.

Information on Occupational Injuries and Diseases

For the elimination of hazards and reducing risks, and the upgrade of safety and health at workplace, the prevention of occupational hazards will be the vital goal of the Company. From 2022 to 2024, occupational safety incidents occurred. Employees suffered injuries such as being caught in machinery, being cut by sharp objects, or accidental falls while operating equipment. The Company's occupational safety unit promptly conducted investigations and implemented subsequent on-site improvement measures, including: providing protective equipment, installing protective hardware facilities, strengthening operational safety protections, and enhancing education and training, in order to prevent recurrence of similar incidents in the future.

The Company has provided protective gear for employees in the event of potential dangers on the shop floor. Additionally, health examinations have been provided to employees. The use of protective gear and the results of health examinations indicate that our employees have not suffered from occupational diseases.

- Employees/Non-employees – Statistics on Occupational Injuries and Occupational Diseases
- Employees/Non-employees – Statistics on Occupational Injuries

and Occupational Diseases					
Statistics/year		2022	2023	2024	
Total Hours Worked (Note 1)		1475252	1439922	1414344	
Fatal Occupational Injuries	Population size	0	0	0	
	Ratio	0	0	0	
Severe Occupational Injuries	Population size	0	0	0	
	Ratio	0	0	0	
Recordable Occupational Injuries	Population size	4	11	7	
	Ratio	2.7114	7.6393	4.9493	
Occupational Diseases	Population size	0	0	0	
	Ratio	0	0	0	
Recordable Occupational Diseases	Population size	0	0	0	
	Ratio	0	0	0	

● Occupational employees/non-employees – Statistics on the types of occupational injuries and diseases

Employees/non-employees – Statistics on the types of occupational injuries and diseases

Types/year		2022	2023	2024	Note to corrective action addressing to hazards
Types of occupational injuries	Pinching and dragging into machine	3	3	3	Intensify protection of equipment and advocacy on occupational safety with utmost attention
	Falling	0	0	0	Pursuit of 5S requirements and assurance of clean workplace
	Falling object	1	1	0	Reinforce the support of objects to assure stable adherence during operation, and demand a high level of safety for operation at high altitude. Personnel shall stay away from handling objects.
	Cut and scratches	2	2	1	Provide protective gloves
	Crush Injuries	0	0	2	Hazard-prone workstations were identified through hazard identification, and awareness of proper positioning was promoted through education and training as well as walk-through management.
	Bumping	4	4	0	Seek assistance from colleagues where necessary. In collaborative operation, mutual confirmation of the commands is necessary, and pay utmost attention to the locations of one another.
	Improper move	1	1	1	Employees are reminded not to rush in the operation, and pay attention to the safety of the surrounding environment at all times.

Information on education and training

- The average hours of education and training for each employee in one year

The average hours of education and training for each employee in one year					
Statistics/year		2022	2023	2024	Explain by words on the difference of the training hours of employees in the previous year
Average hours of training for each employee (Note 1)		3.54	4.44	4.11	Remark: Make full effort in pursuing the education and training development strategy, design a viable training program for the supervisors and managers at all levels to satisfy the development need of the Company and the business goals. Key programs have been launched in 2024 to improve the participation of employees in the training.
Average hours of training of employees by gender	females	1.97	2.92	3.99	
(Note 2)	males	3.81	4.63	4.89	
Average hours of training of employees by type of duty	Direct	3.57	4.12	3.57	
(Note 3)	Indirect	3.52	4.73	4.64	
Note 1: Average training hours for each employee: Total training hours for all employees in the year/total population of employees at the end of the year.					
Note 2: Average training hours for each female employee: Total training hours for all female employees in the year/total population of female employees at the end of the year.					
Note 3: Average training hours for each employee of specific type of duty: Total training hours for all employees of specific type of duty in the year/total population of employees of specific type of duty at the end of the year.					

- Enhancement of Employee Competencies and Transitional Assistance Programs

Type of assistance	The types and scopes of programs launched and the assistance provided
Training programs for the upgrade of occupational skills of the employees	Froch Enterprise supports the development policy of the Company and provides effective training of professional knowledge and skills in the orientation of new employees, on-the-job, in rotation of duties, and in promotion to improve operational efficiency and work quality. This will help to interweave corporate development and employee skill development plan for successful corporate development of the organization and competence in sustainable development. Human resources development is for all levels, both genders, and all ages of employees, from new entrants to management level. Learning activities will be designed to fit the kind of vocation skills for relevant levels and duties to help the employees in developing their skills and capacity in different aspects, and upgrading the overall competitiveness of the enterprise.

Assistance in continued employment (retirement or termination of employment relation)		The Company will circulate the “Survey on Intent of Retirement” form to the employees in the year prior to their retirement. The employees about to retire will fill in this form with countersignature by the function head of the employee. Employees who plan to retire shall apply with the Company 60 days (inclusive) in advance. On receiving the application for retirement, the Company shall make approval 15 days prior to the day of retirement.			
●Percentage of employees receiving routine inspection on performance and career development.					
Employees Reviewed in 2024		Number of employees under review	Total population of employees	Percentage	
gender	Male	492	508	96.35%	
	Female	82	86	95.35%	
Employee by type of duty	Direct	290	291	99.66%	
	Indirect	284	303	93.73%	
V. Has the Company adopted any internationally recognized reporting standards or guidelines for the preparation of its sustainability reports or other reports disclosing non-financial information? Was the aforementioned report assured or verified by an independent third-party assurance provider?			V	The Company’s 2023 Corporate Sustainability Report is scheduled for preparation and public disclosure in June 2024. It is prepared in accordance with the latest GRI Standards. However, it has not been assured by an independent third-party assurance provider.	Efforts will be strengthened to ensure the completeness of disclosed information and to obtain assurance.
VI. If the Company has established its own sustainability practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," please describe its implementation and any deviations from the established principles: The Company has formulated a Code of Corporate Social Responsibility to fulfill its role as a corporate citizen and demonstrate its commitment to employees, shareholders, and consumers. In addition to promoting transparency, the Company is actively involved in green environmental protection efforts to help save the planet, as well as participating fully in public welfare and community activities. These efforts are consistent with the “Corporate Sustainability Best Practice Principles for TWSE/TPEX-Listed Companies” established by the Company.					
VII. Other Key Information Relevant to Understanding the Company’s Corporate Social Responsibility Practices: 1. Environmental Protection: Facilities have been set up for the removal, treatment, and recycling of wastewater, waste soil and other waste materials.					

2. Community Engagement and Services: Community outreach and neighborhood watch activities are arranged on a regular basis.
3. Social Contribution: The Company continues to promote sustainable development under the philosophy of putting people first, respecting customers, protecting the planet, and ensuring peaceful and prosperous lives.
4. Social Welfare: Charitable organizations are supported through intermittent donations.
5. Consumer Rights: Product liability insurance has been purchased, and a toll-free consumer service hotline (0800) has been established.
6. Human Rights: Public accident liability insurance and group insurance for employees have been purchased.

- Note 1: If the implementation status is indicated as “Yes,” please explain the key policies, strategies, measures adopted, and the implementation status. If indicated as “No,” please explain the reasons and describe plans for adopting relevant policies, strategies and measures in the future.
- Note 2: For companies that have prepared sustainability reports, the implementation status may refer to the method of accessing the report and the relevant index page numbers.
- Note 3: The materiality principle refers to environmental, social, and corporate governance topics that may have a significant impact on the Company’s investors and other stakeholders.

(VI) Status of Ethical Management Implementation and any deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons thereof.

1. Implementation of ethical corporate management

Evaluation Item		Operation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons thereof
		Yes	No	Description	
I.	Establishment of Ethical Corporate Management Policies and Programs				
(I)	Has the Company clearly stated its ethical corporate management policies and practices in internal regulations and external documents, and do the Board of Directors and management actively implement these policies?	V		(I) The Company's "Employee Code of Conduct" explicitly stipulates that employees shall faithfully perform their duties and maintain confidentiality regarding all business-related matters. Furthermore, they shall, uphold the Company's reputation, and employees are prohibited from making unauthorized public statements or using the Company's name for personal activities.	(I) No discrepancies.
(II)	Has the Company established a mechanism for assessing risks of unethical conduct, regularly analyzed and assessed operating activities with a higher risk of unethical behavior, and developed preventive measures that at least cover the conduct specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies"?	V		(II) The Company conducts training for employees to ensure thorough understanding of Company policies and relevant laws and regulations.	(II) No discrepancies.
(III)	Has the Company implemented preventive measures for the conduct specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" or	V		(III) In addition to background checks prior to employment, new hires deemed to pose a higher risk of unethical conduct in their respective business areas are required to sign	(III) No discrepancies.

Evaluation Item	Operation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons thereof
	Yes	No	Description	
other high-risk activities within its business operations?			confidentiality agreements. It is explicitly stated that if any benefit is gained through unethical behavior, the individual must compensate the counterparty for losses incurred, and the Company will terminate the employment contract and pursue corresponding criminal liability.	
II. Implementation of Ethical Corporate Management				
(I) Does the Company evaluate the ethical records of counterparties and explicitly incorporate ethics-related clauses in contracts signed with them?		V	(I) The Company does not explicitly include ethical clauses in contracts with trading counterparties; however, all business transactions are conducted in a fair and transparent manner, ensuring impartial relationships between the parties.	(I) Not applicable.
(II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and does it report the implementation of ethical policies and programs to prevent unethical conduct to the Board at least annually?	V		(II) The Company has appointed the General Administration Division as the designated body charged with ethical corporate management. This body will report to the Board on the progress of work for the whole year.	(II) No discrepancies.
(III) Has the company established policies to prevent conflicts of interest, provided appropriate reporting channels, and ensured effective implementation?	V		(III) The Company strives to avoid transactions with related parties and prefers to procure from independent third parties; if unavoidable, transactions are still conducted through public inquiries and price comparison procedures. If the related party holds voting rights, they are granted the right to express their opinion but must recuse themselves and refrain from participating in the vote.	(III) No discrepancies.

Evaluation Item	Operation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons thereof
	Yes	No	Description	
(IV) Has the Company established effective accounting and internal control systems to implement ethical corporate management, and are these systems regularly audited by the internal audit unit or by external accountants?	V		(IV) To ensure the implementation of ethical corporate management, the Company has established effective accounting and internal control systems. Internal auditors conduct regular follow-up audits and report to the Board of Directors.	(IV) No discrepancies.
(V) Does the Company regularly conduct internal and external training on ethical corporate management?	V		(V) The Company uses weekly and monthly meetings to occasionally promote relevant ethical management guidelines, ensuring employees are informed and able to practice these standards.	(V) No discrepancies.
III. Operation of the Company's Whistleblower Mechanism				
(I) Has the Company established a concrete whistleblower and reward mechanism, provided accessible reporting channels, and designated appropriate personnel to handle such reports?	V		(I) The Company has established the "Employee Grievance Handling Guidelines" to promote related complaint procedures, and has set up a mailbox for reporting or feedback to provide a communication channel for complainants. The Human Resources Department serves as the primary handling unit, convenes a personnel/grievance review meeting, and submits the outcome for the President's approval.	(I) No discrepancies.
(II) Has the Company established standard operating procedures for investigating reports, follow-up actions, and related confidentiality mechanisms?	V		(II) The Company has explicitly established standard operating procedures for handling relevant complaints, ensuring that the investigation and processing protect the privacy and other personal rights of the parties involved, and that all documents are treated as	(II) Not applicable.

Evaluation Item	Operation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons thereof
	Yes	No	Description	
(III) Does the Company implement measures to protect whistleblowers from improper treatment as a result of reporting?	V		confidential. (III) The Company adopts a confidentiality principle regarding whistleblowers, ensures no improper treatment is imposed, and promotes appropriate complaint channels through legally recognized institutions.	(III) No discrepancies.
IV. Enhancement of Information Disclosure Does the Company disclose the contents and results of its ethical corporate management policies on its website and the Market Observation Post System (MOPS)?	V		In addition to disclosing relevant operational information, the Company also discloses the contents of its ethical corporate management policies on its website.	Not applicable.
V. If the company has established its own Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please explain any differences between its practices and the principles: No discrepancies identified. The Company has instituted the Ethical Corporate Management Best-Practice Principles and the regulations governing the reporting of illegal, immoral, or unethical practices, and has posted related information on its official website. The Company operates in accordance with the aforementioned principles and regulations, which conform to the Ethical Corporate Management Best-Practice Principles for TWSE and TPEX-Listed Companies.				
VI. Other Important Information to Facilitate Understanding of the Company’s Ethical Corporate Management Practices (e.g., revisions or reviews of the Company's ethical corporate management policies) The Company duly observes the Company Act, Securities and Exchange Act, legal rules governing companies listed at TWSE and TPEX, and other applicable laws as the foundation for the pursuit of ethical corporate management. Any unethical practices exhibited by counterparties of trade in business transactions are also strictly prohibited. The Company has instituted the “Ethical Corporate Management Best-Practice Principles,” and the				

Evaluation Item	Operation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons thereof
	Yes	No	Description	
“Ethic Code of Conduct” on December 17, 2015, and also the “Regulations Governing the Reporting of Immoral or Unethical Practices” on December 22, 2023 for the proper pursuit of ethical corporate management.				

(VII) Climate-related information

1. Risks and opportunities posed by climate change to the Company and corresponding mitigation measures adopted.

Item	Item	Implementation status
1	Specify the effort of the Board and the management in the supervision and governance of climate-related risks and opportunities.	1. The Board of the Company has established the “Corporate Sustainable Development Committee (known as “ESG Committee”. The President acts as the convener of this committee and the function includes sustainable environment, corporate social responsibility, corporate governance, ethical corporate management, risk management, human resources development, intellectual property, and information security. 2. “Corporate Sustainable Development Committee” presents the annual plan and result of implementation to the Board.
2	Specify in what way identified climate-related risks and opportunities affect the business, strategy, and financial position of the Company.	1. Business: the supply structure changed the mechanism of products and services, and affected the market. 2. Strategy: attune to climate change 3. Financial position: additional cost of operation may incur that dictated for a change in the policy.
3	Specify the influence of extreme weather incidents and transformation on financial position	Extreme weather incidents: may cause damage to the assets (equipment/facilities) or the interruption of the supply chain (raw materials). Transformation actions: support low carbon, and technology improvement and innovation in order to upgrade the overall competitiveness of the Company.
4	Specify in what way the identification, assessment and management of risk be integrated into the overall risk management system.	1. Seek understanding of potential and significant risks through routine attention to the international/domestic regulatory environment as a reference for the decision-making of the Company. 2. Routine meetings for discussion and routine reporting on the progress.

5	If scenario analysis is adopted in the assessment of the resilience in response to the risk of climate change, specify the scenarios, parameters, hypotheses, factors of analysis and major impact on financial position.	1. Moderate scenario: warming is kept under control that entails lower level of risk. 2. Critical scenario: warming cannot be kept under control soon enough that led to extreme weather which in turn intensify the risk of disaster. 3. Carbon related fees may affect financial position.
6	If there is a plan of transformation for managing climate-related risks, specify the content of the plan, and the indicators and objectives adopted for the identification and management of substantive risks and the risk of transformation.	1. Responses: Continue to pay attention to climate-related information released by the government. 2. Substantive risks: “The responsible units proceed with related preparation in operation, response measures to unusual climate condition with confirmation through oversight and inspection.”
7	If internal carbon pricing is adopted as the planning tool, specify the basis on which the price was set.	The Company has not yet designed the internal carbon pricing mechanism. We could only wait and see the further regulatory effort of the government.
8	If climate-related goals have been set, specify the activities, scope of GHG emissions, and the planning schedule, as well as the information on the annual attainment rate under these goals. If carbon offsets or regenerated energy certificates (RECs) are used to achieve related goals, specify the amount, sources, and quantity of carbon for offsetting, or the quantity under the RECs.	Short-term goal (2–3 years): The volume of GHG emission in 2025 will be 5% less than the volume of 2023. (Example: replacement of lighting fixture/replace the air compressor with devices with frequency converter. Mid-term goal (7–8 years): The volume of GHG emission in 2030 will be 20% less than the volume of 2023. (Example: Energy efficiency of Taiwan improved/regenerated energy plan). Long-term goal: 2050 carbon neutrality (Example: Energy efficiency of Taiwan improved/carbon offset/substitute of fuel and raw materials)
9	GHG inspection and assurance.	Fill in the form of “GHG inspection and assurance.”

GHG inspection and assurance.

- The Company conduct GHG inspection in accordance with the following standards:
 - Greenhouse Gas Protocol (GHG Protocol)
 - ISO 14064--1 released by International Organization for Standardization (ISO).
- Assurance providers must conform to the rules of assurance of Sustainability Reports instituted by Taiwan Stock Exchange Corporation and TPEX.
- Subsidiaries may fill in separate forms, and compile the data into the forms (Example: by country, region), or fill in combined information in the same form.
- The density of GHG emission volume may be calculated by unit product/service or revenue. Yet, the data on the calculation of revenue (in NT\$1,000) shall at least be disclosed (Note 2).
- The proportion of the emission volume of business locations or subsidiaries to the total emission volume of the Company not included in the inspection shall be limited to 5%. The aforementioned total emission volume refers to the emission volume calculated in accordance with Note 1 for filling in the form and the mandatory scope of inspection.

6. Summarize the content of the Assurance Report issued by the assurance provider in explaining the status of assurance, and upload the Assurance Opinion (Note 3).

Basic information on the Company ☒ Companies with paid-in capital over NT\$10 billion, steel industry, and cement industry ☐ Companies with paid-in capital over NT\$5 billion but less than NT\$10 billion ☐ Companies with paid-in capital under NT\$5 billion	According to the sustainable development road map for TWSE and TPEX listed companies, the following must be disclosed ☒ Inspection on parent company only ☒ Inspection of subsidiaries included in the consolidated financial statements. ☒ Assurance on parent company only ☐ Assurance on subsidiaries included in the consolidated financial statements.
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Scope 1	Total emission volume (Metric ton CO ₂ e)	Density (Metric ton CO ₂ e/NT\$1,000) (Note 2)	Assurance provider	Note to assurance provider (Note 3)
Parent company	4,418	0.0470	LRQA LRQA	The scope of GHG inspection and assurance of the Company in 2024 includes: all production and business locations of the Company. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Subsidiaries	1,300	0.0292	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: all production and operation sites of its subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Total	5,718	0.0413	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: the Company and all production and operation sites of its subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.

Scope 2	Total emission volume (Metric ton CO ₂ e)	Density (Metric ton CO ₂ e/NT\$1,000) (Note 2)	Assurance provider	Note to assurance provider (Note 3)
Parent company	12,179	0.1295	LRQA LRQA	The scope of GHG inspection and assurance of the Company in 2024 includes: all production and business locations of the Company. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Subsidiaries	4,989	0.1121	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: all production and operation sites of its subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Total	17,168	0.1239	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: the Company and all production and operation sites of its subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Scope 3 (voluntary disclosure)	Total emission volume (Metric ton CO ₂ e)	Density (Metric ton CO ₂ e/NT\$1,000) (Note 2)	Assurance provider	Note to assurance provider (Note 3)
Parent company	372,723	3.9642	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: the Company and all production and operation sites of its subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Subsidiaries	208,966	4.6953	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: the Company and all production and operation sites of its

				subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.
Total	581,689	4.1991	LRQA LRQA	For the year 2024, the scope of the Company's greenhouse gas inventory and assurance includes: the Company and all production and operation sites of its subsidiaries. Note: The net income after tax of the Company amounted to NT\$235,827 thousand in 2024. The density stands for the GHG generated for every NT\$1,000 of revenue.

(VIII) If the Company has instituted the code of corporate governance and related rules, disclose the methods of inquiry:

The rules and regulations of the Company related to corporate governance have been posted on the MOPS website of Taiwan Stock Exchange Corporation, under the index of "Corporate Governance" – "Establishment of the Rules and Regulations for corporate governance." Investors may access <https://www.mops.com.tw> for inquiry, or download from the website of Froch Enterprise (<https://www.froch.com/tw>)

(IX) Disclose if there is vital information that helps to understand the pursuit of corporate governance better

Information on the organization and function of the Sustainable Development Committee

The Company has established the "Corporate Sustainable Development Committee" in October 2015. Chairman Ping-Yiao Chang acts as the Director-General. The head of human resources acts as the convenor and a member. The team leaders are the executive members of the committees. This committee is charged with five dimensions of development, namely, "corporate governance," "product responsibility," "energy saving and carbon reduction," "environment, safety and health management," and "social participation" based on which the framework and foundation for the advocacy of corporate sustainability of Froch Enterprise will be unfolded.

The Company also established the position of Corporate Governance Officer on March 23, 2021 to align with international development trends. The Board resolved to appoint Wen-Chi Chang, Manager of the Finance Department, as the Corporate Governance Officer on June 9, 2022. He will work in conjunction with the "Corporate Sustainable Development Committee" in planning the work for sustainable development, such as environmental management and climate action.

The committee shall perform the following functions in assisting the Board to achieve the goal of sustainable development and the advocacy of corporate sustainable development work:

- (1) Merge the corporate culture with the topics of sustainable development in the future, map out the mission, vision, and development policy.
- (2) Review the pursuit of sustainable development and the result, and report to the Board at regular intervals.
- (3) Pay attention to the topics for the concern of the stakeholders, and the supervision of the communication plan.
- (4) Other resolutions of the Board to be carried out by the committee.

Members of the Sustainable Development Committee

Title	Members	Primary function
Director-General	Bing-Yao Chang Chairman	• Business policy • Operation performance
Convener of the committee	Manager of Human Resources Division	• Labor–management relations • Training and education • Information security
Executive members	Person in charge of operation governance team	• Financial performance • Corporate governance • Internal audit • Law and compliance • Risk management
Executive members	Person in charge of the product responsibility team	• Production process of product and dispensing of materials • Product responsibility
Executive members	Person in charge of the energy saving and carbon reduction team	• Carbon inspection • Energy management
Executive members	Person in charge of environment, safety and health management team	• Environment management • Testing of production process for environmental protection • Dumps, effluent and solid wastes • Environmental protection performance and spending • Occupational safety and health
Executive members	Person in charge of the social participation team	• Human resources • Customers and suppliers community participation

The performance of the Sustainable Development Committee in the previous year

date	Content	Report to the Board
2024/03/13	Organization GHG inspection report and discussion on status of progress	First session of the Board in 2024
2024/05/09	Organization GHG inspection report and discussion on status of progress	Second session of the Board in 2024
2024/08/07	Organization GHG inspection report and discussion on status of progress	Fourth session of the Board in 2024
2024/08/07	Content and Implementation Results of the 2023 Sustainability Report	Proposal reported and approved.
2024/11/08	Organization GHG inspection report and discussion on status of progress	Sixth session of the Board in 2024
2025/03/12	Organization GHG inspection report and discussion on status of progress	First session of the Board in 2025
2025/05/08	Organization GHG inspection report and discussion on status of progress	Second session of the Board in 2025

The Corporate Governance Officer reported to the Board of the Company on corporate governance in action on 2024/8/7:

types	5 Dimensions	Planned items	Content of the plan and implementation
Environment	Energy saving and carbon reduction	Advocacy of energy saving and carbon reduction and perform the corporate responsibility in sustainability	1. Energy management: Improvement of the equipment at the plants that help to save energy.
			2. Wastewater and Waste Management: Fulfilling corporate supervisory responsibilities by conducting follow-ups and on-site visits to all disposal and treatment vendors to ensure all waste is properly handled.
			3. Water and effluent: Upgrade the equipment for high efficiency of water treatment, mitigate the impact on the surrounding environment.
	Environment, safety and health management	Intensify the advocacy and bolster the policy of occupational safety and health	1. All the working conditions at the plants shall be complying with applicable laws.
			2. Exercise drills on responding to emergency and fire safety to familiarize the emergency respond procedure.
			3. Organize lectures and seminars for the bonded warehouse staff for licensing and certification to meet the requirement of the customs.

Society	Social participation	Continue to advocate labor–management harmony	● No material issue of labor–management relations and no illegal incidents.
		Launch education and training to realize self-learning for growth of the employees.	● Provide programs on diversity of professional skills so that employees can upgrade themselves.
Governance	Corporate governance	Fortify corporate governance	1. Calling for the annual institutional investor conference The 2024 Institutional Investor Conferences were successfully convened on May 29, 2024, and September 23, 2024.
			2. The Company has uploaded the English version of the annual report 16 days prior to the day of the Shareholders' meeting. The 2023 Shareholders' Meeting Annual Report (Chinese and English versions) was uploaded on May 23, 2024. Accomplished 20 days before.
			3. Appointment of TIRI to conduct external evaluation on the performance of the Board once every 3 years. The 2022 Board of Directors has completed the external performance evaluation.
		Upgrade corporate performance	● Continue to advocate cost reduction, enhancement of product value, and improvement of operation performance.
	Product responsibility	Product warranty	● Assuring products meet customer needs and safety under the ISO 9001 and ISO 14001 management systems, production and inspection conform to the rules and regulations of ASTM, JIS, EN and CNS to provide customer service before and after sale to meet the goal of quality assurance and traceability for improvement.

(X) The implementation status of the internal control system shall disclose the following matters:

1. Internal Control Declaration

Froch Enterprise Co., Ltd.
Statement of Internal Control System

Date: March 12, 2025

Based on the results of a self-assessment, the Company hereby declares the following regarding its internal control system for the fiscal year 2024:

- I. The Company is fully aware that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and management. The Company has duly established such a system. Its purpose is to provide reasonable assurance toward the achievement of operating effectiveness and efficiency (including profitability, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
- II. Internal control systems have inherent limitations. Regardless of how well designed, even effective internal control systems can only provide reasonable assurance of achieving the above objectives. Moreover, the effectiveness of internal control may change due to changes in the environment and circumstances. Nevertheless, the Company has in place a self-monitoring mechanism for its internal control system and will take corrective actions once any deficiency is identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the "Regulations"). The judgment criteria adopted by the Regulations divide the internal control system into five components according to the management control process: 1. Control Environment; 2. Risk Assessment and Response; 3. Control Activities; 4. Information and Communication; and 5. Monitoring Activities. Each component comprises several items. For details, please refer to the provisions of the Regulations.
- IV. The Company has used the aforementioned criteria to assess the effectiveness of the internal control system’s design and implementation.
- V. Based on the results of the aforementioned assessment, the Company considers that its internal control system for the period from January 1 to December 31, 2024 (including the supervision and management of subsidiaries), covering the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations, was effectively designed and implemented and is capable of reasonably ensuring the achievement of the aforementioned objectives.
- VI. This statement shall be included as a key section in the Company's annual report and public prospectus and disclosed publicly. Any false statements or concealments in the aforementioned public disclosures may entail legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company’s Board of Directors on March 12, 2025. All members agreed with the contents of this Statement and hereby declare accordingly.

2. If the Company engaged a CPA to perform a special audit of the internal control system, the CPA's review report shall be disclosed: None.

(XI) Major Resolutions of the Shareholders' Meeting and the Board of Directors for the Most Recent Fiscal Year and Up to the Annual Report Publication Date

1. Major resolutions of the shareholders' meeting:

Shareholders' Meeting	date	Major Resolutions	Implementation status
Shareholders' Meeting	2024.06.12	1. Approval of the 2023 Business Report and Financial Statements. 2. Approval of the 2023 Earnings Distribution Proposal. 3. Approval of amendments to the Company's "Articles of Incorporation."	2023 Earnings Distribution Proposal: A cash dividend of NT\$0.50 per share is to be distributed. Ex-dividend date: July 10, 2024; Cash dividend payment date: August 2, 2024.

2. Major Resolutions of the Board of Directors:

(1) Major Resolutions of the Board of Directors for 2024 Include:

Board of Directors	date	Major Resolutions
Board of Directors	2024.03.13	1. Approval of the 2023 Financial Reports and Financial Statements. 2. Approval of the 2023 Earnings Distribution Table. 3. Approval of the 2023 Internal Control System Self-Assessment Statement. 4. Passed the motion of cancellation of the previous amendment to the "Articles of Incorporation" of the Company. 5. Passed the motion of payment for the service of the certified public accountants (independent auditors) for the Company in 2024. 6. Approval of the pre-approval review principles for non-assurance services provided by the Company's signing CPA. 7. Passed the motion of amendment to "The Organization Code of the Audit Committee" 8. Passed the motion of the topics and date for the 2024 shareholders' meeting in regular session.
Board of Directors	2024.05.09	1. Passed the motion of the consolidated financial statements of the Company covering 2024 Q1. 2. Passed the motion of endorsement and guarantee in favor of Wuxi Froch Metal Products Co., Ltd.
Board of Directors	2024.06.12	1. Approval of the ex-dividend date and share transfer suspension period for 2024. 2. Passed the motion of borrowing from banks for cash dividend payment. 3. Approval of the extension and modification of the original right-of-use asset with related party – Beittia Metals.
Board of Directors	2024.08.07	1. Passed the motion of the consolidated financial statements of the Company covering 2024 Q2.
Board of Directors	2024.08.14	1. Approval of the 18th share buyback program to safeguard the Company's credit and shareholder equity.
Board of Directors	2024.11.08	1. Approval of the change of the Company's signing CPA effective from the 2024 Q3 financial statements.

		2. Passed the motion of the consolidated financial statements of the Company covering 2024 Q3 3. Passed the motion of endorsement and guarantee in favor of Wuxi Froch Metal Products Co., Ltd. 4. Approval of the revision of the Company's "Rules of Procedure for Board of Directors Meetings." 5. Approval of the revision of the Company's "Regulations for Transfer of Treasury Shares to Employees."
Board of Directors	2024.12.18	1. Approval of authorizing non-employee directors to sign audit reports. 2. Approval of the revision of the Company's "Internal Control System." 3. Approval of the 2025 Annual Internal Audit Plan. 4. Approval of the 2024 compensation proposal reviewed and resolved by the Remuneration Committee. 5. Passed the motion of the renewal of the limit of bank loans agreement at expiration of the term and reporting to the shareholders' meeting for approval of the renewal of loans. 6. Passed the motion of assessment of the independence of the independent auditors.

* Resolution: all the above motions were passed by all Directors in session at unanimous consent.

*The pursuit: pursuit in accordance with the resolution.

(2) Major resolutions of the Board of Directors up to the 2025 annual report publication date include:

Board of Directors	Date	Major Resolutions
Board of Directors	2025.03.12	1. Approval of the 2024 Financial Reports and Financial Statements. 2. Approval of the 2024 Earnings Distribution Table. 3. Approval of the 2024 Internal Control System Self-Assessment Statement. 4. Passed the motion of the amendment to the "Articles of Incorporation" of the Company. 5. Approved amendment to the Company's "Procedures for Lending of Funds to Others." 6. Approved the appointment and service fees of the certified public accountants for 2025. 7. Passed the motion of the prior approval of retaining the independent auditors in rendering non-assurance service principle. 8. Passed the motion of the topics and date for the 2025 shareholders' meeting in regular session. 9. Approved the period and venue for accepting shareholder proposals for the 2025 Annual General Meeting of Shareholders. 10. Approved the period and venue for accepting nominations of director and independent director candidates for the 2025 Annual General Meeting of Shareholders. 11. Approved the nomination of director and independent director candidates.

For relevant public announcements, please visit the Market Observation Post System

(<http://mops.twse.com.tw>)

III. Information on the Certified Public Accountants

(I) CPA Service Fee Information:

Unit: NT\$ thousands

Name of CPA Firm	Names of CPAs	CPA audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Ting-Chien Su	2024.01.01–2024.06.30	3,700	300 (Note)	4,000	
	Jui-Lung Hsu	2024.07.01~2024.12.31				
	Shao-Chun Wu	2024.01.01~2024.12.31				

* Non-audit fees refer to fees paid to Deloitte Taiwan for tax-related services.

* Change of CPA firm, and audit fees paid in the year of change decreased compared to the previous year: Not applicable.

* Audit fees decreased by 15% or more compared to the previous year: None.

IV. Information on Change of CPAs:

1. Regarding the Predecessor CPA

Date of Change	2024 Q3		
Reason for Change and Explanation	Due to internal rotation within Deloitte Taiwan, CPA Ting-Chien Su was replaced by CPA Jui-Lung Hsu.		
Explanation of whether or not the engagement was terminated or not accepted by the client or the CPA	Parties Involved		
	CPA		Client
	Situation		
	Voluntary termination of engagement	Not applicable	Not applicable
	Refusal to accept (or continue) engagement	Not applicable	Not applicable
Audit reports issued in the past two years with opinions other than unqualified and the reasons therefor	No such circumstances occurred		
Any disagreements with the issuer Existence of disagreements	Yes		Accounting principles or practices
			Disclosure in the financial statements
			Scope or procedures of audit
			Others
	No	✓	
	Description		
Other matters requiring disclosure (as stipulated under Article 10, Paragraph 6, Subparagraphs 4 through 7 of these Regulations)	No		

2. Regarding the Successor CPA

Name of accounting firm	Deloitte Taiwan
Names of CPAs	CPA Jui-Lung Hsu CPA Shao-Chun Wu
Date of engagement	2024 Q3
Consultations conducted prior to engagement regarding accounting treatment methods or principles for specific transactions and the potential audit opinions on the financial statements, and the results thereof	Not applicable
Written opinions issued by the successor CPA concerning disagreements with the predecessor CPA	No

3. Response from the Predecessor CPA regarding matters under Article 20-2, Paragraph 2, Sub-paragraphs 1 and 2, Item 3 of these Regulations: None.

- V. Whether the Chairman, President, or manager responsible for finance or accounting has been employed by the CPA firm or its affiliates in the most recent fiscal year: None.
- VI. Share transfers and pledge changes of shareholding by directors, managers, and shareholders holding more than 10% of the Company's shares during the most recent fiscal year and up to April 18, 2025.

(I) Share transfers and pledge changes of shareholding by directors, managers, and shareholders holding more than 10% of the Company's shares:

Note 1: Shareholders holding more than 10% of the Company's total outstanding shares should be noted as major shareholders and listed separately.

Title	Name	2024		As of April 18, 2025	
		Increase/(Decrease) in Number of Shares Held	Increase/(Decrease) in Number of Pledged Shares	Increase/(Decrease) in Number of Shares Held	Increase/(Decrease) in Number of Pledged Shares
Chairman	Bing-Yao Chang	0	0	0	0
Vice Chairman	Hsin-Da Chang	0	0	0	0
Director	Chio-Chi Yang	0	0		
Director	Jun-Chi Lee	0	0	0	0
Director *and Major Shareholder	Xin Jiexin Co., Ltd.	0	0	0	0
Director	Representative of Xinjie Xin Co., Ltd. - Ching-Yang Juan	0	0	0	0
Independent Director	Shun-De Wen	0	0	0	0
Independent Director	Ying-Fang Li	0	0	0	0
Independent Director	Shu-Fu Wang	0	0	0	0
Independent Director	Hui-Kue Chen	0	0	0	0
Vice President	Jen-Hsiang Lee	(171,000)	0	0	0
Division Manager	Wen-Chih Lee	0	0	0	0
Division Manager	Chang-Chieh Huang	0	0	0	0
Division Manager	Wen-Hsiu Lee	0	0	0	0
Assistant Vice President	Han-Lin Chang	0	0	0	0
Corporate Governance Officer	Wen-Chi Chang	0	0	0	0

(II) Information on counterparties to equity transfers or equity pledges who are related parties:
None.

VII. Information on relationships among the top ten shareholders by shareholding percentage:

Name	Shares held in own name		Shareholding by spouse and minor children		Shares held under others' names		Names and relationships of parties among the top ten shareholders who are related parties or who are spouses or relatives within the second degree of kinship. (Note 2)		Remark
	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Number of shares held	Shareholding ratio	Name (or designation)	Relationship	
Xin Jiexin Co., Ltd.	28,206,372	10.05	0	0	No	No	No	No	No
Xin Jiexin Co., Ltd. Responsible Person – Chia-Chi Fan Spouse – Yu-Hua Chang Minor Child – Ching-Chun Fan	854	0.00	653	0.00	No	No	No	No	No
Xin Jiexin Co., Ltd. Representative – Ching-Yang Juan Spouse – Hsiu-Yen Tsai	0	0	0	0	No	No	No	No	No
Hsin-Da Chang	21,648,931	7.72	840,830	0.30	No	No	Bing-Yao Chang	Father and son	Hsiu-Miao Lee: Mother and son
Bing-Yao Chang	17,547,946	6.26	8,388,978	2.99	No	No	Hsiu-Miao Lee	Spouse	Hsin-Da Chang: Father and son
Li-Shen Chang	13,470,780	4.80	0	0	No	No	Bing-Yao Chang	Father and son	Hsiu-Miao Lee: Mother and son
Hsiu-Miao Lee	8,388,978	2.99	17,547,946	6.26	No	No	Bing-Yao Chang	Spouse	Li-Shen Chang: Mother and son
Jaung Yuann Enterprise Co., Ltd.	8,339,000	2.97	0	0	No	No	No	No	No
Jaung Yuann Enterprise Co., Ltd. Responsible person: Li-Shen Chang Spouse – Shu-Yu Pai Minor Child – Chen-Wei Chang	13,470,780	4.80	0	0	No	No	Bing-Yao Chang	Father and son	Hsiu-Miao Lee: Mother and son
Froch Enterprise Co., Ltd.	3,810,000	1.36	0	0	No	No	No	No	No
Citibank Custody Barclays Capital SBL/PB Investment Account	1,466,259	0.52	0	0	No	No	No	No	No
Yao-Ching Chen	1,442,000	0.51	0	0	No	No	No	No	No
Citibank Custody DFA Emerging Markets Core Equity Investment Account	1,020,384	0.36	0	0	No	No	No	No	No

Note 1: All of the top ten shareholders must be listed. For corporate shareholders, both the corporate name and the name of the representative must be listed.

Note 2: The shareholding ratio is calculated based on the total number of shares held in one's own name, by spouse, minor children, or in the name of others.

Note 3: The relationships among the aforementioned shareholders, including both juristic and natural persons, must be disclosed.

VIII. Number of shares held in the same reinvested enterprise by the Company, its directors, managers, and entities it directly or indirectly controls, including the total consolidated shareholding ratio:

As of December 31, 2024; Unit: shares

Investee Enterprise	Investment by the Company		Investment by directors, managerial officers, and directly or indirectly controlled enterprises		Total Investment	
	Number of shares held	Shareholding Ratio (%)	Number of shares held	Shareholding Ratio (%)	Number of shares held	Shareholding Ratio (%)
Froch Weijing Company	49,000,000	100	0	0	49,000,000	100
Froch Cayman Company	3,550,000	100	0	0	3,550,000	100
Froch Samoa Company	500,000	100	0	0	500,000	100
Froch Weijing Africa Company	15,000,000	100	0	0	15,000,000	100
Froch Suzhou Company	0	100	0	0	0	100
Froch Wuxi Company	0	100	0	0	0	100
Froch Trading Company	0	100	0	0	0	100
Froch Stainless Steel Company	0	100	0	0	0	100

Three. Capital Raising Activities

I. Capital and Shares

(I) Source of Capital

1. Capital formation process:

April 18, 2025 / Unit: thousand shares; NT\$ thousand

Year/Month	Par Value per Share (NT\$) (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Number of shares held	Amount	Number of shares held	Amount	Source of Capital	Capital contributions in non-cash assets	Others
September 1984	1,000	4,200	4,200	4,200	4,200	Capital contributed in cash: 4,200	No	No
June 1986	1,000	28,000	28,000	28,000	28,000	Cash capital increase: 23,800	No	No
August 1988	1,000	53,000	53,000	53,000	53,000	Cash capital increase: 25,000	No	No
June 1989	10	13,800	138,000	13,800	138,000	Cash capital increase: 85,000	No	No
September 1989	10	19,800	198,000	19,800	198,000	Cash capital increase: 60,000	No	No
May 1991	10	30,000	300,000	30,000	300,000	Cash capital increase: 102,000	No	No
April 1995	10	37,500	375,000	37,500	375,000	Capital increase from earnings: 75,000	No	(Note 1)
March 1996	10	46,875	468,750	46,875	468,750	Capital increase from earnings: 93,750	No	(Note 2)
May 1997	10	51,562	515,625	51,562	515,625	Capital increase from earnings: 46,875	No	(Note 3)
March 1998	10	56,718	567,187	56,718	567,187	Capital increase from earnings: 51,562	No	(Note 4)
May 1999	10	65,226	652,265	65,226	652,265	Capital increase from earnings: 85,078	No	(Note 5)
May 2000	10	73,053	730,537	73,053	730,537	Capital increase from earnings: 78,272	No	(Note 6)
May 2001	10	80,359	803,591	80,359	803,591	Capital increase from earnings: 73,054	No	(Note 7)
May 2003	10	96,377	963,771	84,377	843,771	Capital increase from earnings: 40,179	No	(Note 8)
July 2004	10	200,000	2,000,000	97,034	970,336	Capital increase from earnings: 126,565	No	(Note 9)
September 2004	10	200,000	2,000,000	124,842	1,248,422	Convertible Bonds Converted: 278,086	No	No
December 2004	10	200,000	2,000,000	140,954	1,409,545	Convertible Bonds Converted: 161,123	No	No
March 2005	10	200,000	2,000,000	153,213	1,532,130	Convertible Bonds Converted: 122,584	No	(Note 10)
June 2005	10	300,000	3,000,000	180,791	1,807,913	Capital increase from earnings: 275,783	No	(Note 11)
July 2006	10	300,000	3,000,000	189,830	1,898,309	Capital increase from earnings: 90,396	No	(Note 12)
July 2007	10	300,000	3,000,000	237,288	2,372,886	Capital increase from earnings: 474,577	No	(Note 13)

July 2008	10	300,000	3,000,000	272,881	2,728,819	Capital increase from earnings: 355,932	No	(Note 14)
September 2015	10	300,000	3,000,000	286,526	2,865,260	Capital increase from earnings: 136,441	No	(Note 15)
August 2020	10	400,000	4,000,000	280,526	2,805,260	Capital Reduction through Treasury Shares: 60,000	No	(Note 16)
Note 1: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 29969 dated May 23, 1995. Note 2: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 56672 dated September 16, 1996. Note 3: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 69840 dated September 6, 1997. Note 4: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 82228 dated September 25, 1998. Note 5: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 59754 dated July 1, 1999. Note 6: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 61339 dated July 7, 2000. Note 7: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 143951 dated July 10, 2001. Note 8: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 0920130134 dated July 7, 2003. Note 9: This capital increase was approved by the Securities and Futures Commission of the Ministry of Finance via Letter Tai-Tsai-Cheng-(I) No. 0930129506 dated July 5, 2004. Note 10: The capital change registration was approved by the Department of Commerce, Ministry of Economic Affairs via Letter Ching-Shou-Shang No. 09401064070 dated April 18, 2005. Note 11: This capital increase was approved by the Financial Supervisory Commission, Executive Yuan via Letter Chin-Kuan-Cheng-I No. 0940124958 dated June 22, 2005. Note 12: This capital increase was approved by the Financial Supervisory Commission, Executive Yuan via Letter Chin-Kuan-Cheng-I No. 0950127961 dated July 3, 2006. Note 13: This capital increase was approved by the Financial Supervisory Commission, Executive Yuan via Letter Chin-Kuan-Cheng-I No. 0960036624 dated July 16, 2007. Note 14: This capital increase was approved by the Financial Supervisory Commission, Executive Yuan via Letter Chin-Kuan-Cheng-I No. 0970039263 dated August 14, 2008. Note 15: This capital increase was approved by the Financial Supervisory Commission via Letter Chin-Kuan-Cheng-Fa No. 1040026146 dated July 15, 2015. Note 16: This capital reduction was approved by the Department of Commerce, Ministry of Economic Affairs via Letter Ching-Shou-Shang No. 10901157460 dated August 31, 2020.								

2. Types of Shares Issued:

April 18, 2025
Unit: Shares; NT\$ thousand

Share Type	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	280,526,027	119,473,973	400,000,000	

3. Summary of Information Related to the Shelf Registration System: Not applicable.

(II) List of Major Shareholders

Names, shareholding amounts, and percentages of shareholders holding 5% or more of the equity or ranking among the top ten shareholders by shareholding percentage.

April 18, 2025

Name of Major Shareholder	Number of shares held	Shareholding Percentage
Xin Jiexin Co., Ltd.	28,206,372	10.05
Hsin-Da Chang	21,648,931	7.72
Bing-Yao Chang	17,547,946	6.26
Li-Shen Chang	13,470,780	4.80
Hsiu-Miao Lee	8,388,978	2.99
Jaung Yuann Enterprise Co., Ltd.	8,339,000	2.97
Froch Enterprise Co., Ltd.	3,810,000	1.36
Citibank Custody Barclays Capital SBL/PB Investment Account	1,466,259	0.52
Yao-Ching Chen	1,442,000	0.51
Citibank Custody DFA Emerging Markets Core Equity Investment Account	1,020,384	0.36

(III) Company Dividend Policy and Execution Status

1. Company's dividend policy:

If the Company records a profit for the year, 1% shall be allocated as employee compensation (of which not less than 60% shall be allocated to general staff), to be distributed in stock or cash as resolved by the Board of Directors. The recipients may include employees of subsidiaries meeting specified criteria. Up to 3% of the profit may be allocated as directors' compensation, to be distributed in cash only, as resolved by the Board of Directors. The proposal for the distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting for reporting. However, if the Company still has accumulated losses, the Company shall reserve an amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.

If there are earnings in the annual final accounting, the Company shall pay taxes and make up for the accumulated losses. Then, the Company shall set aside 10% of the earnings as a legal reserve. However, if the legal reserve reaches the amount of the Company's paid-in capital, such appropriation may be omitted. The remaining amount shall be set aside or reversed as a special reserve according to laws and regulations.

If there is any remaining amount, the Board of Directors shall formulate an earnings distribution proposal together with the accumulated undistributed earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is in line with its current and future development plans, taking into account the investment environment, capital needs, domestic and international competition, and factors such as shareholders' interests. At least 50% of the distributable earnings for the year will be distributed to shareholders' dividends and bonuses, provided that the cumulative distributable earnings are less than 10% of the paid-in capital. In such cases, distribution may not be made. Dividends and bonuses to shareholders may be distributed in the form of cash or shares, with cash dividends not being less than 20% of the total dividends.

2. Proposed dividend distribution for this shareholders' meeting:

The Company's financial statements for 2024 show a net income after tax of NT\$235,826,615. On March 12, 2025, the Board of Directors approved a proposal, considering future investment opportunities and industry characteristics, to distribute a cash dividend of NT\$0.70 per share for the year.

(IV) Impact of Proposed Stock Dividend on Business Performance and Earnings Per Share.

Year		Item	2024
Beginning Paid-in Capital (NT\$ thousand)			2,805,260
Stock and Cash Dividend Distribution for the Year	Cash Dividend per Share (NT\$)		0.70
	Earnings Capitalization: Number of Shares per Share		—
	Capital Surplus Capitalization: Number of Shares per Share		—
Changes in Operating Performance	Operating Profit (NT\$ thousand)		Not applicable
	Operating Profit YoY Increase (Decrease) (%)		Not applicable
	Net Income after Tax (NT\$ thousand)		Not applicable
	Net Income after Tax YoY Increase (Decrease) (%)		Not applicable
	Earnings per share (NTD)		Not applicable
	EPS YoY Increase (Decrease) (%)		Not applicable
	Average Annual Rate of Return (Inverse of Average P/E Ratio) (%)		Not applicable
Pro Forma EPS and P/E Ratio	If Entire Earnings Capitalization Were Paid in Cash	Pro Forma EPS	Not applicable
		Pro Forma Average Annual Rate of Return (%)	Not applicable
	If Capital Surplus Capitalization Were Not Conducted	Pro Forma EPS (NT\$)	Not applicable
		Pro Forma Average Annual Rate of Return (%)	Not applicable
	If Neither Capital Surplus nor Earnings Capitalization Were Conducted and Paid as Cash Dividends	Pro Forma EPS (NT\$)	Not applicable
		Pro Forma Average Annual Rate of Return (%)	Not applicable

(V) Distribution of Employee and Director Compensation from Prior Year's Earnings:

1. Percentage or range of employee and director compensation as specified in the Articles of Incorporation:

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, it shall be allocated in the following order:

- (1) Offset prior years' losses.
- (2) After making or reversing special reserves in accordance with laws as needed, the Board of Directors shall propose an earnings distribution plan, to be resolved at the shareholders' meeting as follows:
 - a. Directors' compensation not exceeding 3% (in cash only)
 - b. Employee compensation of 1% (of which at least 60% shall be allocated to general staff)
 - c. If there is a remaining surplus, it may be combined with undistributed earnings from prior years and partially retained. The Board of Directors shall propose a distribution plan to be resolved at the shareholders' meeting. In principle, shareholder dividends shall not be less than 50% of the distributable earnings for the year, and cash dividends shall account for no less than 20% of the total dividends distributed to shareholders.
2. The basis for the accrual of employee and director compensation for the current period, the calculation basis for the number of shares distributed as stock-based compensation, and the actual distribution amounts were consistent with the accrued amounts.
3. Board-approved proposed distribution of employee compensation and other information:
 - (1) Date of Board Resolution: 2025/3/12
 - (2) Type and Amount of Compensation to Be Distributed:
 - a. Proposed amount for employee compensation: NT\$2,964,002.
 - b. Proposed amount for directors' compensation: NT\$2,964,002.
 - (3) If different from the accrued amount in the recognized expense year, the differences, reasons and treatment shall be disclosed: None.
 - (4) Proposed amount of employee stock compensation and its ratio to total net income after tax and total employee compensation for the period: Not applicable.
 - (5) Pro forma earnings per share after consideration of proposed employee and director compensation distribution: 0.84.

4. Actual distribution of employee and director compensation for the prior year (including number of shares, amount and share price), and differences from accrued amounts, if any: No difference from actual distribution.

(1) Date of Board Resolution: 2024/3/13

(2) Type and Amount of Compensation to Be Distributed:

a. Proposed employee compensation amount: NT\$847,464.

b. Proposed directors' compensation amount: NT\$847,464.

(VI) Repurchase of the company's shares during the most recent year and up to the date of publication of the annual report: Since 2011, the Company has conducted 19 repurchase programs of its own shares. In the most recent year (2024), the 18th and 19th repurchase programs were executed. The related implementation details are as follows:

Company Repurchase of Treasury Shares (Completed)

Repurchase Period	Sixteenth	Seventeenth
Purpose of Repurchase	To maintain the Company's credit and protect shareholders' equity	To maintain the Company's credit and protect shareholders' equity
Repurchase Period	2020/03/17–2020/05/06	2020/05/12–2020/07/06
Type of Shares Repurchased	Common shares	Common shares
Number of Shares Repurchased	3,000,000 shares	3,000,000 shares
Total Amount of Shares Repurchased	NT\$29,173,412	NT\$32,001,230
Percentage of Shares Repurchased to Intended Quantity	100%	100%
Cumulative Number of Treasury Shares Held	0 shares	0 shares
Number of Shares Retired or Transferred	3,000,000 shares	3,000,000 shares
Cumulative Treasury Shares as a Percentage of Total Outstanding Shares	0%	0%

Company Repurchase of Treasury Shares (Ongoing)

Repurchase Period	Eighteenth	Nineteenth	Twentieth
Purpose of Repurchase	Transfer of Shares to Employees	Transfer of Shares to Employees	Transfer of Shares to Employees
Type of Shares to be Repurchased	Common shares	Common shares	Common shares
Upper Limit of Total Amount for Share Repurchase	NT\$1,958,525,713	2,059,821,753	1,925,139,568
Scheduled Repurchase Period	2024/08/14–2024/10/13	2024/12/18–2024/02/17	2025/04/10–2025/06/09
Planned Quantity for Repurchase (shares)	2,000,000 shares	2,000,000 shares	3,000,000 shares
Repurchase Price Range	NT\$14 to NT\$20	NT\$14 to NT\$20	NT\$12 to NT\$20
Number of Shares Repurchased	1,760,000 shares	2,000,000 shares	230,000 shares
Total Amount of Shares Repurchased	NT\$31,015,791	NT\$32,669,676	NT\$3,385,615
Percentage of Shares Repurchased to Intended Quantity	88%	100%	8%
Cumulative Number of Treasury Shares Held	1,760,000 shares	3,760,000 shares	3,990,000 shares
Cumulative Treasury Shares as a Percentage of Total Outstanding Shares	0.63%	1.34%	1.42%

II. Corporate Bonds Issuance: None.

III. Preferred Shares Issuance: None.

IV. Global Depositary Receipts Issuance: None.

V. Employee Stock Warrant Issuance: None.

VI. New Restricted Employee Share Issuance: None.

VII. Issuance of New Shares for Mergers or Acquisitions of Other Companies' Shares: None.

VIII. Implementation of Capital Allocation Plans

As of the end of the quarter prior to the publication date of the annual report, the Company had no previously issued securities that remained outstanding or any completed issuances within the past three years for which expected benefits had yet to materialize.

Four. Business Overview

I. Business Activities

(1) Scope of Business

1. Principal Business Activities

- Steel smelting
- Steel rolling and extrusion
- Steel casting
- Secondary processing of steel materials
- Other metal product manufacturing
- Surface treatment

2. Revenue Composition

Unit: NTD thousands

Product Category	Sales Amount for 2024	Percentage of Annual Sales (%)
Stainless steel pipes	10,178,890	82.10
Stainless Steel Coils and Sheets	2,191,626	17.68
Others	27,768	0.22
Total	12,398,284	100.00

3. Current Products and Services Offered by the Company

- Stainless steel pipes for piping applications
- Stainless steel pipes for mechanical structures
- Stainless steel angle bars
- Trading of stainless steel coils
- Contract processing

4. Planned New Product Development

- Research and production of titanium tubes
- Development of new materials and related manufacturing processes

(II) Industry Overview

1. Current Status and Development of the Industry

The Company's main business activities include stainless steel pipes, stainless steel coils and sheets, and stainless steel angle bars. Steel is an indispensable raw material in modern economic society. Industries such as metal manufacturing, machinery, transportation equipment, construction, and electrical equipment all rely on steel as a basic material. Its development is closely tied to the overall economic climate.

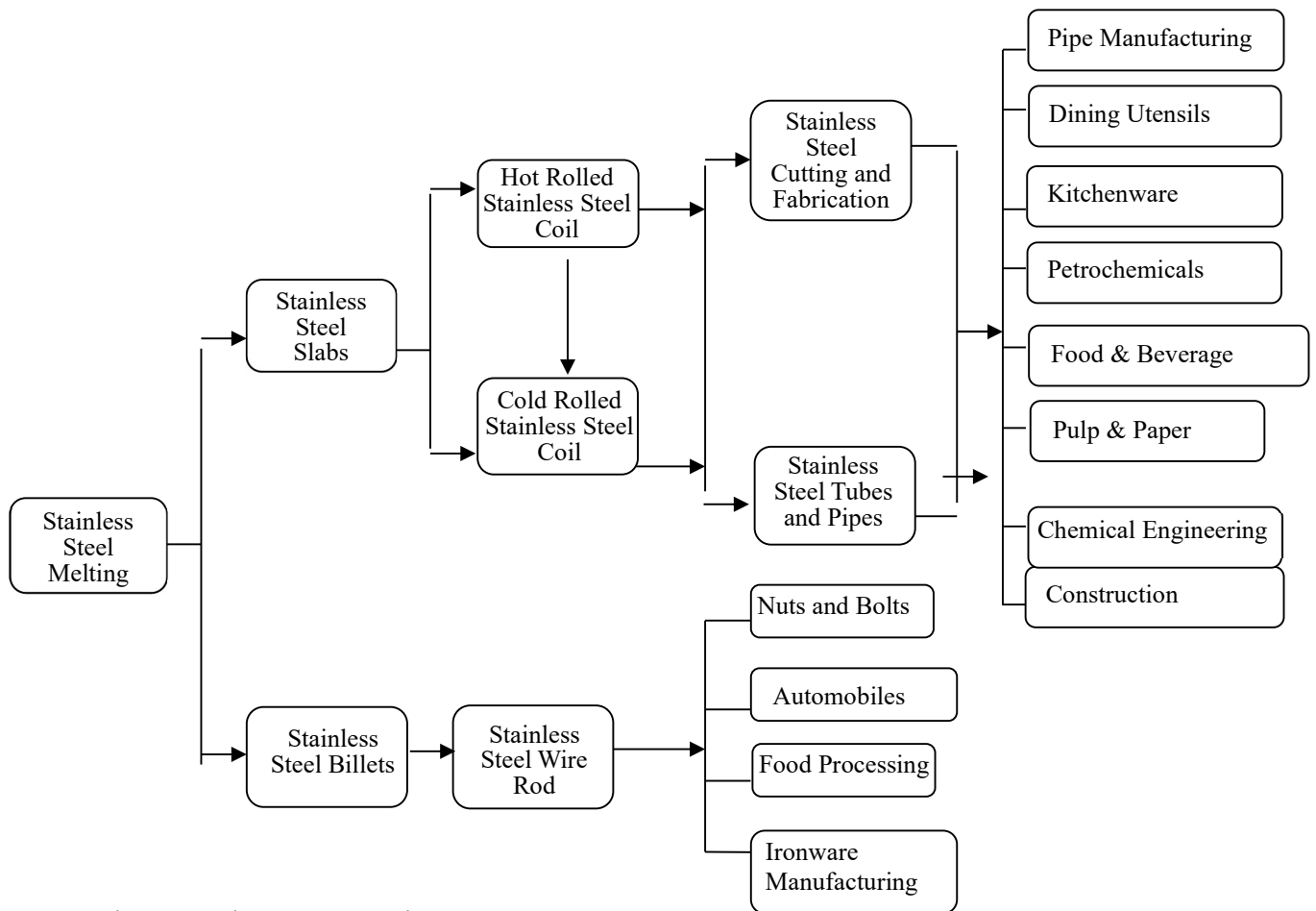
Internationally, countries such as the United States and those in Europe have reinstated tariff barriers in an effort to protect their domestic industries. This poses considerable pressure on Taiwan, which is export-oriented. The Company's subsidiaries located in Mainland China have also been affected by th

e local economic downturn, with diminished growth momentum compared to the past. However, with the implementation of a series of economic stimulus measures, the future outlook remains promising.

Domestically, competition among peers is intense. The growth of exports to emerging markets will be key. The Company will strive to expand its export markets, while also capitalizing on the government's efforts to create a favorable investment environment, promote public construction and boost domestic demand, thereby stimulating the local demand for stainless steel. Finally, in recent years, global attention to environmental protection has increased. As stainless steel is highly recyclable, the potential to generate greater business opportunities in line with international trends is viewed with cautious optimism.

2. Industry Upstream, Midstream and Downstream Linkages

The Company is engaged in the manufacture of stainless steel pipes used for piping and structural applications, which belongs to the midstream segment of the stainless steel sector within the broader steel industry. Due to its excellent oxidation and corrosion resistance properties, stainless steel has strong linkages with other industries. These include construction, transportation, petrochemicals, papermaking, food and machinery, all of which are closely related to stainless steel. The upstream, midstream, and downstream linkage diagram for the stainless steel industry is as follows:



3. Product Development Trends

(1) Substitution for Carbon Steel and Seamless Steel Pipes

Due to the superior heat resistance, acid resistance, and corrosion resistance of stainless steel pipes, and the fact that no additional surface treatment is required, their properties are superior to those of carbon steel pipes. As such, the international trend is to gradually replace traditional carbon steel pipes with stainless steel pipes. In recent years, advancements in welding technology for stainless steel pipes have significantly improved the quality of welded stainless steel pipes, making them comparable to seamless stainless steel pipes. With the advantages of lower welding costs and greater application flexibility, welded stainless steel pipes have the potential to replace seamless stainless steel pipes.

(2) Export and Mainland China Markets Becoming Development Focus

As the quality of domestically produced stainless steel pipes becomes increasingly stable, the industry is actively expanding into export markets. Taiwan's stainless steel pipe exports are becoming a key development focus. Export volumes for the past three years were as follows: 106,438 metric tons in 2022, 104,245 metric tons in 2023, and 110,530 metric tons in 2024. While the export volume of Taiwan's stainless steel products has fluctuated in recent years, it still holds a significant share in the overall international market.

4. Domestic Product Competition Landscape

The Company is a professional manufacturer of stainless steel pipes. The sale of stainless steel pipes in 2024 for 75.46% of the total sales stated in the separate financial statements. There are some other stainless steel pipe manufacturers listed at TWSE other than Froch, such as YC INOX Co., Ltd., and Ta Chen International, Inc. The sale of stainless steel pipes at YC INOX accounted for approximately 60.59% of its revenue and at Ta Chen accounted for approximately 45.81%.

Table 1: Domestic Production Value of Welded Stainless Steel Pipes

Unit: NTD thousands

Item	Froch			YC INOX			Ta Chen		
	Revenue	Stainless steel pipes		Revenue	Stainless steel pipes		Revenue	Stainless steel pipes	
Year	Amount	Amount	Percentage	Amount	Amount	Percentage	Amount	Amount	Percentage
109	7,745,032	5,642,367	72.85%	12,717,152	6,841,412	53.80%	6,237,417	3,089,392	49.53%
110	11,540,839	7,825,792	67.80%	17,777,919	9,478,885	53.31%	15,232,827	5,816,931	38.19%
111	12,271,437	8,825,661	71.92%	16,262,547	9,444,165	58.07%	14,587,913	6,277,859	43.03%
112	9,259,594	6,909,517	74.62%	13,624,052	8,192,834	60.14%	9,545,301	4,280,580	44.84%
113	9,042,232	6,822,837	75.46%	12,556,807	7,608,639	60.59%	9,627,572	4,410,275	45.81%

Source: Audited individual/standalone financial statements of each company for the years 2020 to 2024

In the highly competitive stainless steel pipe market, the Company has achieved a scale of economic growth. In addition to close coordination among internal departments, the Company has a marketing-oriented mindset, values customer needs, provides timely and efficient services, and is committed to product development and quality enhancement. The Company's competitive advantages are as follows:

(1) Comprehensive Product Line to Meet Diverse Customer Needs

The Company is dedicated to developing a complete product line. Based on market demand, it continues to expand its business scope and has developed steel pipes of various sizes ranging from 1/4 inch to 84 inches. This diversified product range not only meets customers' one-stop procurement needs and facilitates market expansion, but also helps mitigate the risks associated with relying on a single product.

(2) Strong R&D Capability and Leading Development of High Value-Added Products

The Company's efforts in developing automated production processes have yielded results, including online polishing for round and square tubes, in-line annealing for pipe-making machines, and automatic length cutting, which enhance production efficiency and product quality. The Company continues to carry out development projects for large-diameter and thick-walled pipes as well as new

pipe materials. In 2024, the development of new welding technologies further improved production speed and product quality, allowing the Company to maintain a competitive edge over its peers.

(3) Product Quality Outperforms Peers

In terms of quality, the Company was certified as an ISO-9001 and ISO-14001 compliant manufacturer by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs in 1993, and by Lloyd's Register (renamed LRQA in 2022) in 1999. In 2001, the Company's quality assurance laboratory was accredited under the Chinese National Laboratory Accreditation (CNLA) system (with the certificate upgraded in 2004 to recognition by the Taiwan Accreditation Foundation (TAF)). The Company was the first among its peers to obtain professional X-RAY weld inspection reports for large-diameter pipes. In 2009, the Company was certified under the Japanese Industrial Standards (JIS), and subsequently obtained certification for pressure piping components as well as multiple certificates from TÜV Rheinland, Germany.

(4) Comprehensive Service Network

In addition to striving to increase its domestic market share in stainless steel pipes, the Company also leverages the internet and maintains strong relationships with trading companies to export its products worldwide. The Company not only establishes and maintains a closely connected marketing network, but also gains deep insight into market demand, keeps abreast of market trends, and adopts differentiated marketing strategies tailored to the needs of various markets.

(III) Overview of Technology and R&D

1. The Company's research and development is mainly based on process development, product quality improvement, personnel technology improvement and new product development. In terms of process development and improvement, we introduce domestic and foreign advanced equipment and molds, or design advanced process equipment and molds to improve production technology, capacity and product quality.

To improve product quality, the Company actively adopts various certified quality management systems, develops new process equipment, improves production procedures, and rigorously implements measures to enhance product quality.

In terms of personnel skills, employees participate in related seminars at home and abroad and domestic and foreign experts are often hired for training in order to upgrade employees' professional knowledge and technical standards.

The Company conducts different forms of market surveys in full effort for the new production process, and introduces advanced equipment and molds from home and abroad, and attracts good professionals to join the cause of research and

development, and provides training for the R&D staff in the experiment and development of related products.

In 2009, the Company's major R&D achievements included obtaining certification under the JIS (Japanese Industrial Standards) quality system and the development and production of new steel plate products, as well as the development of new surface treatment process technologies.

2. Research and Development Personnel and Budget:

Unit: NTD thousands

Year	R&D Budget	Population size	Master's (Doctoral)	University	College	High School
109	12,602	50	0	8	4	38
110	14,427	45	0	8	4	33
111	14,351	46	0	8	4	34
112	14,222	43	0	7	4	32
113	13,542	18	0	6	3	9

3. Research Achievements:

2005-2008	1. Round pipe online tube polishing technology 2. Square tube online tube polishing technology 3. Tube mill online annealing development 4. Titanium tube development
2009	1. JIS Quality Management System implementation and certification 2. Steel plate production technology development 3. Acid pickling process development
2010	1. Warehouse logistics development
2011	1. Polishing machine process improvement
2014	1. Special raw materials process improvement and existing equipment modification
2024	1. New welding technology development

4. R&D Plans:

Unit: NTD thousands

Plan	Project focus	Timeline	Projected R&D Budget
	The Company primarily manufactures stainless steel pipes and coils and operates in a technology-mature industry. Breakthrough R&D for new production technologies and equipment is relatively rare. Therefore, the Company's R&D budget is mainly allocated to process and original equipment improvements, and it does not fall under the "involving science, technology, quantitative tools, or statistical methods" category defined by the industry innovation provisions.		Expected investment of NT\$15,000 thousand

(IV) Short-term and Long-term Business Development Plans

1. Short-Term Business Development Plan

- Enhancement and development of titanium pipe welding technology
- Stainless steel pipe process R&D
- Overall production process improvement
- Strengthening employee education and training

2. Long-Term Business Development Plan

- Global expansion, increasing sales performance and global market share
- Development of the stainless steel plate market and increasing market share
- Talent development for sustainable business operations

II. Market and Production-Sales Overview

(I) Market Analysis

1. Sales regions of the Company's main products

Unit: NTD thousands

Sales Region \ Year		2022		2023		2024	
		Amount	%	Amount	%	Amount	%
Domestic sales		6,088,040	37.47	4,531,503	35.25	5,039,286	40.65
Export sales	Europe	1,395,246	8.59	1,068,379	8.31	1,208,259	9.75
	Asia	4,889,670	30.09	4,509,855	35.07	3,922,323	31.64
	Americas	2,144,619	13.20	1,574,552	12.25	1,290,493	10.41
	Others	1,730,416	10.65	1,172,610	9.12	937,923	7.55
Total		16,247,991	100.00	12,856,899	100.00	12,398,284	100.00

2. Major competitors and market share

(1) Major competitors

Domestic market: YC INOX.

Foreign markets: YC INOX, Ta Chen

(2) Market share

According to the 2024 Annual Import and Export Statistics by Steel Product Category from the Taiwan Steel Industries Association, the comparison of the total export volume of welded stainless steel pipes from Taiwan and the company's export weight in the past two years is as follows:

Unit: Metric tons

Item \ Year		2023		2024	
		Weight	Growth %	Weight	Growth %
Total Export Volume		104,245	(2.06)	110,530	6.03
Company Sales Volume		35,090	(8.46)	35,965	2.49
Percentage of Total Export Volume %		33.66	(6.55)	32.54	(3.33)

3. Market Future Supply and Demand Conditions and Growth Potential

The Company is a professional manufacturer of stainless steel pipes. Due to the corrosion resistance, high-temperature resistance, pressure resistance and bright surface characteristics of stainless steel, it is widely favored by users. As national income increases and living standards improve, the demand for stainless steel has grown increasingly urgent. Notably, demand for stainless steel has rapidly grown in China, and stainless steel materials have become more widespread, with products being used in various industries. The Company, in addition to leveraging economies of scale to reduce costs, continues to develop and introduce high-quality, high-value-added products to meet global market demand, thereby maximizing the Company's profits.

4. Favorable and Unfavorable Factors for Future Development and Countermeasures

(1) Favorable Factors

- ◆ The Company's main business is the manufacture and sale of stainless steel pipes. Since its establishment more than 40 years ago, the Company has become an industry leader with a long history, rich experience and sound management.
- ◆ The Company has accumulated years of technical experience and continuously introduced new production equipment and technologies. Under a systematic production system, the Company implements strict quality control to meet the standards of countries such as the Republic of China, Japan, and the United States. Its products are widely adopted by domestic and foreign enterprises.
- ◆ The Company is the first among domestic peers to obtain the British company SGS's ISO-14001 environmental management system certification. It is also certified by TUV Rheinland Germany for compliance with ISO-9001 quality management systems. In 2001, the Company's quality assurance laboratory passed the evaluation and accreditation of the Chinese National Laboratory Accreditation foundation (CNLA). The products have been recognized by professional agencies both domestically and internationally, enhancing the Company's competitiveness in the market.
- ◆ The Company has large production capacity, with the most comprehensive product specifications, ranging from the smallest size of 1/4 inch to 84 inches, meeting the diversified needs of customers.
- ◆ As aerospace, nuclear power, automotive and machinery industries require large amounts of stainless steel and with the increasing demand for high-end

products, the market for stainless steel continues to grow year after year. Compared to advanced countries, public infrastructure in Taiwan remains insufficient, leaving significant room for growth in the demand for stainless steel pipes.

(2) Unfavorable Factors

- ◆ The gradual increase in domestic wage levels has led to higher manufacturing costs.
- ◆ Nickel, a major raw material for stainless steel, is an internationally traded commodity and its price is heavily influenced by international supply and demand, making Taiwan's stainless steel market susceptible to fluctuations in international nickel prices.

(3) Countermeasures

- ◆ The Company will improve its manufacturing processes to enhance automation and labor-saving efficiency.
- ◆ The Company will stay informed on international developments and closely monitor nickel price fluctuations to mitigate the impact of changes in stainless steel prices.

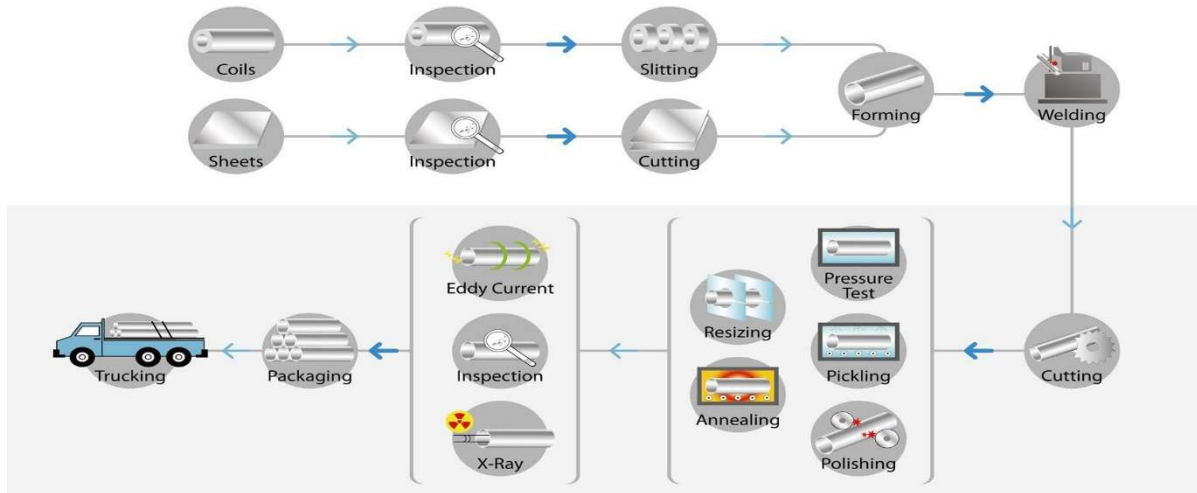
(II) Main Products' Important Uses and Production Processes

1. Important Uses of Major Products

The Company's current main products include structural stainless steel pipes, piping stainless steel pipes, stainless steel angle steel, and flat bars. Stainless steel pipes have wide applications and are one of the basic materials industries. They are closely related to human life and industrial development, and are essential materials in industries such as furniture, transportation, machinery manufacturing, petrochemical, construction and metal processing. The following outlines the uses and functions of the main products:

Major products	Uses
Structural Pipes	General mechanical structures, decorative furniture, railings, anti-theft iron windows, sanitary fixtures, heat exchangers, dairy industry, etc.
Piping	Corrosion-resistant, high-temperature resistant, pressure-resistant mechanical structures, petrochemical industry, food industry, paper industry, dyeing, household hot water pipes.
Steel Plates	Construction, furniture, decoration, etc.

2. Production Process



3. Main Raw Materials Supply Conditions

The Company's main raw materials are cold and hot-rolled stainless steel coils. Domestic stainless steel coil suppliers include Yieh United Steel and Walsin Lihwa, while foreign suppliers include Taiyuan Steel from Shanxi, China, and Fuxin from Fujian. The Company primarily procures raw materials from domestic suppliers and is constantly developing suitable suppliers to ensure the availability and quality of materials. Overall, the future supply of raw materials is abundant and there is no concern about shortages.

4. Major Suppliers and Customers

(1) Suppliers accounting for 10% or more of total purchases in either of the most recent two fiscal years, including their purchase amounts and proportions

Unit: NTD thousands; %

Item	2023				2024				As of the first quarter of 2025			
	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases for the Period (%)	Relationship with the Issuer
1	AAB	3,413,639	31.89	No	AAB	3,240,455	33.87	No	AAB	875,491	39.21	No
2	CAA	2,244,459	20.96	No	CAA	1,477,025	15.44	No	AAD	513,326	22.99	No
3	AAD	2,174,631	20.31	No	AAD	1,092,380	11.42	No	CAA	186,678	8.36	No
4	Others	2,873,119	26.84	No	Others	3,757,390	39.27	No	Others	657,459	29.44	No
	Net Purchase Amount	10,705,848	100.00	-	Net Purchase Amount	9,567,250	100.00	-	Net Purchase Amount	2,232,954	100.00	-

- (2) Customers accounting for 10% or more of total sales in either of the most recent two fiscal years, including their sales amounts and proportions

The Company had no customers accounting for 10% or more of total sales in either of the most recent two fiscal years.

III. Employee Information for the Most Recent Two Fiscal Years and up to the Date of Annual Report Publication

Number of Employees in the Most Recent Two Fiscal Years:

		March 31, 2025		
Year		2023	2024	March 31, 2025
Employee Count	Indirect Personnel	476	458	468
	Direct Personnel	403	419	422
	Total	879	877	890
Average Age		41.42	42.16	42.32
Average Years of Service		9.64	10.12	10.14
Educational Background Distribution (%):	Doctorate	1	1	1
	Master's	9	10	9
	College	267	267	264
	High School	404	394	389
Distribution (%):	High School and Below	198	205	227

IV. Environmental Protection Expenditures

The Company is a professional manufacturer of stainless steel pipes. In the manufacturing process, for operations such as product grinding and pickling, equipment such as wastewater treatment systems and dust collectors are installed. In accordance with labor hygiene regulations, dedicated personnel have been appointed to handle site-related pollution prevention matters. Furthermore, inspections are conducted irregularly by environmental testing agencies recognized by the Environmental Protection Administration (EPA). With the implementation of proper prevention measures and engineering controls, the Company fully complies with the emission standards stipulated by the EPA.

- (I) In accordance with legal requirements, applications for permits for pollution control facilities, payment of pollution prevention fees, or establishment of dedicated environmental protection personnel, and the status of such applications, payments, or establishments:

1. Status of Application for Permits for Establishment of Pollution Control Facilities or

Pollution Emission Permits

Item	Permit Number	Validity Period
Fixed Pollution Source Operation Permit	Fu-Huan-Kong-Cao-Zheng-Zi No. P0327-05	2020.07.02 - 2025.07.01
Fixed Pollution Source Operation Permit	Fu-Huan-Kong-Cao-Zheng-Zi No. P0326-05	2020.06.08-2025.06.07
Fixed Pollution Source Operation Permit	Fu-Huan-Kong-Cao-Zheng-Zi No. P0324-05	2022.07.10~2027.07.09

2. Status of Pollution Prevention Fee Payments: None.

3. Status of Establishment of Dedicated Environmental Protection Personnel

Name	Permit Type	Certificate Number
Shu-Cheng Lin	Category A Air Pollution Control Specialist	95-Huan-Shu-Xun-Zheng-Zi FA070234
Wen-Hsiu Lee	Category B Air Pollution Control Specialist	88-Huan-Shu-Xun-Zheng-Zi FB260955
Chien-Huai Ho	Category B Air Pollution Control Specialist	108-Huan-Shu-Xun-Zheng-Zi FB060028

(II) Investments in Major Pollution Control Equipment, Their Uses, and Potential Benefits

December 31, 2024

Equipment Name	Quantity	Acquisition Date	Investment Cost	Undepreciated Balance	Use and Expected Benefits
Wastewater Treatment Plant (Plant 1)	1 set	80.12	3,571,428	0	To ensure wastewater discharge complies with environmental protection regulations
Wastewater Treatment Plant (Plant 2)	1 set	85.06	12,292,306	462,357	

- (III) Improvements to environmental pollution over the past two fiscal years and up to the annual report publication date; in the case of pollution-related disputes, an explanation of how they were handled: None.
- (IV) Total amount of losses and penalties incurred by the Company due to environmental pollution over the past two fiscal years and up to the annual report publication date, as well as future response measures and potential expenditures: None.
- (V) Current pollution status and the impact of its improvement on the Company's earnings, competitive position, and capital expenditures, and the projected major environmental capital expenditures for the next three years: None.
- (VI) Company's response to the EU Restriction of Hazardous Substances (RoHS) Directive: The Company's products are compliant with RoHS regulations; therefore, there is no material impact on the Company's operations or financial condition.

V. Labor-Management Relations

(I) Employee Benefits and Implementation

1. In December 1994, the Company established the “Froch Enterprise Co., Ltd. Employee Welfare Committee” and enacted the organizational charter for the committee. The Employee Welfare Committee consists of nine members. Apart from the Chairman of the Board serving as an ex-officio member, the remaining members are jointly elected by Company employees.
2. The Employee Welfare Committee shall convene at least once every six months and may hold ad hoc meetings when necessary. It also organizes various employee welfare activities such as year-end banquets, raffles, employee birthday celebrations, domestic and overseas employee travel, and hiking events.
3. In accordance with legal requirements, the Company provides employees with all locally mandated social insurance and related protections.

The Company places great importance on employee compensation and benefits, actively cultivates talent, faithfully implements labor laws, and protects employee rights to foster a transparent and pleasant working environment. Through department meetings, labor-management meetings, and other channels, the Company facilitates full communication and effective problem-solving between employees and management. Furthermore, the Company adopts a people-centered management philosophy, upholding the concept of unity and shared purpose between labor and management, thereby fostering employee cohesion and continuously enhancing operational performance to achieve sustainable development.

For information on the welfare policy and the implementation of the policy, refer to (V) of this annual report, on the advocacy of sustainable development and variation from the Sustainable Development Best-Practice Principles for TWSE and TPEx Listed Companies, and the reasons – IV Social Topics.

(II) Continuing Education, Training, and Implementation

1. Talent is the cornerstone of sustainable business operations. The Company’s education and training programs are managed by the Education and Training Committee, which actively promotes a learning-oriented organization and is committed to enhancing employee capabilities and cultivating high-quality talent needed by the organization through the formulation of an annual training plan. By integrating courses based on organizational hierarchy and job functions, the Company conducts training for new and incumbent employees, professional skills training, management competency development, self-motivation workshops, quality management training, occupational safety and health courses, and more. This comprehensive approach equips employees with professional expertise and supports personal development throughout their careers.

2. Continuing education status for directors, corporate governance officers, accounting officers, internal auditors, and financial reporting personnel in 2024:

Course name	Organizer	Participants	Training hours
Securities Law Violations and Director/Supervisor Responsibilities	Taiwan Investor Relations Institute (TIRI)	Director	27
Carbon Management Trends and Responses Toward Net Zero Emissions (Net[1]Zero)	Taiwan Investor Relations Institute (TIRI)	Director	27
2024 Sustainability Committee and Chief Sustainability Officer Symposium	T Securities and Futures Institute	The Corporate Governance Officer:	3
Annual Insider Trading Prevention Advocacy for 2024	Securities and Futures Institute	The Corporate Governance Officer:	3
2024 Cathay Sustainable Finance and Climate Change Summit	Jointly organized by Cathay Financial Holdings and its subsidiaries and by the Taiwan Stock Exchange	The Corporate Governance Officer:	6
Latest Amendments to the “Regulations Governing the Establishment of Internal Control Systems” and Compliance Practices Related to Financial Reporting	Accounting Research and Development Foundation	Chief Accountant:	6
Continuing Education for Chief Accounting Officers of Securities Issuers, Securities Dealers and Securities Exchange	Accounting Research and Development Foundation	Accounting Officers / Financial Reporting Personnel	24
Latest ESG Sustainability and Self-Preparation of Financial Reports – Policy Developments and Internal Control Practices	Accounting Research and Development Foundation	Audit Personnel	18
Regulations and Practical Analysis of Lending of Funds, Endorsements and Guarantees, and Acquisition or Disposal of Assets	Institute of Internal Auditors of the Republic of China	Audit Personnel	18

3. The Company encourages employees to obtain job-related certifications as a means of sharing and imparting knowledge, concepts, and skills among colleagues. These certifications are recorded in the professional qualification register and included in performance evaluations. For details regarding the Company’s employee education, training, and implementation, please refer to Section 2, “Corporate Governance Implementation,” Subsection (5), “Implementation of Sustainable Development Initiatives and Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies,” Subsection 4, “Social Issues,” of this annual report.

(III) Retirement System and Implementation Status

The Company’s Employee Retirement Reserve Supervisory Committee was officially established in October 1986 in accordance with the Labor Standards Act. Employee retirement regulations have been formulated and were approved by the Yunlin

County Government under letter Fu-Lao-Zi No. 0941502404.

The newly promulgated “Labor Pension Act” came into effect on July 1, 2005. Employees who choose the old system will retire under the aforementioned regulations, while those opting for the new system will have 6% of their monthly wages contributed by the Company into their individual pension accounts in accordance with the law.

(IV) Workplace Environment, Personal Safety Protection and Implementation Status

- (1) Some of the Company's production equipment, such as high-temperature (annealing furnaces), dusty environments (polishing), and operations conducted in noisy settings, are subject to semiannual environmental monitoring conducted by outsourced professional entities in accordance with legal requirements. The Company has installed localized cooling equipment in the workplace to reduce ambient temperatures. It also promotes appropriate electrolyte replenishment and enhances preventive measures to mitigate safety risks associated with high temperatures. To address dust and noise issues, in addition to installing dust collection equipment, the Company adjusts work schedules and assignments to avoid prolonged exposure in a single environment and provides additional health checkups for employees working in such special environments. Furthermore, by encouraging employees to communicate concerns regarding potentially unsafe environments, the Company strives to jointly build a zero-occupational-accident workplace.
- (2) Employees are valuable assets to the Company. A safe, non-discriminatory, and respectful workplace culture is provided to foster employee well-being and is one of the Company's core objectives.
- (3) Equipment Safety:
 - For hazardous machinery (e.g., overhead cranes, pressure vessels), annual inspections are conducted by external professional firms commissioned by the Central Inspection Office, and inspection records are maintained.
 - Contractors are informed of safety and environmental protection precautions during contract signing and factory entry, and must sign a “Contractor Pre-Construction Safety Notification Form.”
 - On-site personnel are required to wear safety helmets and earplugs in accordance with regulations.
- (4) Environmental sanitation:
 - Implementation of 5S spot inspections.
- (5) Medical and Health Care:
 - An annual general health checkup is provided for all employees.
 - Employees working in X-ray operating areas undergo an annual special health examination.

- Medical institutions conducting health checks must be designated by public notice from the Council of Labor Affairs of the Executive Yuan, in conjunction with the Department of Health of the Executive Yuan.
- In the event of occupational accidents in the workplace, the Company will take necessary emergency measures and conduct investigations, analysis, and documentation.

(6) Fire Safety:

- A comprehensive fire safety system is installed in accordance with the Fire Services Act, including sprinkler systems and evacuation systems such as descent ladders and emergency lighting.

The Ministry of Labor promulgated the “Guideline for Handling the Violation of Occupational and Safety Act and Labor Inspection Act” on July 27, 2022 for the proper enforcement of the rules and regulations under the Occupational Safety and Health Act (hereinafter, occupational safety law) and the reduction of occupational hazards. The Company’s violations of the OSHA in 2024 and subsequent corrective actions are as follows:

- According to the Disposition Letter Lao-Zhi-Shou-Zi No. 1120206069 dated January 8, 2024, the Company violated Article 6, Paragraph 1, Subparagraph 1 of the OSHA by failing to clearly label the functions and control mechanisms in accordance with Article 248 of the Occupational Safety and Health Act.
- According to the Disposition Letter Lao-Zhi-Shou-Zi No. 1130206427 dated October 1, 2024, the Company violated Article 6, Paragraph 1, Subparagraph 5 of the OSHA by failing to install protective equipment to prevent falling objects in accordance with Article 238 of the Occupational Safety and Health Act.

The Company has taken good care of the employee and paid for the medical expenses, and applied for compensation. The Company will continue its care for the employee and the employee will return to duties after recovery. The Company has strengthened training on occupational safety, clearly labeled machine functions and controls, and reinforced the bases of production equipment.

Assuring occupational safety and health at workplace is fundamental to sustainable development. The Company duly observes applicable laws and creates a safe and healthy work environment.

(V) Social Responsibility

The Company utilizes its resources to support public welfare, assist disadvantaged groups, and promote cultural literacy in the local community, thereby establishing a positive corporate social responsibility image. Examples include:

- Participating in the “Books of Love” project of the Taiwan Reading Culture Foundation by purchasing 50 boxes of books for shared reading groups and organizing reading guide training sessions to cultivate reading habits and improve literacy

nationwide.

- Sponsoring concerts by the Taichung Symphony Orchestra, hoping to bring the beauty of music to the general public and spread it throughout the community to enhance social well-being.
- Upholding the spirit of empathy by sponsoring the Genesis Social Welfare Foundation and World Vision Taiwan.
- Supporting government policies on elder care, localized aging, and active aging by sponsoring community senior dining services.
- Upholding the spirit of the People with Disabilities Rights Protection Act by helping promote the sales and service opportunities of products and services made by or for people with disabilities. During holiday seasons, the Company gives procurement priority to gifts from sheltered workshops or disability organizations.

(VI) Work Ethics and Professional Conduct

To implement the principle of ethical management, the Company stipulates work ethics and professional conduct in its “Employee Management Regulations,” which employees are required to follow. Management regulations are as follows:

1. Comply with the employee handbook, rules and regulations, public notices and work guidelines of each department.
2. Safeguard the Company’s reputation. Employees may not speak on behalf of the Company without authorization in matters involving its interests.
3. Perform duties faithfully and maintain confidentiality of all business-related matters.
4. Be cost-conscious and protect Company property; no items may be taken off-premises without permission.
5. When conducting external affairs, employees must act with humility and respect and refrain from arrogance or rudeness that could damage the Company’s reputation.
6. Promote teamwork and refrain from quarrels, fights, gossiping, or any actions that disrupt order.
7. Employees may not engage in strikes, work slowdowns or obstruct the Company’s production or operations.
8. Employees have a duty to protect the Company. In the event of natural disasters or emergencies, they shall voluntarily participate in repair, rescue and security efforts.
9. To ensure safe Internet use, it is prohibited to download images, videos, or MP3s from the Internet or visit non-business-related websites.
10. Language or behavior that violates moral standards or infringes upon the dignity, personal freedom, or job performance of other employees is prohibited.
11. A sexual harassment complaint mailbox is set up at the Health and Welfare Office to provide employees with a proper grievance mechanism.

To ensure employee compliance with the above regulations, the Company conducts monthly evaluations of key points to reinforce employee values.

(VII) Labor-Management Agreements and Disputes

The Company has consistently adhered to a management approach characterized by autonomy and full employee participation. Through various mechanisms such as proposals, monthly departmental meetings, and management meetings, the Company engages in two-way communication regarding production and sales coordination, operating conditions, and employee matters. As a result, labor-management relations remain harmonious, with no labor disputes or losses incurred.

(VIII) Losses arising from labor disputes in the most recent two fiscal years and up to the date of publication of the annual report, including disclosures of estimated amounts and response measures for any current or potential future losses (or explanation if estimation is not feasible): None.

(IX) Status of certification for financial information-related personnel: Currently in the process of certification.

VI. Information Security Management and Internal Material Information Handling Procedures:

(I) Information Security Management

The Board resolved on 2023/11/08 to establish the “Information and Communication Risk Management Framework” and the “Regulations Governing Information Security Control” The IT Office is the competent authority of information security charged with the security of the information machine room, computer information data file security, cyber security, email security management, access control of the information system, and to create a secure and reliable computer operation environment for assuring information, system, equipment, and cyber security of the Company, and protecting the interest of the Company and the sustainable running of the information systems of all functional units. Provide routine education and training to ensure employees are familiar with the information security policy, standards, and processes of the Company. Ensure that employees are alert about security and reduce the risk of information incidents. The training will ensure that employees comply with the information security policy and requirements. The CPA Office dispatches its personnel to audit the process security and related matters of the information system of the Company regularly.

The head of the IT Office is the designated administrator of information security. This person shall report to the President on the pursuit of information security from time to time and report to the Board on the pursuit of information security and the results at least once a year. Designated personnel charged with information security are also appointed to design and enforce information security. The organization operation mode – the PDCA (Plan-Do-Check-Act) management cycle is adopted to assure the attainment of the goal of reliability with continued improvement.

The Company reports the results of information security implementation to the Board of Directors at least once a year. The Company has already reported its 2024 information security implementation results to the Board. There were no significant information security incidents during the most recent fiscal year or up to the date of publication of this annual report.

(II) Information Security Management and Internal Material Information Handling Procedures

The Company has established the “Procedure for Handling Material Inside Information” so as to establish a reliable mechanism for the processing and disclosure of material inside information, avoid improper divulgence, and assure consistency and accuracy of outgoing information. In addition, the managers of the Company have also proactively participated in related training programs of corporate governance.

VII. Major Contracts:

Contract Type	Parties Involved	Date of contract start and end	Key content	Restrictive Covenants
Syndicated Credit Facility	Land Bank of Taiwan and nine other participating banks	2023.02.18~2030.12.17	NT\$5.8 billion total credit line	1. Current ratio must be maintained at or above 100% 2. Debt ratio must be maintained at or below 250% 3. Shareholders' equity must be maintained at or above NT\$2.8 billion. 4. Interest coverage ratio must be maintained at or above 1.5x.

VIII. If the Company or its affiliates have encountered financial difficulties in the most recent year or up to the date of publication of the annual report, the report shall disclose their impact on the Company's financial position: None.

Five. Financial Condition and Operating Results – Analysis and Risk Factors

I. Review and analysis of financial condition

Unit: NTD thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	6,975,352	7,033,350	57,998	0.83
Property, Plant and Equipment	4,705,374	4,883,032	177,658	3.78
Intangible and Other Assets	196,657	173,726	(22,931)	(11.66)
Total Assets	11,877,383	12,090,108	212,725	1.79
Current Liabilities	3,334,078	3,770,720	436,642	13.10
Non-Current Liabilities	3,723,177	3,251,696	(471,481)	(12.66)
Total Liabilities	7,057,255	7,022,416	(34,839)	(0.49)
Capital Stock	2,805,260	2,805,260	0	0
Capital Surplus	463,471	463,471	0	0
Retained Earnings	1,759,443	1,866,083	106,640	6.06
Other Equity	(208,046)	(26,785)	181,261	87.13
Treasury Shares	0	(40,337)	(40,337)	100.00
Total Equity	4,820,128	5,067,692	247,564	5.14
Major reasons for significant changes in assets, liabilities, or equity (over 20%) in the most recent two fiscal years and their impact: 1. Other equity: The change in the current year was due to the reversal of special reserve following the distribution of cash dividends.				

II. Operating Results

(I) Comparative Analysis of Operating Results

Unit: NTD thousands

Item \ Year	2023	2024	Amount Increased (Decreased)	Percentage Change (%)
Net Operating Revenue	12,856,899	12,398,284	(458,615)	(3.57)
Operating Cost	<u>11,919,820</u>	<u>11,191,170</u>	(728,650)	(6.11)
Operating Profit	937,079	1,207,114	270,035	28.82
Operating Expense	<u>686,600</u>	<u>802,003</u>	115,403	16.81
Operating Income (Loss)	250,479	405,111	154,632	61.73
Non-operating Income and Gains	30,304	64,791	34,487	113.80
Non-operating Expenses and Losses	<u>187,245</u>	<u>158,411</u>	(28,834)	(15.40)
Income (Loss) before Tax	93,538	311,491	217,953	2.93
Income Tax Expense (Benefit)	<u>42,588</u>	<u>75,664</u>	33,076	77.67
Net Income (Loss)	<u>50,950</u>	<u>235,827</u>	184,877	362.86

Explanation of Variance Analysis:

1. Net Operating Revenue, Gross Profit, Operating Income, Income before Tax, Income Tax Expense, and Net Income: Due to fluctuations in raw material prices during the current year, overall operating costs decreased, which in turn led to increases in operating income, income before tax, income tax expense and net income.
2. Non-operating Income and Gains, Non-operating Expenses and Losses: The change was due to a shift from a net foreign exchange loss in 2023 to a foreign exchange gain in 2024, resulting in higher non-operating income.

(II) Analysis of Changes in Gross Profit:

Unit: NTD thousands

	Increase from previous period Change in amount	Reason for Difference			Quantity Variance
		Price Variance	Cost Variance	Sales Mix Variance	
Operating Profit	270,035	(831,526)	1,094,256	(22,163)	29,468
Description		The price of raw materials fell significantly in 2024 compared to 2023, affecting the overall product pricing and resulting in a negative price variance.	Cost of production fell due to the continued decline of material purchase, which resulted in a spread between the cost and price.	The sales ratio of more profitable products (steel pipes) declined during the current year, leading to a negative sales mix variance.	The sales volume (by weight) increased compared to the previous year, resulting in a positive quantity variance.

III. Cash Flows

(1) Analysis of Cash Flows for the Most Recent Two Years:

Item \ Year	2023	2024	Percentage of Increase (Decrease) (%)
Cash Flow Ratio (%)	17.22	11.60	(32.64)
Cash Flow Adequacy Ratio (%)	41.67	38.26	(8.18)
Cash Reinvestment Ratio (%)	1.27	2.47	94.49
Explanation of Changes in Percentages: The size of the inventory reconciliation in 2024 resulted in a decrease of net cash inflow from operations. As a result, the 3 ratios based on cash flow turned negative as compared with the same period of the previous year at a significant level.			

(II) Analysis of cash flow in the coming year:

Unit: NTD thousands

Beginning Cash Balance	Total for the Year from Operating Activities Cash Flows	Net cash flow from investment and financing	Cash Balance (Shortfall) Amount	Remedies for Cash Shortfall	
				Investment Plan	Financing Plans
1,215,975	623,523	(552,368)	1,287,130	-	-
I. Operating Activities: The Company specializes in the manufacture and sale of stainless steel pipes and steel plates. The primary sources of net cash inflow from operating activities in 2025 are expected to be: reduced inventory purchases, non-cash depreciation and pretax profit. The estimated net inflow is NT\$623,523 thousand.					
II. Investing Activities: Land and plant acquisition, equipment procurement, or upgrades by the Company and its subsidiaries in Taiwan are expected to result in additional investment of NT\$490,000 thousand.					
III. Financing Activities: The Company plans to repay maturing long-term borrowings, adjust short-term liabilities, and distribute cash dividends during the year, resulting in an expected financing cash outflow of NT\$62,368 thousand.					
☆ Remedial Measures for Cash Shortfall and Liquidity Analysis: Not applicable					

IV. Impact of Major Capital Expenditures in the Most Recent Year on Financial Operations

(I) Utilization and Source of Funds for Major Capital Expenditures

Unit: NTD thousands

Planned items	Actual or Expected Source of Funds	Actual or Expected Completion Date	Total Capital Required	Actual or Planned Use of Funds	
				2024	2025
Capacity expansion work	Equity capital or bank loans	2024~2025	352,000	228,800	123,200
New purchase of machine and equipment	Equity capital or bank loans	2024~2025	256,000	51,200	204,800

Explanation: Undistributed retained earnings remain on the books and are sufficient to cover relevant investment needs. If other considerations arise, long-term bank borrowings will be used in combination.

(II) Anticipated Benefits from Capital Expenditures

1. Estimated Increases in Production, Sales Volume, Revenue, and Gross Profit

Unit: NT\$ thousand / metric tons

Year	Item	Production Volume (tons/year)	Sales Volume (tons/year)	Sales Revenue (NT\$ thousand/year)	Gross Profit (NT\$ thousand/year)
114	Stainless steel pipes	30,000	4,800	432,000	43,200
115	Stainless steel pipes	30,000	24,000	2,160,000	216,000

2. Explanation of Other Benefits

None.

V. Recent Investment Policy, Profit or Loss, and Improvement Plans and Investment Plan for the Coming Year

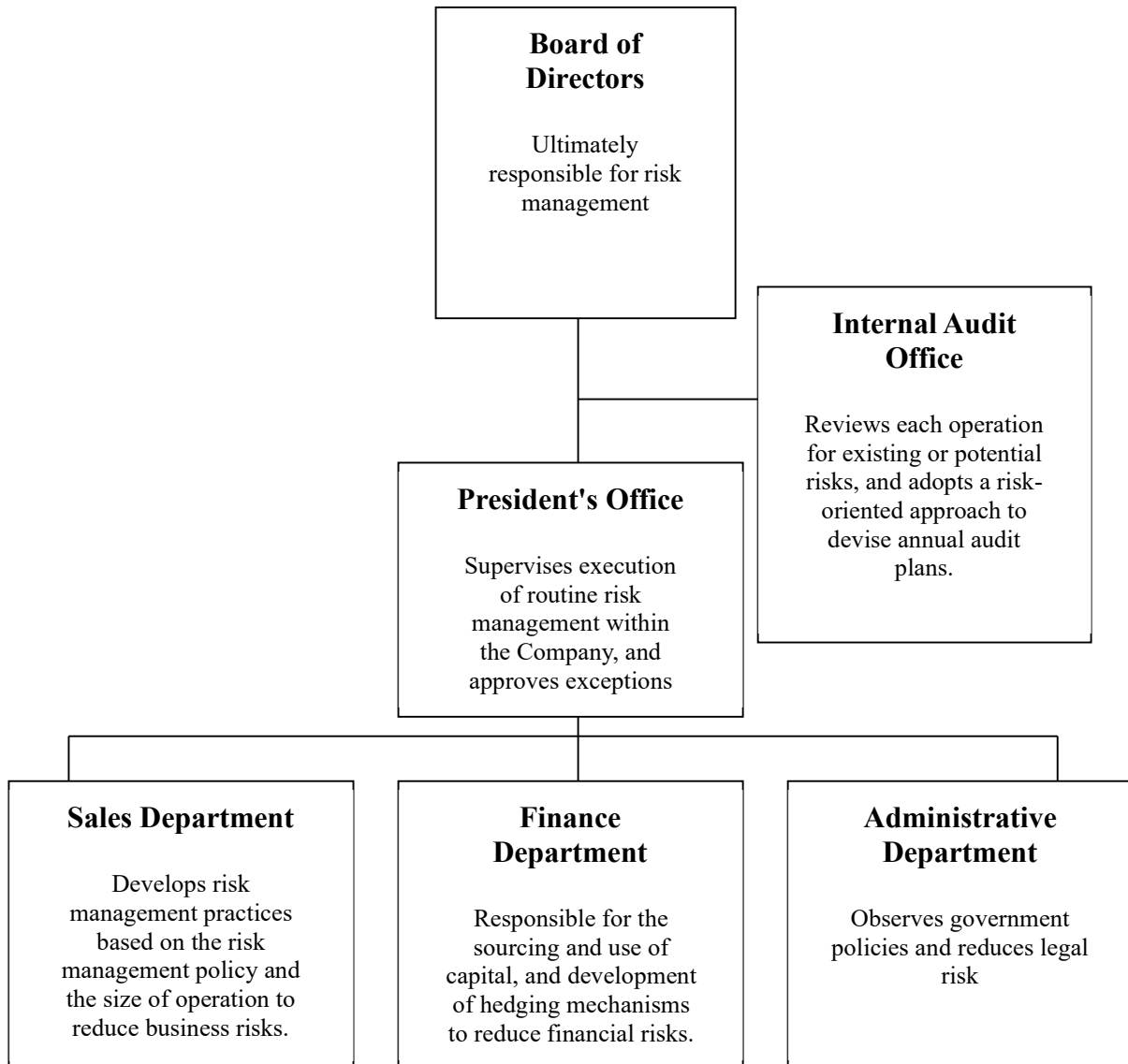
Unit: NTD thousands

Investee Company	Policy	Profit (Loss) Amount (NT\$ thousand)	Main Reason for Profit (Loss)	Improvement Plan	for the Coming Year Investment Plan
Froch Suzhou Company	1 Secure sources of raw materials. 2. Continue developing domestic sales channels and markets in mainland China.	NT\$9,673	Deep market cultivation resulting in customers with stable, long-term procurement.	None.	No
Froch Wuxi Company		NT\$37,773	The present investment is at the economy of scale. However, the cost of inventory was affected by the fluctuation of material prices.	No	Diversifying product specifications and enhancing quality to meet the needs of different markets.
Froch Trading Company		NT\$ (579)	Derive revenue from asset leasing; actively control costs to maintain a break-even position.	No	No
Froch Stainless Steel Company		NT\$7,107	Due to significant fluctuations in raw material prices, pricing negotiation power has become unstable, resulting in narrowed spreads.	No	Deep market cultivation resulting in customers with stable, long-term procurement.
Froch Morocco	Proximity to market, service to the customer.	NT\$ (6,455)	The plant is in construction	No	Construction in progress

VI. Risk Assessment

(I) Risk Management Organization

1. Organizational Structure: The management of various operational risks is handled by relevant departments based on the nature of the business. The Audit Office reviews existing or potential risks in operations and formulates the annual audit plan focused on risk orientation accordingly. The organizational structure and functions of the risk management system are as follows:



2. The Company's main risk management bodies and responsible units for executing each type of risk management are as follows:

A. Market Risk

This refers to fair value risks or price risks due to fluctuations in market exchange rates and interest rates. The Company locks in profits by entering into forward foreign exchange contracts or repays net foreign currency liabilities directly with net foreign currency assets to hedge against exchange rate risks. Additionally, as the Company does not use derivative financial instruments such as futures to hedge spot inventories, these positions are exposed to market risk.

B. Credit Risk

This pertains to the potential impact on financial assets due to counterparties failing to fulfill contractual obligations. The Company evaluates credit risk based on contracts with a positive fair value as of the balance sheet date. The Company's counterparties are all reputable financial institutions and corporate entities and thus no significant credit risk is anticipated.

C. Liquidity Risk

The Company's operating funds are sufficient to meet its obligations, and therefore, there is no liquidity risk arising from the inability to raise funds to fulfill contractual commitments.

All available-for-sale financial assets invested in by the Company are traded in active markets and are expected to be readily sold at prices close to fair value.

(II) Risk Assessment:

(1) Impact of interest rate, exchange rate, and inflation fluctuations on the Company's profit or loss, and future response measures:

◎ The Company's short- and long-term bank borrowings are mostly floating-rate debt. Therefore, changes in market interest rates will cause the effective interest rate on these borrowings to fluctuate, affecting future cash flows.

◎ The Company locks in profits by entering into forward foreign exchange contracts or repays net foreign currency liabilities directly with net foreign currency assets to hedge against exchange rate risks.

◎ Due to the global economic recovery, the consumer price index has experienced large short-term fluctuations, leading to notable inflation. As a result, the Company's operating costs have increased.

◎ Future response measures:

◆ The finance unit maintains close contact with financial institutions and

constantly gathers relevant information on interest and exchange rate movements to monitor trends and reduce adverse impacts caused by such fluctuations.

- ◆ When quoting prices to export customers, exchange rate trends must be considered to reduce the impact of currency volatility on order profitability.
- ◆ Foreign currency accounts are maintained with correspondent banks to retain foreign currency positions in anticipation of funding needs, and the Company continues to monitor exchange rate changes and adjusts holdings accordingly.
- ◆ Financial instruments such as forward foreign exchange contracts and factoring of overseas accounts receivable are effectively utilized to hedge foreign exchange risks, following internal procedures for derivatives to strengthen risk control.

- (2) Policies on high-risk, high-leverage investments, loans to others, endorsements/guarantees, and derivative transactions, along with main reasons for profit or loss and future response measures:

In May 2024, the Company provided an endorsement/guarantee of US\$11,000 thousand for Froch Wuxi Co., and in November 2024, an additional US\$25,000 thousand was endorsed/guaranteed, totaling US\$36,000 thousand. The actual amount drawn was US\$5,147 thousand. Proceeded in accordance with the “Regulations Governing Endorsement and Guarantee.”

- (3) Future R&D plans and projected R&D expenditures:

The Company primarily manufactures stainless steel pipes and coils and operates in a technology-mature industry. Breakthrough R&D for new production and equipment is relatively rare. Therefore, the Company's R&D budget is mainly allocated to process and original equipment improvements, and it does not fall under the "involving science, technology, quantitative tools, or statistical methods" category defined by the industry innovation provisions.

- (4) Impact of major domestic and foreign policies and legal changes on the Company's financial operations and response measures:

The Company conducts its operations in compliance with relevant laws and regulations in Taiwan and countries where it has investments. Overseas personnel promptly report significant policy and legal changes to the head office to support appropriate business decision-making and response planning.

- (5) Impact of technological changes (including information security risks) and industry trends on the Company's financial operations and response measures:

The Company's industry is related to industrial development and daily consumer demand. Currently, there are no substitute products that could alter the industry structure. Moreover, the Company effectively utilizes technological advancements in management, process improvement, and new product development, so changes in technology are beneficial to the expansion and growth of the Company's business.

- (6) Impact of changes in corporate image on corporate crisis management and response measures:

The Company adheres to the principles of prudence and integrity, upholding the business philosophy of "Pursuing Excellence and Creating the Future," while cherishing resources and emphasizing environmental protection. The Company actively develops export business and returns operating results to shareholders, thereby fulfilling its corporate social responsibilities.

- (7) Expected benefits and potential risks of mergers and acquisitions:

The Company currently has no merger or acquisition plans.

- (8) Expected benefits and potential risks of plant expansion:

Capital expenditure may yield results. Risks varied widely due to the price of materials and marine freight. Proper control of related costs and purchase procedures are necessary.

- (9) Risks associated with concentration in procurement or sales:

The Company is a specialized manufacturer of stainless steel pipes. Its primary raw materials are sourced mainly from Yieh United Steel Corp. and Walsin Lihwa Corporation, with supplementary procurement from stainless steel producers in mainland China. Both Yieh United and Walsin Lihwa are professional domestic manufacturers of stainless steel coils with stable product quality, and have been long-term suppliers to the Company. Accordingly, the Company does not face any supply concentration risk. In addition, the Company actively expands its export business, which accounts for approximately 37% of total revenue, with export channels reaching over 100 countries. Domestically, the Company serves several thousand customers, and its sales are not concentrated in any single industry, market, or customer. Therefore, the Company is not exposed to sales concentration risk.

- (10) Impact and risk of substantial share transfers or changes in holdings by directors or major shareholders holding more than 5% of shares:

As of the date of publication of the annual report, there have been no significant changes in the shareholdings of the Company's directors or major shareholders holding more than 10%, and the impact on the Company remains limited.

(11) Impact and Risk of Changes in Management Control:

As of the date of publication of the annual report, there have been no changes in the members of the Board of Directors or the Chairman, and no changes in the management team have occurred.

(12) Major litigations, non-litigation, or administrative disputes involving the Company's directors, president, responsible persons, shareholders holding more than 10% of shares, and subsidiaries, which have been concluded or are still pending, and whose outcome may materially affect shareholders' equity or securities prices: None.

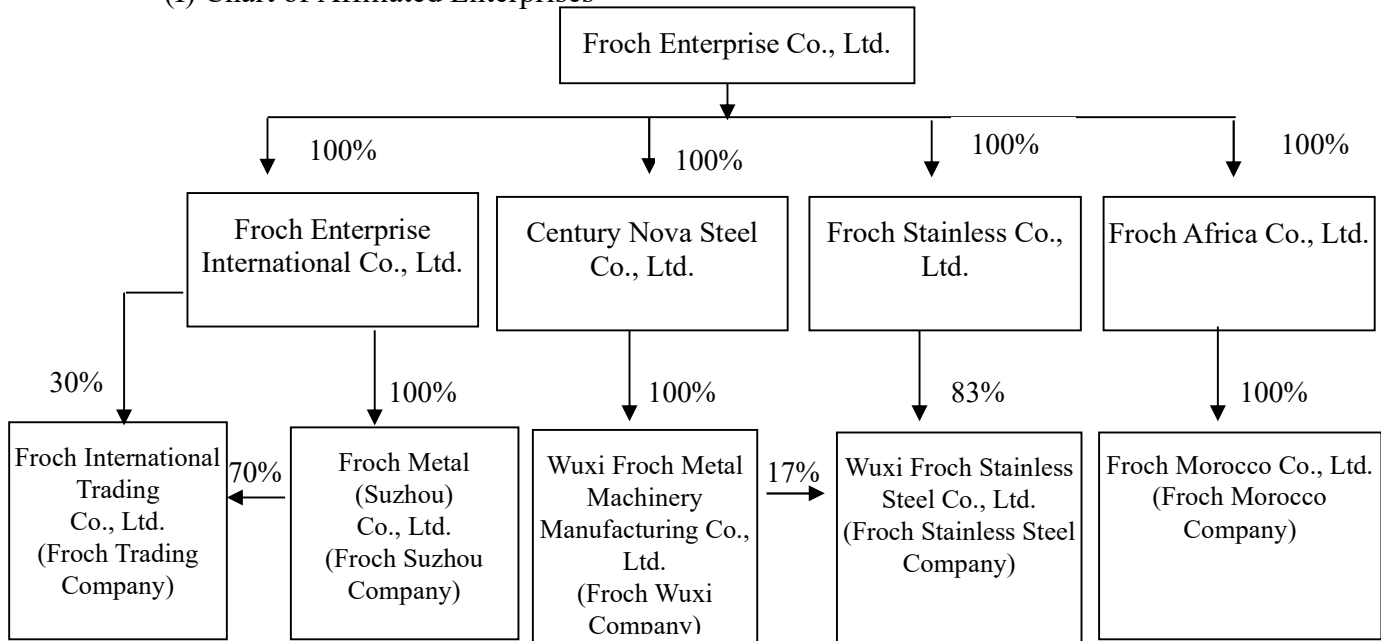
(13) Other Material Risks: None.

VII. Other Important Matters: None.

Six. Special Disclosures

I. Information on Affiliated Enterprises

(I) Chart of Affiliated Enterprises



(II) Basic Information of Affiliated Enterprises

Company Name	Relationship with the Company	Shareholding in Affiliated Enterprise			Shareholding by Affiliated Enterprise in the Company		
		Shareholding Percentage	Shares	Amount (NT\$ thousands)	Shareholding Percentage	Shares	Amount
Froch Cayman Company	Subsidiaries	100%	3,550,000	115,366 (USD3,550)	0	0	0
Froch Suzhou Company	Subsidiary	100%	0	103,236 (USD3,000)	0	0	0
Froch Trading Company	Sub-subsidiary	100%	0	16,250 (USD500)	0	0	0
Froch Weijing Company	Subsidiaries	100%	49,000,000	1,530,998 (USD49,000)	0	0	0
Froch Wuxi Company	Subsidiary	100%	0	1,680,898 (USD54,000)	0	0	0
Froch Samoa Company	Subsidiaries	100%	500,000	14,959 (USD500)	0	0	0
Froch Stainless Steel Company	Subsidiary	100%	0	17,951 (USD600)	0	0	0
Froch Africa Weijing Company	Subsidiaries	100%	15,000,000	477,442 (USD15,000)	0	0	0
Froch Morocco	Subsidiary	100%	0	479,124 (USD14,954)	0	0	0

(III) Information on presumed control and subordination based on common shareholders: Not applicable.

(IV) Industries covered by the overall business operations of affiliated enterprises:

The businesses operated by the Company and its affiliated enterprises include: manufacturing, trading, and investment.

(V) Names of directors and presidents of affiliated enterprises and their shareholding information

Enterprise Name	Title	Name or Representative	Shareholding	
			Capital Contribution (NT\$)	Shareholding Ratio (%) / Capital Contribution Ratio
Froch Cayman Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 3,550,000	100.00
Froch Weijing Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 49,000,000	100.00
Froch Samoa Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 500,000	100.00
Froch Suzhou Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 400,000	100.00
Froch Wuxi Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 49,000,000	100.00
Froch Trading Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 500,000	100.00
Froch Stainless Steel Company	Chairman	Froch Enterprise Co., Ltd. Representative – Bing-Yao Chang	USD 500,000	100.00
Froch Africa Weijing Company	Director	Froch Enterprise Co., Ltd. Representative – Hsin-Da Chang	USD 15,000,000	100.00
Froch Morocco	Representative of institutional shareholder	Froch Enterprise Co., Ltd. Representative – Hsin-Da Chang	USD 14,953,943	100.00

(VI) Business Overview of Affiliated Enterprises

Unit: Foreign currency and NT\$ thousands

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income (Loss)	Net Income (Loss) for the Period (After Tax)	Earnings (Loss) per Share (NTD)
Froch Cayman Company	USD 3,550	545,859	0	545,859	0	0	8,542	USD 0.07
Froch Weijing Company	USD49,000	2,585,396	0	2,585,396	0	0	30,787	USD 0.02
Froch Samoa Company	USD 500	116,253	0	116,253	0	0	4,571	USD 0.28
Froch Africa Weijing Company	USD15,000	477,576	0	477,576	0	0	(9,134)	(USD 0.02)
Froch Suzhou Company	USD 3,000	281,945	23,387	258,558	881,316	13,770	9,673	USD 0.10
Froch Wuxi Company	USD54,000	3,297,140	1,261,619	2,035,521	3,237,072	72,055	37,773	USD 0.02
Froch Trading Company	USD 500	26,769	312	26,457	0	(3,839)	(579)	(USD 0.04)
Froch Stainless Steel Company	USD 600	419,142	403,194	15,948	2,322,611	5,277	7,107	USD 0.37
Froch Morocco	USD14,954	478,110	718	477,392	0	(1,208)	(6,455)	(USD 0.01)

(VII) Consolidated Financial Statements of Affiliated Enterprises: Please refer to “VI. Financial Overview” under “Consolidated Financial Statements of Parent and Subsidiaries Audited by CPA for the Most Recent Fiscal Year.”

(VIII) Related Party Reports: None.

- II. Private placements of securities in the most recent fiscal year and up to the publication date of this annual report: None.
- III. Other necessary explanatory matters: None.
- IV. Matters that have occurred in the most recent fiscal year and as of the date of publication of the annual report that may materially affect shareholders' equity or securities prices as specified in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act: None.