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Loyalty Founder Enterprise Co., Ltd.

2024



Annual Report

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Company website:<http://www.lfe.com.tw>

Loyalty Founder Enterprise Co., Ltd.

Names, titles, telephone numbers and email addresses of the spokesperson and deputy spokesperson:

I. Spokesperson:

Name: Wang Chun-Tung

Title: President

Telephone: (03)326-9123

Email: life-stock@lfe.com.tw

Deputy spokesperson:

Name: Lin Tao-Ming

Title: Assistant Vice President at the Sales Department

Telephone: (03)326-9123#3506

Email: life-stock@lfe.com.tw

II. Addresses and telephone numbers of the headquarters, branches and factories:

Company's address: No. 225, Ln. 54, Sec. 2, Anhe Rd., Annan Dist., Tainan City

Telephone: (06)356-0606

III. Stock transfer agent:

Name: Shareholder Services Department, Grand Fortune Securities Co., Ltd.

Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City

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

Telephone: (02)2371-1658

IV. Names of the CPAs certifying the financial report of the most recent year, and the name, address, website and telephone number of their accounting firm:

Names of CPAs: Wang Teng-Wei, Li Chi-Chen

Name of accounting firm: Deloitte Taiwan

Address: 13F, No. 189, Sec. 1, Yongfu Rd., Tainan City

Website: [http : //www.deloitte.com.tw](http://www.deloitte.com.tw)

Telephone: (06)213-9988

V. Name of the exchange where foreign securities are listed and traded, and the method of access to the information of such foreign securities: None.

VI. Company website: <http://www.lfe.com.tw>

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Chapter I. Letter to Shareholders

I. Results of implementation of the 2024 business plan:

(I) Results of implementation of the business plan

The main source of our operating revenue is the production and sales of server chassis and components. In 2024, we recorded a net operating revenue of NTD1,000,611 thousand, an increase of 17% from NTD854,880 thousand in 2023, and a consolidated net operating revenue of NTD4,487,498 thousand, a decrease of 17% from NTD5,437,932 thousand in 2023. We also recorded a consolidated gross operating profit of NTD680,625 thousand, a decrease of 2% from NTD697,187 thousand in 2023, and a consolidated after-tax net profit of NTD332,545 thousand, a decrease of 6% from NTD353,075 thousand in 2023. Our earnings per share as NTD1.82.

(II) Budget implementation

In accordance with the law, we are not required to disclose any information regarding such implementation since we did not publish any financial forecast in 2024.

(III) Analysis of financial revenues and expenses and profitability

1. Financial revenues and expenses

Unit: NTD thousand

Item/Year	2024	2024 (consolidated)
Net operating revenue	1,000,611	4,487,498
Net profit (loss) on non-operating revenues and expenses	215,633	21,431
Operating cost	801,613	3,806,873
Operating expense	126,320	337,720
Pre-tax net profit	288,311	364,336
After-tax net profit	269,028	332,545

2. Profitability analysis (consolidated)

Item/Year	2024	2024 (consolidated)
Return on assets (%)	9%	7%
Return on equity (%)	11%	11%
Net profit margin (%)	27%	7%
Earnings per share (NTD)	1.82	1.82

Note: 1. Prepared according to our 2024 consolidated financial statements.

2. The data of earnings per share is based on the retroactively adjusted number of outstanding shares as of the end of 2024.

(IV) Overview of research and development

Being committed to satisfying customers' demands and expectations for higher quality, we invested NTD 79,425 thousand in R&D in 2024, an increase of 22% from NTD 65,301 thousand in 2023. The following is our future direction in R&D:

1. Enhance the development of high-performance computing (HPC) and artificial intelligence (AI) servers and data storage device chassis to boost overall growth momentum.
2. Pursue opportunities in edge computing server chassis products to expand the server industry footprint and enhance competitiveness.
3. Integrate resources from HEC headquarters to secure new projects from major manufacturers and optimize product economic benefits.
4. Strengthen modular product design to shorten development timelines, reduce costs, and increase profits.
5. Collaborate with HEC headquarters and group brand resources to develop commercial office-related products and enhance brand awareness.
6. Develop new energy customer base to expand product lines and revenue.

II. Overview of 2025 Business Plan

(I) Operational policies

1. We will actively seek orders of computer chassis for servers/storage devices from all existing EMS manufacturers.
2. We will actively pursue orders for new energy-related products.
3. We will actively develop business with new customers to expand our reach.
4. We will continue to develop products of computer chassis with a high gross profit, with an aim to achieve higher profitability.
5. We will actively expand our business to include new products of computer chassis for non-server devices, and we will develop the COUGAR brand products of office furniture.
6. We will actively introduce automated robotic arms for production to decrease labor costs and increase efficiency.
7. We will integrate the human and functional resources of our group to reduce operating costs and achieve higher profits.

III. Future strategy for development of LFE

To pursue excellence and move toward the goal of effectively increasing our profitability, our key strategy for development is summarized as follows:

- (I) We will seek product- and investment-oriented diversification in development.
- (II) We will improve technologies for quick change of dies and lines to seek growth in our quality, revenues and profits.
- (III) We will refine and enhance automated production to increase capacity, reduce manufacturing costs, and improve profitability.
- (IV) We will seek niches, growth, balance and stability in our revenues and profits to enhance our overall profitability. We will also continue to strengthen and increase the synergy in integration of the resources of investee companies and our group.
- (V) We will continue to organize training on professional skills to develop highly efficient employees and teams.
- (VI) We will provide comprehensive services through vertical integration to effectively increase the market size.

IV. Effects of external competition, legal environment and overall business environment

- (I) With regard to external competition, facing rapidly changing industrial technologies and diverse customer demands, we will continue to expand the scale and scope of R&D and effectively integrate our resources to enhance our R&D capability. We will meet the demands of different customers through product diversification, and we will extend our market reach to various areas to explore new markets, with the expectation of accelerating growth in our revenues and profits.
- (II) With regard to the legal environment, in response to increasingly stringent requirements for environmental protection and labor rights worldwide and in Mainland China, we will continue to improve and keep fulfilling our social responsibilities as a green business and in caring for our employees in order to reduce the restrictions of the legal environment. Our management team will constantly stay informed and take the most appropriate measures in response in a timely manner.
- (III) With respect to the overall business environment, the Russian-Ukrainian war has exerted an impact on the global economy, and it will take time for the economy to return to the original path of growth. The current global inflation and the pressure of economic growth has existed for some period of time. Government policies of various countries have been adjusted to a certain extent in response to the situation. A long-term standoff coupled with the rise in global prices have lead to increasingly serious inflation in the United States and a dilemma of the U.S. Fed. It is impossible to control inflation without raising interest rates, and it triggers concerns about a economic downturn and deflation after interest rate hikes. After the surge in natural gas and oil prices, the economic impact will extend globally, which may halve global economic growth or even return to zero growth.

We will keep strengthening the integration of external and internal resources in order to enhance our advantage in market competition, improve our overall operating performance, increase the welfare of our employees and satisfy the interests of our shareholders under an overall constantly changing business environment.

Thank you
Best wishes to you all,

Loyalty Founder Enterprise Co., Ltd.
Chairman: Ko Chi-Yuan

Chapter II. Corporate Governance Report

I. Information of directors, president, vice president, assistant vice presidents and managers of departments and branches

1. Information of directors

April 21, 2025

Title	Nationality or country of registration	Name	Gender Age	Date of election (taking office)	Term	Date of first election	Shareholding at time of election		Current shareholding		Current shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent positions at LFE and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity		
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
Director	Republic of China	Compucase Enterprise Co., Ltd.		2022. 6.21	3 years	2016. 6.13	74,755,773	50.62	74,755,773	50.62	0	0	0	0			None	None	None
Chairman	Republic of China	Representative of Compucase Enterprise Co., Ltd.: Ko Chi-Yuan	Male 71 - 75	2022. 6.21	3 years	2016. 6.13	985,500	0.67	1,072,500	0.73	0	0	0	0	Department of Economics, National Chung Hsing University; Chairman, San Shing Fastech Corp.	Representative of director of Compucase Enterprise Co., Ltd. Corporate representative of Compucase Enterprise Co., Ltd.'s subsidiary in South Korea Chairman, San Shing Fastech Corp. Representative of director of Optima Healthcare Inc.	None	None	None
Director	Republic of China	Representative of Compucase Enterprise Co., Ltd.: Chung Ding-Chun	Male 51 - 60	2022. 6.21	3 years	2016. 6.13	0	0	0	0	0	0	0	0	Master of Business Administration, National Taiwan University; President, Japan Asia Asset Management Co., Ltd.	Director, Compucase Enterprise Co., Ltd. Director at WCX, WSE and WYT Director, Optima Healthcare Inc.	None	None	None
Director	Republic of China	Representative of Compucase Enterprise Co., Ltd.: Li Li-Sheng	Male 61 - 70	2022. 6.21	3 years	2022. 6.21	128,700	0.09	68,700	0.05	0	0	0	0	Graduated from senior high school Chairman, Zong Sine Industries Inc.	Director, Compucase Enterprise Co., Ltd. Director, Optima Healthcare Inc. Chairman, Universal Textile Co., Ltd.	None	None	None
Director	Republic of China	Representative of Compucase Enterprise Co., Ltd.: Wang Chun-Tung	Male 51 - 60	2022. 6.21	3 years	2019. 6.18	623,236	0.42	3,000	0	0	0	0	0	Master of MBA Program, National Chengchi University Bachelor of Electrical Engineering, National Chiao Tung University President, Compucase Enterprise Co., Ltd.	Corporate representative of Compucase Enterprise Co., Ltd. And its subsidiaries Chairman, Optima Healthcare Inc.	None	None	None

Title	Nationality or country of registration	Name	Gender	Age	Date of election (taking office)	Term	Date of first election	Shareholding at time of election		Current shareholding		Current shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent positions at LFE and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity		
								Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
Director	Republic of China	Tahua Investment Co..			2022. 6.21	3 years	2022. 6.21	1,323,247	0.9	1,323,247	0.9	0	0	0	0			None	None	None
Director	Republic of China	Representative of Tahua Investment Co., Ltd.: Chen Ling-Hsuan	Male	41 - 50	2022. 6.21	3 years	2022. 06.21	0	0	0	0	0	0	0	0	LLM, National Taiwan University Managing Attorney and Chairman, Joius Law Firm	Independent Director, Cubtek Inc. Chairman, Shareholders' Rights Protection Association Independent Director, Yoda Pharmaceuticals Inc.Taiwan Branch (Cayman)	None	None	None
Independent director	Republic of China	Huang Cheng-Chung	Male	51 - 60	2022. 6.21	3 years	2022. 6.21	0	0	0	0	0	0	0	0	Graduate Institute of Financial Management, National Central University Senior Advisor, Zoyi Capital Partner, Fuh Hwa Capital	Independent Director, BTL Inc. Independent Non-Executive Director, Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (00520.Hk)	None	None	None
Independent director	Republic of China	Tang Li-Yu	Male	41 - 50	2022. 6.21	3 years	2022. 6.21	0	0	0	0	0	0	0	0	Bachelor and Master of Civil Engineering, National Taiwan University Master of Economics, New York University Chartered Financial Analyst (CFA) Real estate appraiser qualified via national examination Executive Director, Nobo Capital Management Limited Real Estate Analyst, RBS Asia Limited	None	None	None	None
Independent director	Republic of China	Chen Chieh-Shan	Male	71 - 75	2022. 6.21	3 years	2022. 6.21	0	0	0	0	0	0	0	0	PhD in Engineering, University of Warwick Master of Materials Science and Engineering, Northwestern University Secretary General, Chinese Society for Quality Director General, Bureau of Standards, Metrology and Inspection, MOEA Chairman, Taiwan Accreditation Foundation Chairman, Taiwan Assistive Technology and Long-term Care Industry Association	None	None	None	None

If the Chairman of the Board of Directors and the President or equivalent (top manager) are the same person, or are each other's spouse or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and countermeasures should be stated in the remarks column: **None**.

2. Major shareholders of corporate directors and supervisors

April 21, 2025

Name of corporation	Major shareholder of corporation	Shareholding of major shareholder (%)
Compucase Enterprise Co., Ltd.	Compucase Investment Co., Ltd.	21.23%
	MiTAC International Corporation	8.91%
	Cheng Li Investment Co., Ltd.	5.91%
	HSBC Bank (Taiwan) Limited – Custodian for Mitsubishi UFJ Morgan Stanley (Proprietary Trading Unit), Platform-Based Third-Party SBL Investment Account	2.95%
	Citibank – Custodian for Berkeley Capital SBL/PB Investment Account	2.09%
	Hung Ching-Chung	1.51%
	Standard Chartered Bank Main Branch – Custodian for Mizuho Securities Co., Ltd. Investment Account	1.03%
	Hsu Chien Chiu-Hsiang	0.93%
	Tahua Investment Co., Ltd.	0.87%
	Citibank Taiwan Limited – Custodian for UBS Europe SE Investment Account	0.64%
Tahua Investment Co., Ltd.	A non-public company, so we have been unable to obtain its relevant information.	

Note1 : Where a director or supervisor is the representative of a corporate shareholder, the name of the corporate shareholder is indicated.

Note2 : The name of the major shareholder (whose shareholding is among the top 10) of a corporate shareholder and the percentage of its shareholding are indicated. Where the major shareholder is a corporation, see the table below.

April 21, 2025

Name of corporation	Major shareholder of corporation
Compucase Investment Co., Ltd.	AB Value Investment Co., Ltd. (100%)
MiTAC International Corporation	MiTAC Holdings Corporation (100%)
Cheng Li Investment Co., Ltd.	Compucase Investment Co., Ltd. (100%)

Note: Tahua Investment Co., Ltd. is a non-public company, so we have been unable to obtain its relevant information.

3. Disclosure of information about the professional qualifications of directors and the independence of independent directors:

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Also an independent director at the following number of other public company(ies)
Chairman Representative of Compucase Enterprise Co., Ltd.: Ko Chi-Yuan	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Chairman, San Shing Fastech Corp.	N/A	-
Director Representative of Compucase Enterprise Co., Ltd.: Chung Ding-Chun	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Senior Partner, AB Value Asset Management Co., Ltd.	N/A	-
Director Representative of Compucase Enterprise Co., Ltd.: Li Li-Sheng	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Chairman, Zong Sine Industries Inc.	N/A	-
Director Representative of Compucase Enterprise Co., Ltd.: Wang Chun-Tung	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. President, Compucase Enterprise Co., Ltd.	N/A	-

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Also an independent director at the following number of other public company(ies)
Director Representative of Tahua Investment Co., Ltd.: Chen Ling-Hsuan	<ol style="list-style-type: none"> 1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. A professional or technician who has passed the national examination required for judge, prosecutor, lawyer, accountant or any other business of LFE and has received a certificate thereof. 3. Managing Attorney and Chairman, Joius Law Firm 	N/A	-
Independent director Huang Cheng-Chung	<ol style="list-style-type: none"> 1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Senior Advisor, Zoyi Capital 	Note 2	1
Independent director Tang Li-Yu	<ol style="list-style-type: none"> 1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Assistant President (Asset Management), Huarong International Financial Holdings Limited 	Note 2	-
Independent director Chen Chieh-Shan	<ol style="list-style-type: none"> 1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Director General, Bureau of Standards, Metrology and Inspection, MOEA 	Note 2	-

Note1 : None of the circumstances under Article 30 of the Company Act applies to any director.

Note2 : Also an independent director at less than three other public companies.

The criteria of independence are as follows:

- (1) Not an employee of LFE or any of its affiliates.

- (2) Not a director or supervisor of LFE or any of its affiliates (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (3) Not a natural-person shareholder whose shareholding, including the shares held by his/her spouse or minor children or through nominees, equals or exceeds 1% of the total outstanding shares of LFE, or who is among the top 10 shareholders of LFE.
- (4) Not a spouse, any relative within the second degree of consanguinity or any lineal relative within the third degree of consanguinity of any manager under (1) or any of the persons under (2) or (3).
- (5) Not a director, supervisor or employee of any corporate shareholder who holds at least 5% of the outstanding shares of LFE, is among the top 5 shareholders or has appointed a representative as a director or supervisor of LFE in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (6) Not a director, supervisor or employee of another company where a majority of the seats of director or voting shares are under the control of the same person (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (7) Not a director, supervisor or employee of another company or institution who is also the chairman, president or any officer with equivalent position at LFE or is his/her spouse (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (8) Not a director, supervisor or manager or a shareholder with a shareholding of no less than 5% at any company or institution with a financial or business relationship with LFE (except where that company or institution holds no less than 20% and no more than 50% of the total outstanding shares of LFE, and where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (9) Not a professional or an owner, partner, director, supervisor or manager of any sole proprietorship, partnership, company or institution specialized in commercial, legal, financial, accounting or other related services, who provides auditing services to LFE or any of its affiliates or who has received a cumulative amount of less than NTD500,000 as remuneration in the most recent 2 years, and not his/her spouse, except for any of the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers who perform their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or any relative within the second degree of consanguinity of any other director.
- (11) Not elected as a government agency, a corporation or its representative under Article 27 of the Company Act.

4. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors: To strengthen corporate governance and facilitate well-developed composition and structure of the Board of Directors, we promote and respect a policy of diversity of directors, and we believe that a diversification policy is helpful for improving our overall performance. In principle, election of the members of the Board of Directors is exclusively merit based. All of them must have diverse and complementary capabilities in cross-industry areas, and are required to possess industrial experience and relevant skills and the abilities in operational judgment, business management, leadership, decision-making and crisis management. In order to strengthen the functions of the Board of Directors and achieve the ideal goals of corporate governance, all members of the Board of Directors must possess the following abilities:

A. Ability in operational judgment B. Ability in accounting and financial analysis C. Ability in business management D. Ability in crisis management E. Industrial knowledge F. An international market vision G. Leadership ability H. Decision-making ability.

The following is the status of implementation of the policy for diversity of the current members of the Board of Directors:

The current Board of Directors consists of 8 directors who have experience in corporate management practices of listed companies or management positions in governmental authorities. In addition to leadership decision-making, crisis management and international market perspectives, 3 of the independent directors have specialties in finance and accounting, industry knowledge and operational judgment respectively, namely independent director Huang Cheng-Chung being a senior advisor of Zoyi Capital, independent director Tang Li-Yu being an executive director of Nobo Capital Management Limited, and independent director Chen Chieh-Shan being the Secretary General of the Chinese Society for Quality. Among the other five non-independent directors, director Chen Ling-Hsuan is the managing attorney of a law firm, and the Chairman Ko Chi-Yuan, President Wang Chun-Tung, director Li Li-Sheng and director Chung Ding-Chun have experience in serving as Chairmen or Presidents or other important managerial positions in listed companies, covering metal parts, electronic components, textile, technology, and law, with expertise in marketing, technology, business management, industry knowledge and operational judgment. The current composition of the Board of Directors does not include any female members. This is primarily due to the selection criteria for board candidates, which emphasizes professional expertise, relevant experience, and the anticipated level of engagement and contribution to the Company's future development. While gender diversity was not a specific limiting factor in the nomination process for this term, the Company is committed to promoting gender equality within the Board. Achieving a target of one-third representation of directors of different genders will be established as a long-term objective.

Basic composition of the Board of Directors is as follows:

Name of director	Basic composition									
	Nationality	Gender	Concurrently an employee of the Company	Age				Length of tenure as an independent director		
				41 to 50	51 to 60	61 to 70	71 to 75	Less than 3 years	3 to 9 years	9 years or more
Ko Chi-Yuan	Republic of China	Male					V			
Wang Chun-Tung	Republic of China	Male	V		V					
Li Li-Sheng	Republic of China	Male				V				
Chung Ding-Chun	Republic of China	Male			V					
Chen Ling-Hsuan	Republic of China	Male		V						
Huang Cheng-Chung	Republic of China	Male			V			V		
Tang Li-Yu	Republic of China	Male		V				V		
Chen Chieh-Shan	Republic of China	Male					V	V		

(2) Independence of the Board of Directors:

Our directors serve an average term of 4 years, and none of our independent directors has served for more than 3 consecutive terms. The composition of our directors, all of whom are nationals of the Republic of China (Taiwan), includes 3 independent directors (37.5%) and 1 directors who are also our employees (12.5%). The ranges of distribution of the ages of our directors are shown in the table above.

None of the circumstances under Article 26-3 of the Securities and Exchange Act exists among our directors or supervisors or among our directors and supervisors.

5. Information of president, vice president, assistant vice presidents and managers of departments and branches

April 21, 2025

Title	Nationality	Name	Gender	Date of election (taking office)	Shareholding		Shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent position at another company	Manager with a spousal relationship or a relationship within the second degree of consanguinity		
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
President	Republic of China	Wang Chun-Tung	Male	2016. 6.13	-	-	-	-	-	-	Master of MBA Program, National Chengchi University Bachelor of Electrical Engineering, National Chiao Tung University Chairman and President, Compucase Enterprise Co., Ltd.	Chairman and CEO, Compucase Enterprise Co., Ltd.	None	None	None
Vice president	Republic of China	Lai Hsieh-Hsin	Male	2025. 02.24	-	-	-	-	-	-	Master's Degree, Business Administration, National Taiwan University Bachelor's Degree, Department of Resources Engineering, National Cheng Kung University.	Master's Degree, Graduate Institute of Business Administration, National Taiwan University Department of Resources Engineering, National Cheng Kung University	None	None	None
Assistant Vice President at the Sales Department	Republic of China	Lin Tao-Ming	Male	2022. 8.1	-	-	-	-	-	-	Department of Business Management, National Taipei University of Technology Assistant Vice President for Sales, Loyalty Founder Enterprise Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date of election (taking office)	Shareholding		Shareholding of spouse or minor children		Nominee shareholding		Main experience (education)	Concurrent position at another company	Manager with a spousal relationship or a relationship within the second degree of consanguinity		
					Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
Assistant Vice President, Research and Development Department	Republic of China	Liu Chin-Hung	Male	2024. 11.11	-	-	-	-	-	-	Master's Degree, Department of Mechanical Engineering, National Central University	Master's Degree, Department of Mechanical Engineering, National Central University	None	None	None
Chief corporate governance officer	Republic of China	Li Yu-Ming	Male	2023. 3.22	-	-	-	-	-	-	Institute of Financial and Economic Law, Southern Taiwan University of Science and Technology Manager of the Legal Section, HEC	Chief Corporate Governance Officer, Compucase Enterprise Co., Ltd.	None	None	None
Assistant Vice President, Finance Department	Republic of China	Lin Yung-Hsiang	Male	2023. 01.03	2,000	-	-	-	-	-	Bachelor's Degree, Department of Industrial Management, National Cheng Kung University Assistant Vice President, Business Planning Office, HEC	Chief Financial Manager, Compucase Enterprise Co., Ltd.	None	None	None
Accounting Manager	Republic of China	Chen Fang-Ting	Male	2024. 8.9	-	-	-	-	-	-	Bachelor's Degree, Department of Accounting, Soochow University Assistant Accounting Manager, HEC	Chief Accounting Officer, Compucase Enterprise Co., Ltd.	None	None	None

Note: If the Chairman and the President (or an equivalent top executive) are the same person, or if they are spouses or first-degree relatives, the reasons, reasonableness, necessity, and corresponding countermeasures (e.g., increasing the number of independent directors, ensuring that a majority of the board members are not concurrently serving as employees or managers, etc.) should be disclosed: None.

6. Remuneration for directors, independent directors, supervisors, president and vice presidents in the most recent year

- (1) If the total remuneration received by all directors and supervisors of all companies included in the financial statements exceeds 2% of after-tax net profit, and if any individual director or supervisor receives remuneration of more than NT\$15 million, the remuneration of such individual director or supervisor shall be disclosed.

A. Individual remuneration of directors is detailed as follows:

As of December 31, 2024																				Unit: Thousand NTD		
Title	Name	Remuneration for directors								Sum of A, B, C and D as a % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G as a % of after-tax net profit		Remuneration received from non-subsidiary investee companies or the parent company
		Remuneration (A)		Post-employment pension (B)		Remuneration for director (C)		Business execution expense (D)				Salaries, bouses, special allowances, etc. (E)		Post-employment pension (F)		Remuneration for employee (G)						
		LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE		All companies in the financial report (Note 5)		LFE	All companies in the financial report	
Directors	HEC	-	-	-	-	3,246	3,246	-	-	3,246 1.21%	3,246 1.21%	-	-	-	-	-	-	-	-	3,246 1.21%	3,246 1.21%	None
Chairman	Ko Chi-Yuan	1,922	10,217	-	-	-	-	50	50	1,972 0.73%	10,267 3.82%	-	-	-	-	-	-	-	-	1,972 0.73%	10,267 3.68%	None
Representative	Chung Ting-Chun	-	-	-	-	-	-	50	50	50 0.02%	50 0.02%	-	-	-	-	-	-	-	-	50 0.02%	50 0.02%	None
Representative	Wang Chun-Tung	-	-	-	-	-	-	50	50	50 0.02%	50 0.02%	2,859	7,237	108	108	5,661	-	5,661	-	8,678 3.23%	13,056 4.85%	None
Representative	Li Li-Sheng	-	-	-	-	-	-	50	50	50 0.02%	50 0.02%	-	-	-	-	-	-	-	-	50 0.02%	50 0.02%	None
Directors	Tahua Investment Co., Ltd.	-	-	-	-	722	722	-	-	722 0.27%	722 0.27%	-	-	-	-	-	-	-	-	722 0.27%	722 0.27%	None

Title	Name	Remuneration for directors								Sum of A, B, C and D as a % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G as a % of after-tax net profit		Remuneration received from non-subsidiary investee companies or the parent company
		Remuneration (A)		Post-employment pension (B)		Remuneration for director (C)		Business execution expense (D)				Salaries, bouses, special allowances, etc. (E)		Post-employment pension (F)		Remuneration for employee (G)						
		LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE		All companies in the financial report (Note 5)		LFE	All companies in the financial report			
														Amount in cash	Amount in stock	Amount in cash	Amount in stock					
Representative	Chen Ling-Shiuan	-	-	-	-	-	-	50	50	50 0.02%	50 0.02%	-	-	-	-	-	-	-	-	50 0.02%	50 0.02%	None
Independent director	Huang Cheng-Chung	-	-	-	-	722	722	120	120	842 0.31%	842 0.31%	-	-	-	-	-	-	-	-	842 0.31%	842 0.31%	None
Independent director	Tang Li-Yu	-	-	-	-	722	722	120	120	842 0.31%	842 0.31%	-	-	-	-	-	-	-	-	842 0.31%	842 0.31%	None
Independent director	Chen Chieh-Shan	-	-	-	-	722	722	120	120	842 0.31%	842 0.31%	-	-	-	-	-	-	-	-	842 0.31%	842 0.31%	None

Note1: 2024 Directors remuneration, as resolved by the board of directors on March 11, 2025, amounted to NTD6,134,000. Directors received estimated amounts, which remained unpaid as of the date of the annual report printing.

Note2: Operating expenses include meeting expenses for the board of directors, remuneration committee, and audit committee, totaling NTD610,000.

B. Remuneration for supervisors: Remuneration for supervisors: There was no supervisor as it was replaced by the Audit Committee from June 21, 2022.

C. Remuneration for the president and vice presidents

December 31, 2024; Unit: NTD thousand

Title	Name	Salary (A)		Post-employment pension (B)		Bonuses, special allowances, etc. (C)		Amount of remuneration for employee (D) (Note)				Sum of A, B, C and D as a % of after-tax net profit (%)		Remuneration received from non-subsidiary investee companies or the parent company
		LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE		All companies in the financial report		LFE	All companies in the financial report	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
President	Wang Chun-Tung	1,875	4,774	108	108	984	2,463	5,661	0	5,661	0	8,628 3.21%	13,006 4.83%	None

Note: On March 11, 2025, the Board of Directors adopted a resolution to distribute NTD12,369 thousand as the remuneration for employees in 2024. The amount of remuneration for employees received by the president and vice presidents is an estimation, which has yet to be distributed as of the date of publication of the annual report.

- D. Analysis of the total remuneration paid by LFE and all companies in the consolidated financial statements to the directors, supervisors, president and vice presidents of LFE within the most recent 2 years as a percentage of after-tax net profit, and a description of the policy, criteria and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:

Year	2024				2023			
Title	Total remuneration		The total as a % of after-tax net profit		Total remuneration		The total as a % of after-tax net profit	
	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report	LFE	All companies in the financial report
Director	8,666	16,961	3.22%	6.30%	8,947	16,924	3.09%	5.85%
Supervisor			0.00%	0.00%			0.00%	0.00%
President and vice president	8,628	13,006	3.21%	4.83%	8,360	12,570	2.89%	4.34%
Total	17,294	29,967	6.43%	11.14%	17,307	29,494	5.98%	10.19%

1. Analysis of percentage: In 2024, our after-tax profit/loss was lower than that in 2023, and the total remuneration for our directors, supervisors, president and vice presidents as a percentage of the after-tax net profit was higher than that in 2022. The changes in percentage differed slightly from that of last year. Therefore, such change is considered reasonable.
2. The policy, criteria and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks:
 - (1) Policy, criteria and combinations for payment of remuneration.

1. Regarding the remuneration for our directors, Articles 22 and 25-1 of the Articles of Incorporation stipulate that the Board of Directors shall be authorized to determine the remuneration for all directors conducting the business of LFE based on the general standards of peer companies, and that no more than 5% of LFE's profit be allocated as remuneration for directors. We regularly assess the remuneration for directors in accordance with the "Regulations for Evaluation of the Performance of the Board of Directors," with the reasonableness of relevant performance evaluations and remuneration reviewed by the Remuneration Committee and the Board of Directors. Based on the level of a director's participation in and the value of his/her contribution to the operations of LFE, his/her remuneration will be allocated according to the weight granted and the weighted result. A director will be granted a basic weight of 1, and an additional weight of 0.5 if he/she serves as the Chairman, with his/her remuneration paid annually. The weight for any director who has served for less than one year will be calculated based on the length of his/her service, subject to a resolution of the Board of Directors and a report thereon to the shareholders' meeting.
2. Regarding the remuneration for our managers, the "Regulations Governing the Performance Evaluation, Promotion, Transfer, Change and Remuneration of Employees" has specified allowances and bonuses as consideration and reward for the efforts and contributions made by our employees in their jobs, and bonuses are paid based on our annual operating performance, financial conditions and operations and personal job performance. We pay bonuses to our managers based on the results of performance evaluation. The scope of performance evaluation for managers consists of: 1. financial indicators: the level of contribution of each business unit to our profit according to our management and income statements; 2. non-financial indicators: the remuneration for operating performance is calculated based on the three aspects of the abilities in fulfillment of our core values and operations management, the participation in sustainable management and corporate governance assessment results. In particular, if the corporate governance assessment results reach a level 4 or above, the remuneration will be considered for adjustment to reward good management practices. The remuneration system is reviewed from time to time based on the actual condition of our operations and relevant laws. Where LFE has a profit in a year, 3% - 10% of the profit will be allocated as remuneration for employees in accordance with Article 25-1 of the Articles of Incorporation.
3. According to the organizational by-laws of the Remuneration Committee, the combinations of remuneration paid by LFE includes cash remuneration, stock options, dividends, retirement benefits or severance pay, allowances and other tangible incentives. Their scope is consistent with the remuneration for directors and managers as stipulated in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedures for determination of remuneration:

1. The remuneration for our directors and managers is regularly assessed based on the results of evaluation conducted in accordance with the "Regulations for Evaluation of the Performance of the Board of Directors" and the "Regulations Governing Performance Evaluation, Promotion, Transfer, Change and Remuneration of Employees," while the remuneration for the Chairman and the President is determined by the Board of Directors with reference to the standards of peer companies in connection with the indicators for our operating performance. To fully reflect the fulfillment of the operating performance indicators, the performance of the Chairman and the President is measured on the basis of the operating, governance and financial results relating to our operating indicators, the scope of whose evaluation includes pre-tax net profit, management of operational safety, supervision over implementation of financial plans, management of revenues, enhancement of internal control, implementation of quality assurance and management and other performance targets relating to the primary job responsibilities, or customer satisfaction as an indicator.
2. The reasonableness of relevant performance evaluations and remuneration for our directors and managers is regularly assessed and reviewed by the Remuneration Committee and the Board of Directors on an annual basis. Consideration is given to the rate of personal achievement of performance and the level of personal contribution to LFE, taking into account the overall performance of our operations and the future risks and development trends of the industry, with the remuneration system reviewed from time to time based on the actual condition of our operations and relevant laws. To maintain a balance between sustainable management and risk control, we also provide reasonable remuneration based on a comprehensive consideration of the current trend in corporate governance and the corporate governance assessment indicator results. The actual amount of remuneration distributed to our directors and managers in 2023 has been reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(3) Relevance to the operating performance and future risks:

1. In reviewing the relevant payment criteria and system of our remuneration policy, we mainly take into account the overall condition of our operations, and we determine the payment criteria based on the rate of achievement of performance and the level of contribution in order to improve the overall effectiveness of the organizations and teams of the Board of Directors and managerial departments. Consideration is also given to the remuneration standards of the industry to ensure the remuneration of our management is competitive in the industry and to retain outstanding managers.

2. The performance targets of our managers are associated with "risk control" to ensure all possible risks within the scope of their responsibilities are manageable and preventable, and the results of rating are based on their actual performance and connected with the relevant human resources and remuneration policies. Important decisions by our management are made after considering all relevant risk factors. The performance of relevant decisions is reflected in our profit, creating a link between the remuneration for our management and the performance in risk control.

7. Names of managers to whom the remuneration for employees is distributed, and the remuneration distributed:

December 31, 2024; Unit: NTD thousand

	Title (Note 1)	Name (Note 1)	Amount of shares	Amount of cash	Total	The total as a % of after-tax net profit (%)
Managers	President	Wang Chun-Tung	0	6,842	6,842	2.54%
	Financial Manager	Lin Yung-Hsiang				
	Accounting Manager	Chen Fang-Ting				
	Chief corporate governance officer	Li Yu-Ming				
	Assistant Vice President, Research and Development Department	Liu Chin-Hung				
	Assistant Vice President at the Sales Department	Lin Tao-Ming				

Note1 : On March 11, 2025, the Board of Directors adopted a resolution to distribute NTD12,369 thousand as remuneration for employees in 2024. The amount of remuneration for employees received by managers is an estimation, which has yet to be distributed as of the date of publication of the annual report.

Note2 : In accordance with Letter Tai-Cai-Zheng-San-Zi No. 0920001301 dated March 27, 2003 from the Securities and Futures Commission, the applicable scope of managers is as follows:

- (1) President and person at an equivalent level
- (2) Vice president and person at an equivalent level
- (3) Assistant vice president and person at an equivalent level
- (4) Financial manager
- (5) Accounting manager
- (6) Any other person authorized to manage affairs and affix signature for LFE

II. Information of corporate governance

(I) Operations of the Board of Directors

In 2024, the Board of Directors held five meetings, and the attendance of directors in these meetings is as follows:

Title	Name	Actual number of meeting attended	Number of meeting attended by proxy	Actual rate of attendance (%)	Remarks
Chairman	Representative of Compucase Enterprise Co., Ltd.: Ko Chi-Yuan	5	0	100%	
Director	Representative of Compucase Enterprise Co., Ltd.: Chung Ding-Chun	5	0	100%	
Director	Representative of Compucase Enterprise Co., Ltd.: Li Li-Sheng	5	0	100%	
Director	Representative of Compucase Enterprise Co., Ltd.: Wang Chun-Tung	5	0	100%	
Director	Representative of Tahua Investment Co., Ltd.: Chen Ling-Hsuan	5	0	100%	
Independent director	Huang Cheng-Chung	5	0	100%	
Independent director	Tang Li-Yu	5	0	100%	
Independent director	Chen Chieh-Shan	5	0	100%	

Other information required:

- I. Where any of the following applies to the operations of the Board of Directors, the date and session of the relevant Board of Directors meeting, the proposal(s) for the meeting, all opinions of independent directors and the actions taken by LFE in response to the opinions of independent directors must be specified:
- (I) Matters set forth under Article 14-3 of the Securities and Exchange Act: LFE has established an audit committee, and the provisions of Article 14-3 do not apply.
 - (II) Matters other than the foregoing ones, for which the Board of Directors have adopted resolutions and for which objections or reservations have been expressed by independent directors in records or written statements: None.
- II. With respect to the recusal of any director with a stake in a proposal, the name of the director, the proposal, the reason for recusal and his/her participation in the voting must be specified:
- (1) 15th term, 9th meeting on March 12, 2024
Proposal: Amount of bonuses and remuneration for managers distributed during August 2023 to February 2024.
Director(s) recused due to personal stake: The Chairman and the President.
Reason for recusal and participation in voting: In accordance with Article 206 of the Company Act, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal adopted by the Remuneration Committee was approved without any amendment since no objection was raised by any of the other attending directors following a consultation by the acting chairperson.
Proposal: Change of the remuneration for managers.
Director(s) recused due to personal stake: The Chairman, the President and attending Executives.
Reason for recusal: The proposed salary adjustments pertain to management-level personnel, including the Chairman, President, and attending Executives. In adherence to confidentiality regarding compensation and to avoid any potential conflict of interest, the Chairman, President, and attending Executives were requested to temporarily recuse themselves from the meeting. The Chairperson was requested to appoint an acting chairperson to preside over this agenda item.
 - (2) 15th term, 12th meeting on August 7, 2024
Proposal: Expected distribution of remuneration for directors, supervisors and manager employees of the Company.
Director(s) recused due to personal stake: The Chairman and the President.
Reason for recusal and participation in voting: In accordance with Article 206 of the Company Act, since the remuneration for directors and supervisors is distributed to all directors and supervisors, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal adopted by the Remuneration Committee was approved without any amendment since no objection was raised by any of the other attending directors following a consultation by the acting chairperson.

Proposal: Amount of bonuses and remuneration for managers distributed during March 2024 to July 2024.

Director(s) recused due to personal stake: The Chairman and the President.

Reason for recusal and participation in voting: In accordance with Article 206 of the Company Act, the Chairman and the President did not participate in the discussion due to recusal and had appointed an acting chairperson, and the proposal adopted by the Remuneration Committee was approved without any amendment since no objection was raised by any of the other attending directors following a consultation by the acting chairperson.

III. The following is the status of implementation with regard to information including the cycle, period, scope, method and content of self-evaluation (or peer evaluation) of the Board of Directors:

1. The cycle, period, scope, method and content of self-evaluation (or peer evaluation) of the Board of Directors:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Once each year	2024.01.01~2024.12.31	The Board of Directors, individual directors and members of the Remuneration Committee and the Audit Committee	Internal self-evaluation of the Board of Directors, the Remuneration Committee and the Audit Committee, and self-evaluation of directors	Report on the result of internal evaluation of the performance of the Board of Directors

2. Aspects evaluated and scores:

(1) Evaluation of the performance of the Board of Directors:

Item evaluated	Number of questions	Average score
A. Level of participation in the operations of LFE	12	4.92
B. Improvement of the quality of decision-making by the Board of Directors	12	5.00
C. Composition and structure of the Board of Directors	7	4.91
D. Election and continuing training of directors	7	4.89
E. Internal control	7	5.00
Total/Average score	45	4.94

Result of evaluation: The overall operations of the Board of Directors have been effective and met the requirements of corporate governance.

(2) Evaluation of the performance of directors:

Item evaluated	Number of questions	Average score
A. Understanding of the goals and missions of LFE	3	5.00
B. Awareness of the responsibilities of a director	3	5.00
C. Level of participation in the operations of LFE	3	5.00
D. Management and communication regarding internal relationship	3	5.00
E. Professionalism and continuing training of directors	3	5.00
F. Internal control	3	5.00
Total/Average score	18	5.00

Result of evaluation: The overall operations of the directors of have been effective and met the requirements of corporate governance.

(3) Evaluation of the performance of the Remuneration Committee:

Item evaluated	Number of questions	Average score
A. Level of participation in the operations of LFE	4	5.00
B. Awareness of the responsibilities of the Remuneration Committee	5	5.00
C. Enhancement of the decision-making quality of the Remuneration Committee	7	5.00
D. Composition and election of members of the Remuneration Committee	3	5.00
E. Internal control	1	5.00
Total/Average score	20	5.00

Result of evaluation: The overall operations of the Remuneration Committee have been effective and met the requirements of corporate governance.

(4) Evaluation of the performance of the Audit Committee:

Item evaluated	Number of questions	Average score
A. Level of participation in the operations of LFE	4	5.00
B. Awareness of the responsibilities of the Audit Committee	5	5.00
C. Improvement of the quality of decision-making by a functional committee	7	5.00
D. Composition and election of members of a functional committee	3	5.00
E. Internal control	3	5.00
Total/Average score	22	5.00

Result of evaluation: The overall operations of the Audit Committee have been effective and met the requirements of corporate governance.

3. The cycle, period, scope, method and content of the external performance evaluation of the Board of Directors:

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
It is advised to conduct an evaluation at least once every three years	2022.07.01~2023.06.30	The Board of Directors, individual directors and functional committees	Appointment of an external professional organization - Taiwan Corporate Governance Association	Please refer to the Investment Services, 2023 Report on the External Evaluation of the Performance of the Board of Directors of the Evaluation of the Performance of the Board of Directors on LFE's official website.

IV. Evaluation of the goals of enhancing the functions of the Board of Directors in the current and the most recent years and their implementation:

- Pursuant to the rules of procedure for the Board of Directors, the Board of Directors convenes meetings and has included three independent directors to participate in the adoption of resolutions by the Board of Directors. If there is any resolution that includes material information after each meeting of the Board of Directors, it will be disclosed on the MOPS to investors and the public as required.

2. We have established the "Standard Operating Procedures for Handling Requests from Directors," which designates the Finance Department as the department responsible for handling matters related to the meetings of the Board of Directors: any request from any director at a meeting must be promptly handled by the Financial Office within 7 days. To ensure compliance with the procedures for and all laws and rules applicable to the Board of Directors and maintain good exchange of information between members of the Board of Directors and between directors and managerial departments, all directors will be able to receive assistance from our accounting manager.
3. We have established organizational by-laws of the Remuneration Committee and the Audit Committee, and set up the Remuneration Committee and the Audit Committee, whose members are composed of independent directors. The by-laws stipulate that the Remuneration Committee and the Audit Committee must fulfill their responsibility as administrators, faithfully perform their duties, enhance supervisory functions and increase information transparency.
4. We have obtained liability insurance for all directors. For further information, see p. 73 or visit the MOPS.

(II) Operations of the Audit committee or participation of supervisors in the operations of the Board of Directors:

1. Operations of the Audit Committee:

Information of operations of the Audit Committee

In 2024, the Audit Committee held 4 (A) meetings, and the attendance of its members in these meetings is as follows:

Title	Name	Actual number of meetings attended in non-voting capacity (B)	Number of meeting attended by proxy	Actual rate of attendance (%) [B/A]	Remarks
Independent director	Huang Cheng-Chung	4	-	100%	
Independent director	Tang Li-Yu	4	-	100%	
Independent director	Chen Chieh-Shan	4	-	100%	

Other information required:

- I. Where any of the following applies to the operations of Audit Committee, the date and session number of the relevant Audit Committee meeting, the proposal(s) for the meeting, the objections, reservations or material suggestions of independent directors, the relevant resolution of the Audit Committee and the actions taken by LFE in response to the opinions of the Audit Committee must be specified.

(I) Matters set forth under Article 14-5 of the Securities and Exchange Act:

Audit Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by LFE in response to the opinions of the Audit Committee
1st term, 7th meeting 2024.03.12	<ol style="list-style-type: none"> The 2023 business report and financial report. Distribution of earnings for 2023. The 2023 statement of internal control system. Date Important resolution Matters concerning distribution of the accumulated earnings of foreign subsidiaries with investments from LFE. Extension of the limit of endorsements/guarantees for subsidiaries. Amendment to certain provisions of the Company's Regulations for the Election of Directors and Supervisors. Amendment to certain provisions of the Company's Procedures for Acquiring or Disposing of Assets. Amendment to certain provisions of the Company's Regulations Governing Loaning of Funds. Amendment to certain provisions of the Company's Procedures for Handling Derivative Trading Management. 	Reviewed and approved by all members.	Submitted to and approved by the Board of Directors.
1st term, 8th meeting 2024.05.09	<ol style="list-style-type: none"> The financial statements for Q1 of 2024. 	Reviewed and approved by all members.	Submitted to and approved by the Board of Directors.
1st term, 9th meeting 2024.08.07	<ol style="list-style-type: none"> The financial statements for Q2 of 2024. Appointments of Financial Officer and Accounting Officer of LFE. 	Reviewed and approved by all members.	Submitted to and approved by the Board of Directors.
1st term, 10th	<ol style="list-style-type: none"> The financial statements for Q3 of 2024. 	Reviewed and approved	Submitted to and approved

meeting 2024.11.11	2. Evaluation of the independence and competence of the CPAs. 3. Establishment of the 2025 audit plan. 4. Loaning of funds totaling NTD90 million from LFE to HEC. 5. Proposal for the establishment of the "Sustainable Information Management Guidelines". 6. Proposal for the establishment of the "Internal Operating Procedures for Sustainable Information Management Guidelines".	by all members.	by the Board of Directors.
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(II) Matters other than the foregoing ones, which have not been approved by the Audit Committee but have been approved in resolutions by at least two-thirds of all directors: None.

II. With respect to the recusal of any independent director with a stake in a proposal, the name of the independent director, the proposal, the reason for recusal and his/her participation in the voting must be specified: None.

III. Communication between independent directors and the chief internal auditor and CPAs:

(I) Communication with the chief internal auditor

- (1) After the audit report has been submitted to and approved by the Chairman, a report on the implementation of the audit report will be submitted to independent directors.
- (2) At a meeting of the Audit Committee, independent directors will raise questions about the audit findings and relevant audit focuses issued by the audit department and request an explanation from the audit department. Through such explanation and discussion, the Audit Committee will revise the direction of audit and continue follow-ups on audit deficiencies to reduce audit risks and the control risks of operations as well as improve the quality of corporate governance. The following is the status of communication in the current year:

Date of meeting		Meeting agenda	Opinions of independent directors
2024/03/12	1st term, 7th meeting	Report on the implementation of the 2023 - 2024 audit plan.	No opinion
2024/05/09	1st term, 8th meeting	Report on the implementation of the 2024 audit plan.	No opinion
2024/08/07	1st term, 9th meeting	Report on the implementation of the 2024 audit plan.	No opinion
2024/11/11	1st term, 10th meeting	(1) The 2025 audit plan, submitted for discussion. (2) Report on the implementation of the 2024 audit plan.	No opinion

(II) Communication with CPAs

1. The independent directors and CPAs hold at least two regular meetings each year.
2. The CPAs will give a report to the independent directors regarding the overall operations,

financial conditions, implementation of internal controls and changes of regulations of LFE and its subsidiaries they have become aware of during the audit, and will explain to and communicate with the independent directors regarding whether there are any material adjusting journal entries or whether any amendment to laws or regulations has affected the accounts, to make subsequent operational adjustments. In the event of any material irregularity, they may hold a meeting at any time.

Date of meeting	Meeting agenda	Opinions of independent directors
2024/03/12	<ul style="list-style-type: none"> (1) Summary of audit opinions for 2023. (2) Description of the duties and responsibilities of the governance unit. (3) Description of the quality management system of the certified public accounting firm. (4) CPAs' description on the scope and method of audit (including audits at the group level). (5) For 2023, there were no significant changes in accounting policies, material revisions to accounting estimates, or any significant events or transactions. (6) Determination of significant risks and key audit matters. (7) Revenue recognition was identified as a key audit matter. Our audit procedures did not reveal any material misstatements or significant anomalies. (8) Audit of the management's override risk was tested without any significant anomalies found. (9) Evaluation of the Company's ability to continue as a going concern did not identify any material uncertainties that would cast significant doubt on this assumption. (10) Recently issued or revised regulations. (11) The pre-approved list of non-audit services remains consistent with the list approved in the previous year. 	No objections
2024/11/11	<ul style="list-style-type: none"> (1) CPA's description on the scope and method of audit. (2) Description on the audit planning for LFE Group. (3) There were no significant accounting estimates, significant subsequent events or significant accounting policies as of the third quarter. (4) Identification of significant risks and key audit matters. (5) Audit strategy and methodology in response to significant risks and key audit matters (6) There were no matters identified that cast significant doubt on the Company's ability to continue as a going concern as of the third quarter. (7) CPAs' statement of independence. 	No objections

	(8) Introduction to IFRS S1/S2 and disclosures. (9) Other requirements related to corporate governance. (10) Description of the duties and responsibilities of the governance unit. (11) Quality management system of the certified public accounting firm. (12) Description on the scope and method of audit regarding newly applicable regulations and accounting standards.	
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2. Attendance of supervisors participating in the operations of the Board of Directors: There was no supervisor as it was replaced by the Audit Committee from June 21, 2022.

(III) Information of corporate governance:

Implementation of corporate governance, differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
I. Does your company establish and disclose its corporate governance best-practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		We have implemented the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and followed its spirit in the internal control system and relevant regulations, and relevant information has been disclosed on the MOPS and our website.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
II. The shareholding structure and shareholders' equity of your company				
(I) Does your company establish internal procedures for handling shareholders' suggestions, questions, disputes, and lawsuits? Does your company follow such procedures?	V		To safeguard the interests of shareholders, we have appointed a "spokesperson" to handle suggestions from and disputes involving shareholders.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does your company keep a list of major shareholders actually controlling your company and the ultimate controllers of the major shareholders?	V		All changes in the shareholdings of directors, supervisors and major shareholders with a shareholding of no less than 10% have been reported to LFE on a monthly basis as required, and LFE and its management have been able to keep clear track of such changes.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Has your company established and implemented a system for risk control and firewalls with its affiliates?	V		There is a clear division of responsibilities with our affiliates regarding personnel, assets and financial management, and we have conducted risk assessments and built proper firewalls. We have established and implemented systems for "management of monitoring of subsidiaries" and "management of transactions with related parties," with the audit department regularly overseeing their implementation.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(IV) Has your company established internal regulations that prevent insiders from trading securities using non-public market information?	V		We have established and implemented the "Regulations Governing the Prevention of Insider Trading," with the audit department regularly overseeing its implementation.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Has your board of directors established a diversity policy and specific goals of management with respect to the composition of its members? Have such policy and goals been implemented?</p>	V		<p>1. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company adopted the “Policy for Diversity of the Members of the Board of Directors” in Article 20, Paragraph 3 of the “Corporate Governance Best Practice Principles” in 2023, which states that the composition of the Board of Directors should take into account the Company's operating structure, direction of business development, and future development trends, and that it is appropriate to assess the diversity of the Board of Directors in various aspects, such as: basic qualifications and values (e.g., gender, nationality and age, etc.), professional knowledge and skills (e.g., legal practice, finance and accounting, etc.), and industry experience (e.g., law, accounting, industry, finance, marketing or technology, etc.)</p>	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(II) Has your company, apart from establishing a remuneration committee and an audit committee, voluntarily set up any other functional committee?	V		<p>2. The current Board of Directors of the Company consists of 8 directors, including 3 independent directors and 5 non-independent directors, all of whom are prominent members of the industry and the academia. The Company emphasizes gender equality in the composition of the Board of Directors and aims to increase the number of female directors to over one-third (i.e., 33%) of the total number of directors. Currently, the Board of Directors consists of 100% males (8) and 0% females (0). In the future we will endeavor to increase the number of female directors to achieve the goal.</p> <p>3. Please refer to p. 11 for details of the implementation of diversity of the members of the Board of Directors.</p> <p>Our operations are currently smooth, and we will assess whether to establish any other functional committee depending on the actual situation. In response to the preparation of the Sustainability Report, a Sustainable Development Committee was established.</p>	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Has your company established regulations and methods for evaluation of the performance of the board of directors? Does your company conduct such performance evaluation on a regular basis each year? Are the results of such performance evaluation submitted to the board of directors and used as reference for the remuneration for individual directors and for their nomination or re-election?	V		We have established the "Regulations for Evaluation of the Performance of the Board of Directors" and the methods of such evaluation, and we have determined that the remuneration for each director will be based on the result of evaluation of his/her performance. Each year, we conduct a regular evaluation of the performance of the Board of Directors, and such evaluation for 2024 had been completed, with a report on the results of evaluation of the performance of the Board of Directors submitted to the Board of Directors meeting on March 11, 2025.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(IV) Does your company assess the independence of CPAs on a regular basis?	V		(IV) The Audit Committee of the Company assesses the independence and competence of the CPAs on an annual basis. The CPAs are required to provide "Audit Quality Indicators (AQIs)," and the assessment is conducted according to the criteria in Note 1 and 13 AQIs. It has been confirmed that none of the CPAs has any financial interest or business relationship with LFE other than the fees for certification and financial and tax cases, and that none of the family members of the CPAs is in violation of the independence requirements. Based on the information of AQIs, it has been confirmed that the CPAs and their firm are above the average level of peers in terms of auditing experience and training hours. On November 11, 2024, the result of assessment for the most recent year was discussed and approved by the Audit Committee. In addition, the Board of Directors adopted a resolution to approve the assessment of the independence and competence of the CPAs on November 11, 2024.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
			Note1 :	
			Item evaluated	Independence criteria are met
			Whether the CPA has a direct or material indirect financial interest with LFE	✓
			Whether the CPA has engaged in financing or guarantees with LFE or any of its directors	✓
			Whether the CPA has a close business relationship and a potential employment relationship with LFE	✓
			Whether the CPA or any member of his/her audit service team currently serves, or served within the most recent two years, as a director or manager or in a position with material effect on audit cases at LFE	✓
			Whether the CPA has provided any non-audit service likely to directly affect audit cases	✓

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
			Item evaluated	Independence criteria are met
			Whether the CPA has acted as a broker for the shares or other securities issued by LFE	✓
			Whether the CPA has served as a defense counsel for LFE or represented LFE in mediating any conflict with any other third party	✓
			The CPA is a relative of a director, manager or person serving in a position with material effect on audit cases at LFE	✓

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
IV. Does your TWSE/TPEX listed company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or supervisors to perform their duties, assisting directors or supervisors in compliance, managing affairs for board of directors meetings and shareholders' meetings as required by law, and preparing minutes for board of directors meetings and shareholders' meetings)?	V		(1) The company, based on the resolution of the board of directors on March 22, 2023, has appointed Manager Li Yu Ming as the dedicated corporate governance. The corporate governance possesses over three years of experience in holding executive positions related to legal affairs in publicly traded companies. The primary responsibilities of the corporate governance supervisor include handling matters related to board of directors and shareholders' meetings in compliance with the law, preparing minutes of board of directors and shareholders' meetings, assisting directors in their appointment and continuing education, providing necessary information for directors to carry out their duties, and assisting directors in complying with laws and regulations. The board of directors has designated the finance department as the secretariat, and the finance department provides the necessary information to directors according to the "Rules of Procedure for the Board of Directors". If necessary, the audit department provides assistance.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
			<p>(2) In any year when a new election is held, we will provide each of the newly elected directors and supervisors (including independent directors) with a handbook of information on laws governing directors, and will send emails on a non-regular basis to provide information on laws and announcement by the competent authority to assist in compliance, such as sending a reminder to all directors and managers before a Board of Directors meeting that transactions of the shares of LFE are prohibited within 15 or 30 days prior to the meeting.</p> <p>(3) We have also established the "Standard Operating Procedures for Handling Requests from Directors" to assist the directors in performing their duties whenever necessary and enhance the effectiveness of the Board of Directors.</p> <p>Further education or training of the corporate governance officer in the fiscal year 2024 is as follows:</p>	

Item evaluated	Implementation						Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summary				
			Training date	Organizer	Course title	Training hours	
			2024/7/3	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hours	
			2024/10/28	Taipei Foundation Of Finance	Corporate Governance - Development Trends in the Generative AI Industry	3 hours	
V. Does your company establish channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Does your company create a section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concern stakeholders?	V		We have created a section for investment services on our website that provides contact information and a business hotline for shareholders to keep the relevant channels of communication open.				No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VI. Does your company engage any professional shareholder services agent to manage affairs for shareholders' meetings?	V		We have engaged Grand Fortune Securities Co., Ltd. as our shareholder services agent to manage affairs for shareholders' meetings.				No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
VII. Information disclosure				
(I) Does your company set up a website to disclose financial, business and corporate governance information?	V		We have created a section of "Investment Services" on our website to disclose financial, business and corporate governance information.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Does your company use other means to disclose information (e.g. setting up an English website, assigning specialized personnel to collect and disclose corporate information, implementing a spokesperson system, uploading the proceedings of investor conferences to your company's website)?	V		We have appointed specialized personnel to collect and disclose corporate information and has established a spokesperson system to ensure timely and proper disclosure of information that may affect the decisions of shareholders and stakeholders.	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does your company publish and submit an annual financial report within two months after the end of each fiscal year? Does your company publish and submit financial reports of the first, second and third quarters and the monthly status of operations before the required deadline?	V		We have published and submitted an annual financial report, financial reports of the first, second and third quarters and the monthly status of operations before the required deadline. For further details, see the information submitted to the MOPS (website: https://mops.twse.com.tw/).	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item evaluated	Implementation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
VIII.Does your company have other important information useful for understanding the status of corporate governance of your company (including but not limited to employees' rights, employee care, investor relations, supplier relationship, stakeholders' rights, continuing training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by your company etc.)?	V		See (VIII) below (see p. 74).	No significant differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>IX. Please specify the result of corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year and describe the improvements made, and please specify the priorities and measures for improvement with respect to matters for which improvement has yet to be made. (not required for any company not listed for evaluation)</p> <p>(I) Improvements made with respect to the result of corporate governance evaluation released in the most recent year:</p> <ol style="list-style-type: none"> 1. The annual report has disclosed the status of implementation of the resolutions of the annual shareholders' meeting. 2. The procedures for evaluation of the independence of CPAs have been disclosed in detail in the current year. 3. At the 2022 annual shareholders' meeting, a candidate nomination system had been adopted for a new election of all directors, and voting had been held on a proposal-by-proposal basis. <p>(II) Priorities and measures for improvement with respect to the result of corporate governance evaluation:</p> <ol style="list-style-type: none"> 1. Maintain the annual report to be uploaded 16 days prior to an annual shareholders' meeting. 2. Maintain the meeting handbook to be uploaded 30 days prior to a shareholders' meeting. 				

(IV) Where your company has established a remuneration committee, information regarding its composition, responsibilities and operations must be disclosed:

(1) Information of members of the Remuneration Committee

April 21, 2025

Position	Name	Criteria	Independence	Also a remuneration committee member at the following number of other public company(ies)
		Professional qualifications and experience		
Independent director Convener and chairperson	Huang Cheng-Chung	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Senior Advisor, Zoyi Capital	Note	1
Independent director	Tang Li-Yu	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Assistant President (Asset Management), Huarong International Financial Holdings Limited	Note	0
Independent director	Chen Chieh-Shan	1. Having at least 5 years of working experience and the following professional qualifications: commerce, law, finance, accounting, or other work experience required for LFE's business. 2. Director General, Bureau of Standards, Metrology and Inspection, MOEA	Note	0

Note: We have obtained a written statement from each independent director confirming the independence of himself/herself and his/her lineal relatives vis-à-vis LFE.

The criteria of independence are as follows:

- (1) Not an employee of LFE or any of its affiliates.
- (2) Not a director or supervisor of LFE or any of its affiliates (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (3) Not a natural-person shareholder whose shareholding, including the shares held by his/her spouse or minor children or through nominees, equals or exceeds 1% of the total outstanding shares of LFE, or who is among the top 10 shareholders of LFE.
- (4) Not a spouse, any relative within the second degree of consanguinity or any lineal relative within the third degree of consanguinity of any manager under (1) or any of the persons under (2) or (3).

- (5) Not a director, supervisor or employee of any corporate shareholder who holds at least 5% of the outstanding shares of LFE, is among the top 5 shareholders or has appointed a representative as a director or supervisor of LFE in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (6) Not a director, supervisor or employee of another company where a majority of the seats of director or voting shares are under the control of the same person (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (7) Not a director, supervisor or employee of another company or institution who is also the chairman, president or any officer with equivalent position at LFE or is his/her spouse (except where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (8) Not a director, supervisor or manager or a shareholder with a shareholding of no less than 5% at any company or institution with a financial or business relationship with LFE (except where that company or institution holds no less than 20% and no more than 50% of the total outstanding shares of LFE, and where the person serves as an independent director concurrently at LFE and its parent company, any of its subsidiaries or any subsidiary of the same parent company in accordance with the Securities and Exchange Act or the laws of the local country).
- (9) Not a professional or an owner, partner, director, supervisor or manager of any sole proprietorship, partnership, company or institution specialized in commercial, legal, financial, accounting or other related services, who provides auditing services to LFE or any of its affiliates or who has received a cumulative amount of less than NTD500,000 as remuneration in the most recent 2 years, and not his/her spouse, except for any of the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers who perform their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) None of the circumstances under Article 30 of the Company Act applies.

(2) Information of operations of the Remuneration Committee

- (1) The Remuneration Committee of LFE consists of 3 members.
- (2) The term of the current members commenced on June 21, 2022 and expires on June 20, 2025. In 2024, the Remuneration Committee held three meetings (A), and the qualifications of the members and their attendance in these meetings are as follows:

Title	Name	Actual number of meetings attended (B)	Number of meeting attended by proxy	Actual rate of attendance (%) (B/A) (Note)	Remarks
Convener	Huang Cheng-Chung	3	0	100%	
Member	Tang Li-Yu	3	0	100%	
Member	Chen Chieh-Shan	3	0	100%	

Other information required:

- I. Where the board of directors has declined to adopt or amend the suggestions of the remuneration committee, the date and session of the relevant board of directors meeting, the proposal(s) for the meeting, the relevant resolution of the board of directors and the actions taken by your company in response to the opinions of the remuneration committee must be specified (if the remuneration approved by the board of directors is higher than that suggested by the remuneration committee, the difference and its reason must be specified): None.
- II. Where members of the remuneration committee have expressed objections or reservations in records or written statements to any matter subject to a resolution of the remuneration committee, the date and session of the relevant remuneration committee meeting, the proposal(s) for the meeting, all opinions of the members and the actions taken in response to the opinions of the members must be specified: None.
- III. The following is a summary of the main matters communicated and resolutions in 2024:

Remuneration Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by LFE in response to the opinions of the Remuneration Committee
6th term, 5th meeting 2024.03.12	<ol style="list-style-type: none"> 1. Percentage and amount of the remuneration for employees, directors and supervisors in 2023. 2. Amount of bonuses and remuneration for directors, supervisors and managers distributed during August 2023 to February 2024. 3. Change of the remuneration for managers. 4. Amendment to certain provisions of the "Organizational Regulations for the Remuneration Committee." 	Reviewed and approved by all members.	Submitted to and approved by the Board of Directors.

	Remuneration Committee	Proposal and subsequent actions taken in response	Resolution	Actions taken by LFE in response to the opinions of the Remuneration Committee
	6th term, 6th meeting 2024.08.07	<ol style="list-style-type: none"> Expected distribution of remuneration for directors and manager employees of the Company. Amount of bonuses and remuneration for managers distributed during March 2024 to July 2024. Appointments of Financial Manager and Accounting Manager of LFE. 	Reviewed and approved by all members.	Submitted to and approved by the Board of Directors.
	6th term, 7th meeting 2024.11.11	<ol style="list-style-type: none"> Approval of the remuneration for newly appointed managers. 	Reviewed and approved by all members.	Submitted to and approved by the Board of Directors.

Note1 : Where any member of the Remuneration Committee has left his/her position before the end date of a year, the date of his/her separation must be specified in "Remarks," and the actual rate of his/her attendance (%) will be calculated based on the number of meeting held by the Remuneration Committee and the actual number of meeting attended by him/her during the period of his/her employment.

Note2 : Where an election of the members of the Remuneration Committee has been held before the end date of a year, both its new and former members must be specified, with "Remarks" indicating whether each of the members is new, former or re-elected and the date of the election. The actual rate of his/her attendance (%) will be calculated based on the number of meeting held by the Remuneration Committee and the actual number of meeting attended by him/her during the period of his/her employment.

(V) Promotion of sustainable development: The systems and measures adopted by LFE regarding environmental protection, community participation, social contribution, social services, social charity, consumer rights, human rights, safety, health and other social responsibility activities and their implementation.

Promotion of sustainable development, differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
I. Does your company establish a governance framework to promote sustainable development? Does your company establish a specialized (or designate an existing) department to promote sustainable development, which the senior management is authorized by the board of directors to manage under the supervision of the board of directors?	V		<p>1. In June 2023, LFE established the Sustainable Development Committee Unit as a part-time body, which consists of the President as the Committee Chair, senior executives from relevant departments and members designated by the President.</p> <p>2. It serves as a cross-departmental communication platform from top to down and horizontally. The functional groups include the Corporate Governance Group, the Environmental Sustainability Group and the Social Care Group.</p> <p>(1) It formulates the direction and goals of LFE's sustainable development, as well as relevant management policies and specific promotion plans.</p> <p>(2) It promotes and implements LFE's work in the areas of ethical management and risk management.</p> <p>(3) It tracks, reviews and revises the implementation and effectiveness of sustainable development.</p> <p>(4) It handles other matters as resolved by the Board of Directors.</p>	No significant differences.

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
			<p>3. The Sustainable Development Committee meets at least once a year and reports to the Board of Directors at least once a year on the results of the implementation of sustainable development and future work plans. The Board of Directors regularly receives quarterly reports on the operations of the management team, and is required to review the progress of the strategy to urge the management team to make adjustments as and when necessary.</p> <p>4. One meeting was held in 2024. The resolutions include:</p> <ul style="list-style-type: none"> (1) Implementation progress of the ESG sustainability report (2) Greenhouse gas inventory and assurance schedule planning (3) Carbon reduction plan of the subsidiary LFDG (4) Implementation of the public welfare plan (5) Identification of related risks and evaluation of the implementation status. 	
II. Does your company conduct any risk assessment regarding environmental, social and corporate governance issues related to your company's operations according to the materiality principle? Does your company establish any relevant risk management policy or strategy?	V		<p>1. LFE's risk assessment boundary is mainly the Company, including its existing operating sites in Taiwan and mainland China, and includes its subsidiaries based on their relevance to the Company's main business and the extent of the impact on material issues.</p>	No significant differences.

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences		
	Yes	No	Summary			
			2. The Sustainable Development Committee conducts analysis based on the principle of materiality, engages with internal and external stakeholders, and integrates assessment data from various departments and subsidiaries. Based on the identified risks, the Committee then formulates relevant risk management policies or strategies.			
			Material issues	Risk assessment items		Description
			Environmental	Environmental health and management		1. Establish an environmental management system to ensure a safe, low-pollution and energy- and resource-efficient business environment. 2. Enter into the eNotice platform with Taiwan Depository & Clearing Corporation to cooperate with the government to promote the 2050 net-zero emission policy in response to the global trend of carbon reduction.
			Social	Occupational safety		Comply with the safety inspections conducted by various government agencies and organize related education and training from time to time. A fire drill was held on July 5, 2024, and a health checkup was conducted on November 1, 2024.

Item evaluated	Implementation					Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary			
			Material issues	Risk assessment items	Description	
				Product safety	Establish a green product platform and organize the management of green supply chains in accordance with the requirements of the RoHS Directive. Take out product liability insurance for our customers, create a section for stakeholders on our website, and provide a channel for consumers complaints to protect consumer rights and interests.	
			Corporate governance	Strengthening the functions of directors	1. Plan relevant continuing education topics for directors and provide directors with the latest regulations, institutional developments and policies every year. 2. Take out liability insurance for directors to protect directors against lawsuits or claims.	
				Stakeholder communication	Create a section for stakeholders on our website to facilitate stakeholder communication.	

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
III. Environmental issues				
(I) Does your company create an appropriate environmental management system based on the industrial characteristics of your company?	V		We have established and maintained a comprehensive system of environmental management (ISO 14001, RBA system and OHSAS 18001) to ensure a safe, low-pollution and energy- and resource-efficient business environment.	No significant differences.
(II) Is your company committed to achieving more efficient use of energy and using renewable materials with low impact on environmental burdens?	V		We have been actively promoting the reuse of eco-friendly and renewable materials and fully introduced the requirements that all products must be eco-friendly and meet the RoHS of the EU and customers. We require strict environmental compliance extending to the supply chain sources of our materials, and we prohibit the use of rare metals originating in conflict zones around the world.	No significant differences.
(III) Does your company assess the present and future potential risks and opportunities arising from climate change for your company? Does your company take any measures in response to climate-related issues?	V		We are committed to the management of energy conservation and carbon reduction in our day-to-day operations. We have been reminding our employees to partially turn off lighting and air conditioning when fewer people are in an office in order to reduce the amount of CO2 generated by unnecessary electricity consumption and lessen its environmental impact.	No significant differences.

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(IV) Does your company make statistics of the greenhouse gas emissions, water consumption and total weight of waste over the previous two years? Does your company establish policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water usage or management other waste?	V		LFE has completed the implementation and obtained certification for the ISO 14064 system. In accordance with the Greenhouse Gas Management Regulations, LFE conducts annual ISO 14064-1 greenhouse gas inventories, identifies major emission sources, and implements reduction measures. The results of each year's inventory serve as the basis for evaluating performance. Corresponding carbon reduction strategies are formulated and verified by a third-party external auditor. Water conservation and emissions management are carried out in accordance with the ISO 14001 Environmental Management System. We have completed the ISO 14064-1 greenhouse gas inventories by the end of January 2025.	No significant differences.
IV. Social issues (I) Does your company establish relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions?	V		All relevant management regulations and their implementation are in accordance with the applicable laws. To ensure labor rights and safety of the working environment, we have continued to promote RBA as our top guiding principles and action guidelines.	No significant differences.

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(II) Does your company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits)? Is the operating performance or result appropriately reflected in the remuneration for employees?	V		<p>Employee remuneration policies are determined based on the individual's ability, contribution to the Company, performance, competitiveness, and consideration of the Company's future operating risks. According to Article 25 of the Articles of Incorporation, where LFE has a profit in a fiscal year, it shall allocate 3% to 10% thereof as the remuneration for employees, which shall be distributed in shares or cash subject to a resolution of the Board of Directors. The recipients of such remuneration may include the employees of any affiliate who have met certain requirements. The Board of Directors may adopt a resolution to allocate no more than 5% of the amount of the foregoing profit as the remuneration for directors and supervisors. We have established regulations governing employee performance evaluation. In addition to communicating the relevant business ethics and the systems for employee performance, rewards and penalties, we have included talents, systems and future planning as evaluation indicators in response to the key mission of people-oriented corporate sustainable development as a corporate social responsibility, in order to enhance our competitiveness internationally in the future.</p> <p>Workplace diversity and equality: We aim to achieve remuneration based on “equal pay for equal work” and ensure equal opportunity for promotion for both genders to facilitate sustainable and inclusive economic development. In 2024, women accounted for an average of 54% of our employees, and the average percentage of female executives among senior executives was 55%.</p>	No significant differences.

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does your company provide employees with a safe and healthy work environment and give safety and health training to employees regularly?	V		We have complied with safety inspections conducted by government agencies. Safety and health education and training are provided for new hires and current employees, along with safety personnel training and fire drills held periodically. Annual employee health checkups are also conducted. In 2024, a fire drill was held on July 5, and employee health checkups were conducted on November 1. No occupational accidents or fire incidents occurred in 2024.	No significant differences.
(IV) Does your company establish an effective plan for development and training of the career abilities of employees?	V		LFE formulates an annual training plan that includes systematic training programs and mechanisms for both current and reserve managers. Relevant training is provided in line with LFE 's business development and employees' career advancement.	No significant differences.
(V) Regarding customer health and safety, customer privacy, marketing and labeling in relation to products and services, does your company comply with applicable laws and international standards? Does your company establish policies and complaint procedures for the protection of consumer or customer rights?	V		<ol style="list-style-type: none"> 1. In accordance with the requirements of the RoHS Directive, we have established a green product platform and organized the management of green supply chains. We spare no effort in fulfilling our corporate responsibility for environmental protection. 2. The Company has taken out product liability insurance for our customers, and set up enterprise customer service line and service mailbox on the stakeholder section (http://info.lfe.com.tw/Chinese/AboutUs-sh.htm) on the Company's website to provide a channel for consumers complaints and protect consumer rights and interests. 	No significant differences.

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(VI) Does your company establish any supplier management policy that requires suppliers to comply with relevant regulations with regard to issues of environmental protection, occupational safety and health or labor rights? What is the status of its implementation?	V		We have maintained strict implementation of a supplier evaluation system, where a supplier must be certified as qualified before conducting any transaction with us, and must continue to be evaluated regularly for compliance with relevant EICC requirements. Any supplier found to be in violation of corporate social responsibilities will be disqualified, with the business relationship between the suppliers and us terminated.	No significant differences.
V. Does your company prepare a sustainable development report and other reports that disclose non-financial information of your company based on internationally accepted standards or guidelines for preparation of reports? Do the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agency?		V	We are preparing a 2024 sustainability report. We will keep close attention to relevant issues at all times, and such report will be prepared depending on our operations in the future. All matters concerning implementation of corporate governance, development of a sustainable environment and maintenance of public interest have been handles according to the spirit and requirements of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."	Under evaluation.
VI. Where your company has established its own principles of sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," the differences between the operations of your company and such principles must be described: Although we have not established any system for corporate social responsibilities in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," the descriptions above indicate that we have been actually implementing the spirit of corporate social responsibility.				

Item evaluated	Implementation			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such differences
	Yes	No	Summary	
VII. Other important information useful for understanding the implementation status of promoting sustainable development: 1. We have continued to implement the RBA as the Company's highest principles and operational guidelines, which not only ensure a safe working environment for supply chains and protect the dignity of workers, but also focus more on the production process to be environmentally responsible. 2. In order to protect the safety and health of employees and relevant personnel and improve internal management to reduce operating risks and avoid losses, we have received the international certification of OHSAS 18001 for evaluation of occupational safety and health management system, and we are committed to providing our employees with an environment where the requirements for occupational safety and health are under control to ensure the interests of employees, the company and related parties are all satisfied. 3. We have created a section for corporate social responsibility (CSR) on our website to disclose CSR-related information.				

Climate-related Information of Listed Companies

1. Implementation status of climate-related information

Item	Implementation status
<p>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>The Company has established the “Sustainable Development Committee”. With the Board of Directors as the highest supervisory unit, the Committee is responsible for implementing climate-related risk management situations and key results, as well as horizontal cross-departmental coordination and cooperation to implement sustainability strategies and climate action issues in products, operations and value chain management.</p> <p>The Sustainable Development Committee consists of the President, senior executives from relevant departments and other members designated by the President. The Committee convenes a meeting at least once a year, and may convene additional meetings as needed. It analyzes various risk scenarios related to climate change through comprehensive assessments and develops response strategies. The Committee also regularly reports to the Board of Directors on the results of the implementation of sustainable development issues related to climate change as well as future plans to ensure that climate issues are included in the vision of the senior management and are managed in a prudent manner.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short, medium and long term).</p>	<p>The Company faces the risks and opportunities arising from climate change. The main risks come from the increase of carbon emission costs caused by the manufacturing process, as well as the pressure from the supply chain and competitors. It considers the impact on the financial statements, the direct impact of which will be reflected in the net profit and cash flow of the Company. The indirect impact may exert an impact on the value of assets, accounts receivable, inventory value, etc. However, considering the future trend of investors to include ESG factors in their investment considerations, the Company is committed to achieving sustainable operations. The Company's climate strategy is based on a science-based reduction path, with a three-phase approach of improving energy efficiency, expanding the use of renewable energy, and investing in innovative carbon-reduction technologies to remove residual carbon emissions, in order to progressively move the entire value chain towards net zero emissions.</p> <p>1. Short-term:</p> <p>(1) Transformation risk: Increased energy costs, increased carbon reduction equipment construction costs, and decreased revenue due to the transfer of customers.</p> <p>(2) Physical risk: Natural disasters caused by climate change, such as floods and typhoons, may affect LFE’s operational sites. Therefore, an Emergency Response Center has been established, and LFE follows a Disaster Response and Recovery Plan to mitigate risks.</p>

Item	Implementation status
	<p>(3) Market opportunity: Reduced paper usage.</p> <p>2. Medium-term:</p> <p>(1) Transformation risk: Transition to low-emission technology (low-carbon services), resulting in increased low-carbon technology transformation costs.</p> <p>(2) Market opportunity: Development of low carbon products and services, service process adjustments such as paperless workflow.</p> <p>3. Long-term:</p> <p>(1) Market opportunity: Enhanced corporate image and market capitalization.</p>
3. Describe the financial impacts of extreme climate events and transformation actions.	<p>Corresponding costs may increase in the process of corporate transformation, which may include the purchase of carbon emission allowances, investment in facility improvement and carbon reduction technologies, and implementation of energy efficiency improvement measures, etc. The implementation of the carbon tax will make it necessary for enterprises to pay for the additional costs of carbon emissions. The above costs will also cause pressure of the supply chain: The carbon tax may lead to higher costs for upstream suppliers, which in turn will affect the price of raw materials and the stability of supply for enterprises. In addition, the implementation of the carbon tax may put enterprises under pressure in a highly competitive market. Competitors who can better respond to the carbon tax, reduce carbon emissions and improve energy efficiency will have relative cost-competitive advantages.</p>
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	<p>The Company's risk management not only includes risk response plans that may affect financial performance, but also includes risk assessment and emergency response plans for natural disasters, environmental aspects and information aspects. The concept of prevention is deeply rooted in our corporate culture. The Company strives to eliminate identifiable and avoidable risks to minimize possible losses from operational disruptions.</p> <p>We are exposed to major risks in the sales market, production operations, human resources planning, new product development progress, and financial and accounting controls of each business operation. In addition to the existing systems, regulations and handling procedures, we actively develop advanced and more sensitive procedures and criteria for monitoring, assessing and controlling risks, in order to balance safety and efficiency, and establish a more cost-effective business operational model, such as strengthening the establishment of the information system, and enhancing the capability of early warning and control.</p>

Item	Implementation status
	<p>With respect to the environment, in order to respond to possible accidents or emergencies, the Company establishes and maintains its emergency response procedures, which serve as a reference for the development of response processes and plans. The procedures include the scope of the emergency response plan, the organizational responsibilities and structure, the activation process, the hazard identification and risk assessment, the rescue plan, the escape route map, the material safety data form (SDS), and the audit method of the emergency response, etc. Each unit follows the above operating procedures and related methods to immediately minimize or mitigate the impacts and damages caused by man-made or natural disasters and other major contingencies, such as injuries to personnel, property damage, and production interruptions, as well as to promptly resume normal operations.</p> <p>Risk management targets: Capture the global economic situation, climate change and energy supply risks, formulate the Company's development strategy and adjust the operation model in advance, and actively implement relevant countermeasures.</p> <p>Commitment: Pay attention to the global industry dynamics and climate change, and adjust the development objectives and operation strategies in a timely manner to minimize potential risks.</p> <p>Risk management measures: In response to various operational risks, convene management meetings from time to time to review response measures and adjust the direction of operations in order to prevent risks in advance.</p>
<p>5. If scenario analysis is used to assess the resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors and key financial impacts.</p>	<p>Type of financial impact: Increased operating costs due to the carbon tax.</p> <p>1. Risk description:</p> <ul style="list-style-type: none"> (1) Increased costs: May include the purchase of carbon emission allowances, investment in facility improvement and carbon reduction technologies, and implementation of energy efficiency improvement measures, etc. The implementation of the carbon tax will make it necessary for enterprises to pay for the additional costs of carbon emissions. (2) Supply chain pressure: The carbon tax may lead to higher costs for upstream suppliers, which in turn will affect the price of raw materials and the stability of supply for enterprises. (3) Competition pressure: The implementation of the carbon tax may put enterprises under pressure in a highly competitive market. Competitors who can better respond to the carbon tax, reduce carbon emissions and improve energy efficiency will have relative cost-competitive advantages. (4) Financial statement impacts: Direct impacts include increased carbon costs; indirect impacts include supply chain pressure and competition pressure.

Item	Implementation status
	<p>(5) Investor concerns: Investors will incorporate ESG (economic, social and environmental) factors into their investment decision-making.</p> <p>2. Potential financial impacts:</p> <p>(1) Increased costs: These additional costs will increase the operating costs of the Company and may result in a decrease in profitability.</p> <p>(2) Supply chain pressure: These may increase the supply risk of the Company, which may adversely affect business operations and production capacity.</p> <p>(3) Competition pressure: These may result in a loss of market share, which in turn may have a negative impact on revenue and profits.</p> <p>(4) Financial statement impacts: Direct impacts will be reflected in the Company's net profit and cashflow; indirect impacts may affect asset value, accounts receivable, and inventory value. etc.</p> <p>(5) Investor concerns: If the Company fails to effectively address carbon tax and sustainable development challenges, it may face investors' doubts and concerns about its value, which in turn may exert an impact on capital inflows and share prices.</p>
<p>6. If there is a transformation plan for managing climate-related risks, describe the contents of the plan, as well as the indicators and targets for identifying and managing physical risks and transformation risks.</p>	<p>In response to the transformation opportunities arising from the challenges of climate change under the "Climate Emergency", the Company expects to lead its customers to transform into a low-carbon and green economy in order to mitigate the impact of climate change. In order to implement and carry out sustainability, the Company actively promotes related matters, sets green management strategy goals, and implements solar power generation (self-generation and self-use) at LFDG in Mainland China for the purpose of protecting the earth. LFE completed ISO 14064-1 verification in January 2024 and disclosed the emission and volume data of greenhouse gases, water, and waste over the past two years.</p>
<p>7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.</p>	<p>The Company has not yet planned to use internal carbon pricing as a planning tool.</p>

Item	Implementation status
<p>8. If climate-related targets are set, describe the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress of achievement; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, describe the sources and quantities of carbon reduction credits or renewable energy certificates (RECs) used for offsetting.</p>	<p>In response to the transformation opportunities arising from the challenges of climate change under the “Climate Emergency”, the Company expects to lead its customers to transform into a low-carbon and green economy in order to mitigate the impact of climate change. In order to implement and carry out sustainability, the Company actively promotes related matters, sets green management strategy goals, launches various projects, carries out green management and effectiveness evaluation, and examines the performance results through external verification for the purpose of protecting the earth.</p> <p>The Company does not use carbon offsets or renewable energy certificates (RECs).</p>
<p>9. Greenhouse gas inventory and assurance.</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 11103849344, the Company is not yet a regulated subject, but will disclose inventory information in the 2024 Sustainability Report on a voluntary basis.</p>

(VI) Status of ethical management and the measures taken

For many years, we have been committed to complying with the RBA standards, in which the requirements of business ethics constitute one of the five components of the RBA. The following is the main content included in the requirements of business ethics:

1. Business integrity: Monitoring and regulatory measures must be implemented to prevent corruption, extortion and embezzlement.
2. No improper advantage: Bribes or other improper advantages must not be offered/accepted.
3. Disclosure of information: Information regarding business activities, performance, etc. must be disclosed in accordance with applicable regulations and industry practices.
4. Intellectual property: Intellectual property rights must be protected and respected.
5. Fair business, advertising and competition: Customer information must be safeguarded in accordance with applicable standards.
6. Protection of identity: The identity of any whistleblower must remain confidential.

Based on the above, the status of implementation of our business philosophy and the RBA Code of Conduct is as follows:

Status of ethical management, differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
I. Establishment of ethical management policies and plans				
(I) Does your company establish any ethical management policy adopted by the board of directors? Do the regulations and external documents of your company specify the policy and practices of ethical management and the commitments by the board of directors and the senior management to actively implementing the ethical management policy?	V		We have established an “Procedures for Ethical Management and Guidelines for Conduct” as well as Employee Work Rules, which are published on the internal website and integrated into the employee compensation and performance evaluation system. An Ethical Management Task Force has been designated as the responsible unit and reports regularly to the Board of Directors.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(II) Does your company established any mechanism for assessment of the risks of unethical behavior to perform regular analysis and assessment of operating activities with higher risks of unethical behavior within the scope of business of your company? Does your company establish, on the basis of the foregoing, any plan for prevention of unethical behavior, including at least measures for prevention of the behavior under Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		1. Besides establishing internal controls and relevant RBA Code of Conduct, we are committed to building a people-oriented corporate culture based on integrity and implementing it in our day-to-day operations.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does your company specify and implement the operating procedures, guidelines of behavior, penalties for violations and complaint system in the plan for prevention of unethical behavior? Is the foregoing plan reviewed and amended on a regular basis?	V		<p>2. LFE's "Ethical Corporate Management Best Practice Principles" follow Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," including related preventive measures. Relevant departments are required to implement them thoroughly. LFE also conducts periodic or random audits to ensure compliance with the principles of integrity and continuously tracks and improves implementation, reporting regularly to the Board of Directors each quarter to prevent unethical conduct.</p> <p>The "Procedures for Ethical Management and Guidelines for Conduct" clearly prohibits unethical behavior. To ensure ethical management, we have established effective accounting and internal control systems, and our internal auditors have been conducting regular or non-regular audits on transaction processes and communicating our ethical management principles to all companies dealing with LFE. To completely prevent improper business conduct, bribes and the acceptance of gifts and kickbacks are prohibited.</p>	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
II. Implementation of ethical management				
(I) Does your company assess the history of integrity of its business counterparties? Does the contract between your company and a business counterparty include any provision governing ethical behavior?	V		Before establishing a business relationship with others, we will assess the legality and ethical management policy of any supplier, customer or other counterparty and whether it has any history of unethical behavior to ensure it conducts business in a fair and transparent manner. When entering into a contract with any other party, we are required to fully understand its status of ethical management and include compliance with the requirements of ethical management in the provisions of the contract.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(II) Does your company set up (or designate) any unit under the board of directors that is responsible for the promotion of corporate ethical management and that gives a report to the board of directors regarding its ethical management policy and unethical behavior prevention plan and their supervision and implementation on a regular basis (at least annually)?	V		The administration department of our subsidiary LFDG is tasked with promoting corporate ethical management for LFE, and the Ethical Management Task Force is responsible for daily supervision and reports to the Board of Directors in this regard.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(III) Does your company establish any policy for prevention of conflict of interest, provide any appropriate channel for representation, and implement such policy?	V		The "Procedures for Ethical Management and Guidelines for Conduct" has clearly defined a policy for avoidance of conflict of interest. If an employee conducting our business has discovered any situation involving a conflict with his/her personal interest or the interest of the corporation he/she represents or where he/she, his/her spouse, parent or child or any person having an interest with him/her is likely to gain improper advantage, he/she must report the relevant circumstances to the competent manager, who must provide appropriate guidance.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(IV) Does your company establish effective accounting and internal control systems to ensure the implementation of ethical management? Does the internal audit department establish any relevant audit plan based on the result of assessment of the risks of unethical behavior? Does your company, in accordance with the foregoing plan, conduct an audit of the compliance with the unethical behavior prevention plan, or engage a CPA to conduct such audit?	V		We have always placed emphasis on the accuracy and completeness of the financial reporting process and its control, and we have designed an internal control system for operating procedures with potentially higher risks of unethical behavior. Also, the Audit Office has conducted audits according to annual audit plans developed based on the results of risk assessment and prepared and submitted audit reports to the Board of Directors.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(V) Does your company organize internal and external training sessions on ethical management on a regular basis?	V		Externally, we send employees to attend relevant courses on a non-regular basis. Internally, we organize awareness sessions during our day-to-day operations.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
III. Operations of the whistleblowing system of your company (I) Does your company establish specific systems for whistleblowing and rewards? Does your company establish any convenient whistleblowing channel and appoint any appropriate person to handle the case of a person reported?	V		To make it possible for our employees and relevant personnel to report cases of improper business conduct, we have set up an internal whistleblowing mailbox, and we have created a section for investment services on our website that provides contact information and a business hotline for shareholders to keep the relevant channels of communication open. Senior managers have been appointed to handle such cases.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
(II) Does your company establish standard operating procedures for investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigation and the relevant confidentiality measures?	V		Unless otherwise provided by law, the personal information of a whistleblower will remain confidential with appropriate measures taken in accordance with the law to protect personal information and privacy. Upon discovery of or receipt of a report of any employee involved in ethical behavior, the relevant facts must be promptly investigated. Where any violation of applicable laws or the ethical management policy and requirements of LFE has been confirmed, the violator must be required to cease the relevant behavior immediately with appropriate actions taken against him/her. If necessary, we will claim damages from the violator through legal processes to protect our reputation and interests.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(III) Does your company take measures to protect whistleblowers from improper retaliation as a result of whistleblowing?	V		Same as the description above.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.

Item evaluated	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summary	
IV. Enhancement of information disclosure (I) Does your company disclose the contents of its ethical management principles and the results of their promotion on its website and the Market Observation Post System?	V		We have published relevant requirements of ethical management and communicated relevant information on our internal website where our employees can read them. The annual reports published on our external website (http://www.lfe.com.tw) have disclosed relevant information of ethical management.	No significant differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
V. Where your company has established its own principles of ethical management in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," the differences between the operations of your company and such principles must be described: We have established the "Procedures for Ethical Management and Guidelines for Conduct," and our implementation of ethical management has been based on the spirit of ethical management principles.				
VI. Other important information useful for understanding the status of ethical management at your company (e.g. review and amendment by your company of its ethical management principles): The "Procedures for Ethical Management and Guidelines for Conduct" was amended by the Board of Directors on November 8, 2023.				

(VII) Other important information useful for understanding the status of corporate governance may also be disclosed:

1. Employees' rights and employee care: We firmly believe that employees are a force driving the growth of a company, so we attach great importance to employees' rights and adhere to all legal rights of our employees. We have established regulations governing employee retirement and an employee remuneration system, and have formed an Employee Welfare Committee responsible for employee benefits.
2. Investor relations: Committed to the principles of integrity and fair disclosure of information and the transparency of corporate governance, we regularly publish information related to our operations and finance to shareholders and the public, and has established a system of spokesperson and deputy spokesperson to fulfill our responsibilities and obligations in disclosing corporate information. We have created a section of "Investment Services" on our website to disclose financial, business and corporate governance information. We have also appointed personnel responsible for investor relations and set up a dedicated email box to handle suggestions and questions from investors.
3. Supplier relationship and stakeholders' rights: We keep long-term and close cooperation with our suppliers to ensure there is no shortage of the sources of our materials.
4. Continuing training of directors: Since our directors have possessed relevant expertise, we will arrange, as appropriate and in accordance with our corporate governance principles, for them to continue to attend courses on corporate governance, and we will advise them to take part in any training course on legal awareness, if available.

Title	Name	Date	Organizer	Course title	Duration
Chairman	Ko Chi-Yuan	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hours
Chairman	Ko Chi-Yuan	2024/09/10	Taiwan Stock Exchange	Summit on Strengthening Taiwan's Capital Market	3 hours
Chairman	Ko Chi-Yuan	2024/10/25	Securities and Futures Institute (SFI)	2024 Conference on Awareness of Compliance with the Regulations Governing Trading of Equity by Insiders	3 hours
Director	Wang Chun-Tung	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hours
Director	Li Li-Sheng	2024/11/05	Corporate Governance Association of the Republic of China (Taiwan)	Integrity Management and Corporate Governance: From Labor Law Trends to Insider Trading (Part I)	3 hours
Director	Li Li-Sheng	2024/11/05	Corporate Governance Association of the Republic of China (Taiwan)	Integrity Management and Corporate Governance: From Labor Law Trends to Insider Trading (Part II)	3 hours
Director	Chung Ding-Chun	2024/05/03	Securities and Futures Institute (SFI)	Sustainability Practices Advocacy Seminar	3 hours
Director	Chung Ding-Chun	2024/10/11	Securities and Futures Institute (SFI)	2024 Conference on Awareness of Compliance with the Regulations Governing Trading of Equity by Insiders	3 hours
Director	Chen Ling-Hsuan	2024/12/26	Accounting Research and Development Foundation (ARDF)	Enhancing Internal Control Effectiveness through "Robotic Process Automation" (RPA)	6 hours
Independent director	Huang Cheng-Chung	2024/05/08	Corporate Governance Association of the Republic of China (Taiwan)	Integrity, Governance, and CSR: The Three Codes and Practical Case Studies	3 hours
Independent director	Huang Cheng-Chung	2024/11/08	Corporate Governance Association of the Republic of China (Taiwan)	Trends and Challenges in Information Security Governance	3 hours
Independent director	Tang Li-Yu	2024/12/02	Taipei Foundation Of Finance	Corporate Governance: Fair Customer Treatment Principles in the Financial Services Industry	3 hours
Independent director	Tang Li-Yu	2024/12/16	Taipei Foundation Of Finance	Corporate Governance: 2025 Global Outlook - Key Indicators and Trend Analysis	3 hours
Independent director	Chen Chieh-Shan	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hours

5. Implementation of risk management policies and risk measurement standards: We have established various internal regulations as required by law to engage in risk management and assessment.
6. Implementation of customer policies: We maintain stable and good relationship with our customers to generate profits.
7. Purchase of liability insurance for directors: We have purchased liability insurance for our directors and supervisors since August 3, 2016. In 2024, we purchased the following liability insurance for our directors:

The insured	Insurance company	Amount insured (NTD)	Insurance period
All directors	Cathay Century Insurance Co., Ltd.	32,825,000	Commencing: August 3, 2024 Ending: August 3, 2025

8. Participation of managers in training on corporate governance: The table below indicates the attendance of the managers of LFE in training courses on corporate governance:

Title	Name	Training date	Organizer	Training course	Training hours
Chief corporate governance officer	Li Yu-Ming	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hours
		2024/10/28	Taipei Foundation Of Finance	Corporate Governance - Development Trends in the Generative AI Industry	3 hours
Chief Auditor	Chen Wen-Hsuan	2024/05/16	The Institute of Internal Auditors - Chinese Taiwan	Sustainability Disclosure Policy Insights and Key Focuses in Internal Control and Audit	6 hours
		2024/07/03	The Institute of Internal Auditors - Chinese Taiwan	Analysis and Countermeasures for Legal Violations by Audit/Accounting Personnel	6 hours

9. Strengthening of auditing and self-inspection

We have established and effectively implemented a comprehensive internal control system. We have required all departments to fulfill their responsibilities for good administration and conduct self-inspection to ensure effective monitoring and self-correction. Also, the audit department will submit regular audit reports to the Board of Directors and supervisors to increase our competitiveness through effective operations, ensure the accuracy of financial reports and verify compliance with all applicable laws.

10. Prevention of insider trading and treatment of material insider information

We have established the "Regulations Governing the Prevention of Insider Trading" for the purposes of strengthening the prevention of insider trading and establishing a good mechanism for the treatment and disclosure of material insider information to avoid improper disclosure of information and ensure the consistency and accuracy of our information published externally.

The establishment and any amendment of the "Regulations Governing the Prevention of Insider Trading" will be announced on our internal website, with the latest version of the regulations published on our internal website for access. Additionally, we have strengthened the communication of ideas concerning prevention of insider trading during the training of new employees to ensure all employees, managers and directors adhere to such ideas.

(VIII) Operations of the internal control system

Loyalty Founder Enterprise Co., Ltd.
Statement of Internal Control System

Date: March 11, 2025

Based on the results of self-evaluation of our internal control system in 2023, we hereby issue the following statement:

- I. We acknowledge that our Board of Directors and managers are responsible for establishment, implementation and maintenance of the internal control system, and that we have established such system, whose purpose is to provide reasonable assurance for achievement of the goals of operational effectiveness and efficiency (including profits, performance and protection of asset security), reliable, timely and transparent reporting in compliance with applicable regulations, and compliance with applicable laws and regulations.
- II. The internal control system has its inherent limits. Regardless of how perfect its design is, an effective internal control system can only provide reasonable assurance for the achievement of the above-mentioned three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may also change. Nonetheless, our internal control system has a self-monitoring mechanism. Once a deficiency is identified, we will take action to correct it.
- III. We determine whether the design and implementation of our internal control system are effective based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter the "Regulations") for determination of the effectiveness of an internal control system. The criteria adopted by the "Regulations" for determination of an internal control system divide such system into five elements based on the process of management and control: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communication; and 5. supervision. Each of the elements further includes several criteria. For the foregoing criteria, please see the requirements of the "Regulations."
- IV. We have adopted the above-mentioned criteria for determination of an internal control system to assess the effectiveness of the design and implementation of our internal control system.
- V. Based on the results of the foregoing assessment, we consider that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including the design and implementation of the internal control system in relation to the understanding of the level of accomplishment of the goals of operational effectiveness and efficiency, reliable, timely and transparent reporting in compliance with applicable regulations and compliance with applicable laws and regulations, is effective and able to reasonably ensure the achievement of the above-mentioned goals.

- VI. This statement will form part of the main content of our annual report and prospectus and will be published. In the event that any of the above published information involves falsification, concealment or other illegality, we will be subject to the legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. We declare that this statement was approved by a Board of Directors meeting on March 11, 2025. None of the eight directors attending the meeting expressed any objection, and all of them approved the information in this statement.

Loyalty Founder Enterprise Co., Ltd.

Chairman: Ko Chi-Yuan

President: Wang Chun-Tung

2. Engagement of CPAs to review the internal control report: None.

(IX) Important resolutions adopted by the shareholders' meeting and the Board of Directors in 2024 and as of the date of publication of the annual report are summarized as follows:

1. Important resolutions adopted by the shareholders' meeting in 2024 and their implementation:

Date	Important resolution	Implementation of resolution of the shareholders' meeting
2024.06.18	1. 2023 statements of final accounts.	Implemented according to the resolution.
	2. Distribution of earnings for 2023.	An amount of NTD1.5 per share was distributed as cash dividends to shareholders in a total of NTD221,524 thousand, and July 18, 2024 was set as the ex-dividend date according to the resolution adopted by the Board of Directors on June 17, 2024. Distribution of the cash dividends was completed on August 21, 2024.
	3. Amendment to certain provisions of the "Articles of Incorporation."	The procedures after amendment shall apply.
	4. Amendment to certain provisions of the "Regulations Governing Loaning of Funds to Others."	The procedures after amendment shall apply.

2. Important resolutions adopted by the Board of Directors in 2024 and as of the date of publication of the annual report are summarized as follows:

Date	Important resolution
15th term, 9th meeting 2024.03.12	<ol style="list-style-type: none"> 1. The 2023 business report and financial statements. 2. Distribution of earnings for 2023. 3. Percentage and amount of the remuneration for employees, directors and supervisors in 2023. 4. Amount of bonuses and remuneration for managers distributed during August 2023 to February 2024. 5. Change of the remuneration for managers. 6. The 2023 statement of internal control system. 7. Matters concerning distribution of the accumulated earnings of foreign subsidiaries with investments from LFE.

Date	Important resolution
	8. Content of the "Overview of the 2024 Business Plan and the Strategy for Future Development." 9. Extension of the limit of endorsements/guarantees for subsidiaries. 10. Amendment to certain provisions of the Company's Regulations for the Election of Directors and Supervisors. 11. Amendment to certain provisions of the Company's Procedures for Acquiring or Disposing of Assets. 12. Amendment to certain provisions of the Company's Regulations Governing Loaning of Funds. 13. Amendment to certain provisions of the Company's Procedures for Handling Derivative Trading Management. 14. Amendment to certain provisions of the "Organizational Regulations for the Remuneration Committee." 15. Convening of the 2024 annual shareholders' meeting.
15th term, 10th meeting 2024.05.10	1. The financial statements for Q1 of 2024.
15th term, 11th meeting 2024.06.18	1. Determination of the ex-dividend date for 2024.
15th term, 12th meeting 2024.08.07	1. The financial statements for Q2 of 2024. 2. Appointments of Financial Manager and Accounting Manager of LFE. 3. Lifting of non-compete restrictions on managerial-level personnel. 4. Expected distribution of remuneration for directors, supervisors and manager employees of the Company. 5. Amount of bonuses and remuneration for managers distributed during March 2024 to July 2024. 6. Proposal for LFE's 2023 ESG Sustainability Report.
15th term, 13th meeting 2024.11.11	1. The financial statements for Q3 of 2024. 2. Evaluation of the independence and competence of the CPAs. 3. Establishment of the 2025 audit plan. 4. Approval of the appointment for newly appointed managers. 5. Loaning of funds totaling NTD90 million from LFE to HEC. 6. Proposal for the establishment of the "Sustainable Information Management Guidelines".

Date	Important resolution
	7. Proposal for the establishment of the "Internal Operating Procedures for Sustainable Information Management Guidelines".
15th term, 14th meeting 2025.02.20	1. Proposal for the establishment of a new subsidiary in Vietnam.
15th term, 15th meeting 2025.03.11	<ol style="list-style-type: none"> 1. The 2024 business report and financial report. 2. Distribution of the earnings in 2024. 3. Percentage and amount of the remuneration for employees and directors in 2024. 4. Amount of bonuses and remuneration for directors, supervisors and managers distributed during September 2024 to February 2025. 5. The 2024 statement of internal control system. 6. Matters concerning distribution of the accumulated earnings of foreign subsidiaries with investments from LFE. 7. Content of the "Overview of the 2025 Business Plan and the Strategy for Future Development." 8. Extension of the limit of endorsements/guarantees for subsidiaries. 9. Amendment to certain provisions of the Company's "Articles of Incorporation." 10. Amendment to certain provisions of the Company's "Procedures for Handling Derivative Trading Management". 11. Amendment to certain provisions of the Company's "Regulations Governing Loaning of Funds to Others". 12. Approval of the remuneration for newly appointed managers. 13. Proposal for a complete re-election of the Company's Directors. 14. Board proposal to nominate and review the list of Director candidates. 15. Lifting of non-compete restrictions on directors 16. Convening of the 2025 annual shareholders' meeting.

(X) Directors or supervisors have expressed different opinions in records or written statements with regard to important resolutions adopted by the Board of Directors during 2024 and as of the date of publication of the annual report: None.

III. Information of professional fees for CPAs

Information of professional fees for CPAs

Unit: NTD thousand

Name of CPA firm	Name of CPA	CPA audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Wang Teng-Wei	2024	3,020	150	3,170	Note
	Li Chi-Chen					

Note: Non-audit fees: NTD150 thousand for transfer pricing.

(I) Where the CPA firm is changed and the audit fees paid for the year when such change occurs are less than those paid for the year prior to such change, the amount and percentage of the reasons for such decrease must be described: None.

(II) The decrease in the audit fees is no less than 10% from the previous year: None.

IV. Information of change of CPAs

To maintain the independence of CPAs and implement the mechanism for internal rotation of CPAs, Deloitte Taiwan has changed the CPAs for LFE starting from Q3 of 2021, with the original CPAs Wu Chiu-Yen and Yang Chao-Chin replaced by Wang Teng-Wei and Li Chi-Chen.

V. The chairman, president or financial or accounting manager of your company has served at the firm of the CPAs or any of its affiliates during the most recent year: None.

VI. Change in shares held by directors, supervisors, managers and major shareholders

(I) Information of changes regarding transfers and pledges of shares:

For relevant information, please refer to the "Details of Directors and Supervisors Shareholding Balance" and the "Post-Reporting Form for Insider Shareholding Changes" under the "Equity Changes/Securities Issuance" section in "Single Company" on the Website of Market Observation Post System: <http://mops.twse.com.tw>.

(II) Information of transfer of shares: N/A as none of the counterparties is a related party.

(III) Information of pledge of shares: N/A as none of the counterparties is a related party.

VII. Information of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity

April 21, 2025

Name	Personal shareholding		Shareholding of spouse or minor children		Total nominee shareholding		Names and relationship of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name	Relationship	
Compucase Enterprise Co., Ltd.	74,755,773	50.62%	-	-	-	-	None	None	-
Representative: Wang Chun-Tung	3,000	0%	-	-	-	-	None	None	-
Loyalty Founder Biotechnology Co., Ltd.	9,541,359	6.46%	-	-	-	-	None	None	-
Representative: Chang Yung-Ta	-	-	-	-	-	-	1. Representative of Tahua Investment Co., Ltd.: Chang Lien-Sheng 2. Representative of Fu Kuei Hua Investment Co., Ltd.: Liang Chin-Tui 3. Representative of Ching Yi Investment Co., Ltd. and Shi Ji Investment Co., Ltd.: Chang Yung-Ching	1. Father and son 2. Mother and son 3. Brothers	-
Ching Yi Investment Co., Ltd.	7,440,098	5.04%	-	-	-	-	None	None	-
Representative: Chang Yung-Ching	518,341	0.35%	-	-	-	-	1. Representative of Tahua Investment Co., Ltd.: Chang Lien-Sheng 2. Representative of Fu Kuei Hua Investment Co., Ltd.: Liang Chin-Tui 3. Loyalty Founder Biotechnology Co., Ltd.: Chang Yung-Ta	1. Father and son 2. Mother and son 3. Brothers	-

Name	Personal shareholding		Shareholding of spouse or minor children		Total nominee shareholding		Names and relationship of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name	Relationship	
Fu Kuei Hua Investment Co., Ltd.	5,682,481	3.85%	-	-	-	-	None	None	-
Representative: Liang Chin-Tui	1,626,354	1.10%	-	-	-	-	1. Representative of Tahua Investment Co., Ltd.: Chang Lien-Sheng 2. Representative of Ching Yi Investment Co., Ltd. and Shi Ji Investment Co., Ltd.: Chang Yung-Ching 3. Loyalty Founder Biotechnology Co., Ltd.: Chang Yung-Ta	1. Husband and wife 2. Mother and son 3. Mother and son	-
Liang Chin-Tui	1,626,354	1.10%	-	-	-	-	1. Representative of Tahua Investment Co., Ltd.: Chang Lien-Sheng 2. Representative of Ching Yi Investment Co., Ltd. and Shi Ji Investment Co., Ltd.: Chang Yung-Ching 3. Loyalty Founder Biotechnology Co., Ltd.: Chang Yung-Ta	1. Husband and wife 2. Mother and son 3. Mother and son	-
Tahua Investment Co., Ltd.	1,323,247	0.90%	-	-	-	-	None	None	-
Representative: Chang Lien-Sheng	66,600	0.04%	-	-	-	-	1. Representative of Fu Kuei Hua Investment Co., Ltd.: Liang Chin-Tui 2. Representative of Ching Yi Investment Co., Ltd. and Shi Ji Investment Co., Ltd.: Chang Yung-Ching	1. Husband and wife 2. Father and son	-

Name	Personal shareholding		Shareholding of spouse or minor children		Total nominee shareholding		Names and relationship of shareholders with the top 10 shareholdings who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name	Relationship	
							3. Loyalty Founder Biotechnology Co., Ltd.: Chang Yung-Ta	3. Father and son	
Ko Chi-Yuan	1,072,500	0.73%	-	-	-	-	None	None	-
Shi Ji Investment Co., Ltd.	723,423	0.49%	-	-	-	-	None	None	-
Representative: Chang Yung-Ching	518,341	0.35%	-	-	-	-	1. Representative of Tahua Investment Co., Ltd.: Chang Lien-Sheng 2. Representative of Fu Kuei Hua Investment Co., Ltd.: Liang Chin-Tui 3. Loyalty Founder Biotechnology Co., Ltd.: Chang Yung-Ta	1. Father and son 2. Mother and son 3. Brothers	-
Tai Cheng-Chih	600,000	0.41%	-	-	-	-	None	None	-
Huang Cheng-Hsun	584,202	0.40%	-	-	-	-	None	None	-

VIII. Numbers of shares held by LFE, its directors, supervisors and managers and companies directly or indirectly controlled by LFE in a single investee company, and the comprehensive shareholding percentage calculated on a consolidated basis: None.

Chapter III. Fundraising

I. Capital and shares

(I) Sources of share capital

1. Generation of share capital: Changes in share capital during the most recent year and as of the date of publication of the annual report.

Date	Par value per share (NTD)	Authorized share capital		Paid-in capital		Remarks			
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of share capital	Non-cash property used as share payment	Other	Date and number of document of approval of capital increase
2003/07	10	161,600	1,616,000	130,800	1,308,000	Capital increase from earnings NTD7,152 thousand	None	None	2003.06.05 (2003) Tai-Cai-Zheng (I) No. 0920124509
2006/04	10	161,600	1,616,000	120,800	1,208,000	Cancellation of treasury stocks NTD100,000 thousand	None	None	2006.04.28 Jing-Shou-Shang-Zi No. 095001077270
2008/08	10	161,600	1,616,000	117,720	1,177,200	Cancellation of treasury stocks NTD30,800 thousand	None	None	2008.08.14 Jing-Shou-Shang-Zi No. 09701203770
2009/04	10	250,000	2,500,000	237,720	2,377,200	Capital increase by cash from private placement NTD1,200,000 thousand	None	None	2009.04.24 Jing-Shou-Shang-Zi No. 09801082550
2011/8	10	250,000	2,500,000	155,231	1,552,312	Capital reduction to offset losses NTD824,888 thousand	None	None	2011.08.11 Jing-Shou-Shang-Zi No. 10001181700
2014/10	10	250,000	2,500,000	144,092	1,440,918	Capital reduction to offset losses NTD111,393 thousand	None	None	2014.10.3 Jing-Shou-Shang-Zi No. 10301205260
2018/10	10	250,000	2,500,000	164,092	1,640,918	Capital increase NTD200,000 thousand	None	None	2018.10.15 Jing-Shou-Shang-Zi No. 10701123690
2021/11	10	250,000	2,500,000	147,683	1,476,826	Capital reduction by cash NTD164,092 thousand	None	None	2021.11.01 Jing-Shou-Shang-Zi No. 11001196690

2. Type of shares

April 20, 2025 Unit: Shares

Type of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	147,682,629	102,317,371	250,000,000	Including 65,463 thousand privately placed shares.

(II) List of major shareholders

April 20, 2025

Name of major shareholder	Shares	Number of shares held	Shareholding (%)
1. Compucase Enterprise Co., Ltd.		74,755,773	50.62%
2. Loyalty Founder Biotechnology Co., Ltd.		9,541,359	6.46%
3. Ching Yi Investment Co., Ltd.		7,440,098	5.04%
4. Fu Kuei Hua Investment Co., Ltd.		5,682,481	3.85%
5. Liang Chin-Tui		1,626,354	1.10%
6. Tahua Investment Co., Ltd.		1,323,247	0.90%
7. Ko Chi-Yuan		1,072,500	0.73%
8. Shi Ji Investment Co., Ltd.		723,423	0.49%
9. Tai Cheng-Chih		600,000	0.41%
10. Huang Cheng-Hsun		584,202	0.40%

(III) The dividend policy of your company and its implementation

1. Dividend policy:

The current Articles of Incorporation includes the following requirements for our dividend policy:

Where LFE has earnings in the final accounts of a fiscal year, it shall set aside 10% thereof as legal reserves after paying taxes and offsetting accumulated losses as legally required, unless the amount of such legal reserves equals or exceeds LFE's paid-in capital. The remaining amount of the foregoing earnings shall be set aside or reversed as special reserves. If there is still any balance thereof, the Board of Directors shall prepare a proposal for distribution of earnings in respect of such balance plus the accumulated undistributed earnings and submit the proposal to a shareholders' meeting for a resolution on distribution of dividends and bonuses to shareholders.

As a manufacturer of information technology products, LFE is currently at a stage of stable growth and still needs to continue to invest funds in research and development and business expansion in the future in order to ensure its advantage in market competition. Therefore, taking into account LFE's future capital plan and its funding needs in future years and to meet shareholders' demand for cash inflows, in principle dividends must be no less than 50% of the after-tax earnings of the current year where there is no other special consideration, subject to a resolution of the Board of Directors. Of the dividends to be distributed, cash dividends must account for no less than 5%, adjustable based on the financial conditions.

2. Distribution of dividends proposed at the current annual shareholders' meeting

The proposal for distribution of earnings in 2024 was approved by a resolution of the Board of Directors on March 11, 2025, with the distribution of NTD1.8 per share as cash dividends. Such distribution will be made upon its approval by a resolution of the annual shareholders' meeting and after the ex-dividend date is determined by the Board of Directors as authorized.

(IV) Effects of the proposed distribution of bonus shares at the current shareholders' meeting on the business performance and earnings per share of your company: N/A as no distribution of bonus shares is proposed at the current annual shareholders' meeting.

(V) Remuneration for employees and directors

1. Percentage and range of the remuneration for employees and directors stated in the Articles of Incorporation:

Article 25-1 of the Articles of Incorporation:

Where LFE has a profit in a fiscal year, it shall allocate 3% to 10% thereof as the remuneration for employees, which shall be distributed in shares or cash subject to a special resolution of the Board of Directors. The recipients of such remuneration may include the employees of any affiliate who have met certain requirements. The Board of Directors may adopt a special resolution to allocate no more than 5% of the amount of the foregoing profit as the remuneration for directors. A report on the proposal for distribution of the remuneration for employees and directors shall be submitted to a shareholders' meeting.

If LFE still has accumulated losses, an amount of the foregoing profit shall be retained to offset such losses prior to any allocation of the remuneration for employees and directors according to the percentage under the preceding paragraph.

Article 26 of the Articles of Incorporation:

Where LFE has earnings in the final accounts of a fiscal year, it shall set aside 10% thereof as legal reserves after paying taxes and offsetting accumulated losses as legally required, unless the amount of such legal reserves equals or exceeds LFE's paid-in capital. The remaining amount of the foregoing earnings shall be set aside or reversed as special reserves. If there is still any balance thereof, the Board of Directors shall prepare a proposal for distribution of earnings in respect of such balance plus the accumulated undistributed earnings and submit the proposal to a shareholders' meeting for a resolution on distribution of dividends and bonuses to shareholders.

Dividends and bonuses to shareholders may be distributed in cash or shares.

2. The basis of estimate of the remuneration for employees and directors, the basis of calculation of the number of shares distributed as the remuneration for employees, and the accounting treatment in case of any difference between the actual amount of distribution and the estimate for the current period:

- (1) The basis of estimate of the remuneration for employees and directors:

The amount of the remuneration for employees and directors in the current year is estimated, recognized and accounted for according to the percentage set forth under the Articles of Incorporation and based on past experience.

- (2) The basis of calculation of the number of shares distributed as dividends

If the Board of Directors has adopted a resolution to distribute the remuneration for employees in shares, the number of shares for such remuneration will be calculated according to the closing price on the day prior to the date of resolution of the Board of Directors.

- (3) The accounting treatment in case of any difference between the actual amount of distribution and the estimate

Subject to a resolution of the Board of Directors, any difference between the actual amount of distribution and that accounted for will be treated as a change in accounting estimates and recognized as a profit/loss in the year of actual distribution.

3. Distribution of remuneration approved by the Board of Directors:

- (1) Where the amount of the remuneration for employees, directors and supervisors distributed in cash or shares is different from the estimated amount in the year of the recognized expenses, the amount, reason and treatment of such difference must be disclosed:

On March 11, 2025, the Board of Directors approved via a resolution the following proposal for distribution for 2024:

Item	Amount proposed by the Board of Directors	Amount estimated in the 2024 financial statements	Amount of difference	Reason for difference	Treatment
Remuneration for employees - cash	12,368,533	12,368,533	0	None	None
Remuneration for directors - cash	6,134,267	6,134,267	0	None	None

- (2) The amount of the remuneration for employees distributed in shares and its share of the sum of the after-tax net profit in the parent-only financial report and total remuneration for employees in the current period: N/A.
- (3) Estimated earnings per share following consideration of the proposal for distribution of the remuneration for employees and directors: NTD1.82 (the remuneration for employees and directors has been expensed).

4. Actual distribution of the remuneration for employees, directors and supervisors (including the number of shares distributed, amount and share price) in 2023. Where there is any difference with the recognized remuneration for employees, directors and supervisors, the amount of difference, reasons and treatment must be described:

Item	Actual amount distributed in 2024	Amount estimated in the 2023 financial statements	Amount of difference	Reason for difference	Treatment
Remuneration for employees - cash	13,043,657	13,043,657	0	None	None
Remuneration for directors and supervisors - cash	6,521,828	6,521,828	0	None	None

(VI) Repurchase by your company of its own shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares, global depositary receipts, employees' stock warrants and restricted stock awards for employees: None.

IV. Issuance of new shares with shares acquired or transferred from other companies: None.

V. Implementation of the fund usage plan: None.

Chapter IV. Overview of operations

I. Information of business activities

(I) Scope of business:

1. Main business:

- (1) Computer and peripheral equipment manufacturing.
- (2) Other metal products manufacturing.
- (3) Electronics components manufacturing.
- (4) Data storage media manufacturing and duplicating.
- (5) Sporting goods manufacturing.
- (6) Die manufacturing.
- (7) Wholesale of hardware.
- (8) Wholesale of die.
- (9) Wholesale of electrical appliances.
- (10) Wholesale of computers and clerical machinery equipment.
- (11) Wholesale of electronic materials.
- (12) Retail sale of electrical appliances.
- (13) Retail sale of computers and clerical machinery equipment.
- (14) International trade.
- (15) Business activities not prohibited or restricted by law, other than those permitted.

2. Share of operations:

Unit: NTD thousand

Product	Year	2023		2024	
		Sales	Percentage	Sales	Percentage
Computers, server chassis and their components		2,200,352	40%	2,196,151	45%
Power supplies		3,023,621	56%	2,146,200	52%
Other		213,959	4%	145,147	3%
Total		5,437,932	100%	4,487,498	100%

Note: The table above indicates information from the consolidated financial statements.

3. Current products of LFE:

- (1) Computer and server chassis and power supplies.
- (2) Components of computer peripherals.

4. New products (services) planned for development.

- (1) Server chassis and charging station chassis.
- (2) Bus and monitor system.

(II) Overview of industry

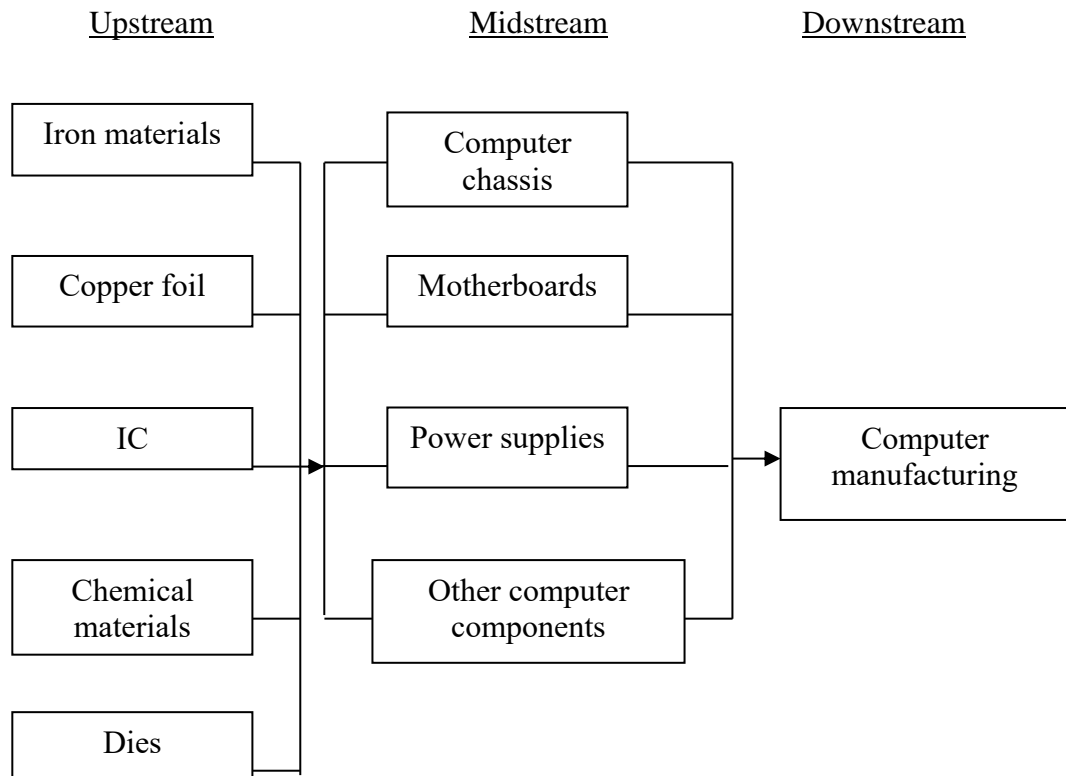
1. Current status and development of industry

Looking ahead to 2025, the Market Intelligence & Consulting Institute (MIC) points out that the rapid evolution of generative AI applications will further drive the expansion of the AI server market. The demand for training and inference of generative AI remains the primary momentum for AI server growth. From 2024 onwards, "edge AI inference," "private model deployment," and "industry introduction" will become key focus scenarios. According to MIC statistics, global AI server shipments reached 1.942 million units in 2024 and are estimated to grow to 2.364 million units in 2025. The overall AI server market share continues to rise, moving toward exceeding 20% of the overall server market by 2027.

Due to its highly vertically integrated capabilities, Taiwan still maintains a global leading advantage in the R&D and manufacturing of AI servers. According to a MIC industry consultant, the assembly and manufacturing of high-end GPU servers remain highly concentrated among Taiwanese manufacturers. Taiwanese companies are also extensively investing in liquid cooling systems, power modules, high-speed transmission interfaces, and substrate design, which helps enhance the overall competitiveness of the supply chain. The prolonged U.S.-China technological confrontation also encourages U.S. brand customers to further strengthen the strategic role of Taiwan's supply chain.

2. Relationship among the upstream, midstream and downstream in the industry

The business of LFE and its subsidiaries mainly consists of the production and sales of computers and server chassis, thus falling under the scope of the computer and peripheral equipment industry, whose upstream sector is primarily formed by large manufacturers of iron materials, and whose midstream sector is composed of manufacturers of parts, components and exterior materials for products including computers, server chassis, motherboards, power supplies and hard drives, with LFE and its subsidiaries constituting one such midstream manufacturer. In the downstream sector of the industry are mainly manufacturers of computers or peripheral equipment and other end application products including laptops, desktops, industrial computers, servers, security monitoring systems, printers, fax machines, scanners, multi-function printers and projectors. The figure below shows the relationship among the upstream, midstream and downstream sectors of the industry:



(1) Upstream:

The upstream sector of the computer industry primarily consists of large manufacturers of iron materials, and the upstream suppliers are selected mainly based on the required specifications, quality and delivery time.

(2) Midstream:

Consisting of manufacturers of computer chassis, motherboards, power supplies and hard disks, this sector is a highly competitive market segmented by quality and price.

(3) Downstream:

The downstream sector of the computer industry is mainly formed by well-known international system manufacturers, and it is increasingly obvious that the global industry of personal computers is centered around several leading manufacturers.

3. Development trends of products

The current series of servers include:

- (1) Entry level server chassis
- (2) High level server chassis
- (3) High performance blade server chassis
- (4) High capacity/density storage server chassis
- (5) Networking server chassis

As AI server application scenarios become more diverse, the demand for AI inference servers is increasing in vertical fields such as industrial AI, medical imaging, and smart manufacturing, in addition to data centers. Although AI servers still account for less than 15% of total shipments, their average selling price (ASP) is significantly higher than that of general servers. Coupled with the ongoing introduction of new generation GPUs and high-speed connectors (such as PCIe 5.0 and CXL), the overall server output value continues to grow.

4. Competition

Among the server chassis manufacturers in Taiwan, those such as Chenbro, UNEEC, and LFE are the main participants with high customization design and rapid prototyping capabilities. Due to the long-duration stable operation required by server products, overall heat dissipation, structural strength, and EMI protection are important criteria for system manufacturers to evaluate suppliers. Most server manufacturers tend to collaborate with chassis manufacturers that possess integrated development capabilities, prioritizing stable quality and delivery management over cost as the sole decision-making factor.

Consequently, in the server chassis industry, competition will continue to focus on the speed of developing dies, structural design capabilities, global supply capabilities, production stability, and efficiency in customer problem resolution. Only manufacturers with these criteria can maintain a long-term position as leading suppliers.

(III) Overview of technology, research and development

1. R&D expenses invested in 2024 and as of the date of publication of the annual report

Unit: NTD thousand

Item	2024	As of March 31, 2025
R&D expense	79,425	18,484
Operating revenue	4,487,498	1,568,705
R&D expense as a share of operating revenue	1.8%	1.2%

Note: The amount of the current year as of March 31, 2025 has not been audited and reviewed by the CPAs.

2. Successfully developed technologies or products

- (1) 126 - DC-MHS 1U X86 Computing Server
- (2) 245 - High-Performance Industrial Computer
- (3) 279 - Dual-Node X86 Computing Server
- (4) 280 - AI Switch: 64×800G Switch
- (5) 471 - IBM Z System High-Performance Computing Server

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

Computers are high-tech products, and computer chassis are able to protect all high-tech precision components inside computers and give them good appearance. Therefore, the design, production quality and conformance rate of computer chassis are critical to a company's image and enhancement of its competitiveness. On this basis, we have been improving our capabilities in R&D, production, manufacturing process and maintenance and continued to maintain our quality and environmental systems, and we have established relevant processes for improvement to meet the requirements of the EU directive on environmental protection (RoHS). Moreover, we have implemented comprehensive quality control to strengthen the quality awareness of our employees to build our image as a high-quality and high-conformity professional computer chassis manufacturer and enhance our competitiveness. In light of the development trend of the industry and a rapidly changing business environment domestically and internationally, we will make adjustment to our structure and increase our overall competitiveness through long-term and short-term plans, which are described as follows:

1. Short-term development plan

(1) Product marketing:

- A. We will accept more orders of new models and products from customers to develop potential customers and increase our market share.
- B. We will provide our customers with overall solutions for cooling and mechanism, and we will increase the levels of our customers.
- C. We will increase the share of the sales of high value-added products to seek growth in our revenues and profits.
- D. We will study the plan for expansion of production sites to get closer to our customers and seek lower production costs to become more competitive.
- E. We will strengthen the roles of our branches in the U.S. and other countries as regional centers for sales, operations and services and in supporting information collection.
- F. We will seek more orders from our ODM/OEM customers to increase the utilization rate of the production capacity of our equipment.
- G. We will expand our market reach in the Asia Pacific region and emerging countries.
- H. We will conduct regular surveys of customer satisfaction and improve the services for our current customers.
- I. We will strengthen our relationship with the end customers to ensure their orders.

(2) Product development:

- A. We will continue to strengthen the development of products of servers and data storage devices, and we aim to create optimized products and expand the market size by integrating the upstream and downstream supply chains.

- B. We will continue to enhance modular design to reduce the time needed for product development, and we will lower production costs and increase profits from products.
 - C. We will re-modify and re-assemble certain parts to add new values.
 - D. We will use mixed dies and the NCT production model to meet the requirements for small batch production and reduce the costs invested in dies.
 - E. We will acquire key engineering technologies and overcome their hurdles, improve the quality and performance of new materials, and create and maintain database systems.
 - F. We will continue to introduce CAE software to accelerate product development and shorten the cycle of product development.
- (3) Production technologies, production capacity and equipment:
- A. We will improve production processes and increase the capability and stability of manufacturing processes to enhance production capacity and the utilization rate of equipment.
 - B. We will increase the flexibility of manufacturing processes and the efficiency of warehousing and transportation to achieve more efficient logistics.
 - C. As one of the first computer chassis manufacturers to receive the ISO 9002 certification, we passed the ISO 9001 certification at the end of May 1998 and the ISO 14001 certification for environmental protection at the end of June of the same year. In order to ensure satisfactory quality for our customers, we have implemented a comprehensive TQC quality system to keep improving personnel qualifications and promote a complete quality control system. We will also continue digitization of our operating processes, adjust our business processes for higher efficiency and speed and promptly respond to quality issues in order to enhance the quality of our manufacturing processes.
 - D. We passed the ISO 14064 certification in 2013, and we will continue to participate in the establishment of a system of low carbon emissions.
 - E. In order to protect the safety of employees and improve internal management to reduce operating risks and avoid losses, we received the international certification of OHSAS 18001 for evaluation of occupational safety and health management system in 2013.
- (4) Financial availability:

In order to ensure adequate funding necessary for our business development and strengthen our financial and operating structure, we will raise funds in open markets or seek long-term loans with a low interest rate.

2. Long-term development plan

(1) Product marketing:

- A. We will strengthen our image as a provider of high-quality products.
- B. We will participate in the testing of computer chassis by other major manufacturers worldwide to enhance our international reputation and product image.
- C. We will keep track of market development and acquire key technologies through investments or strategic alliances.
- D. We will engage in vertical or horizontal integration of relevant products or industries.
- E. We will set up additional shipping warehouses as appropriate to provide globalized delivery services for our customers.
- F. We will actively develop products other than servers.

(2) Product development:

- A. We will actively hire professionals to take part in the R&D of new products to expand our market reach and keep our competitive advantages.
- B. We will utilize our existing technological capabilities for design, manufacturing and improvement and continue improving our production technologies to enhance our competitiveness.
- C. In order to widen our lead over competitors, we will integrate the technological capabilities of all companies under our group in design and manufacturing to launch newly developed products.
- D. We will strengthen patent application and maintenance to protect intellectual property rights.
- E. We will enter into strategic alliances with academic institutions or upstream/downstream manufacturers to overcome hurdles in key R&D and increase the quality of R&D.

(3) Production technologies, production capacity and equipment:

- A. We will implement an information integration system to reduce the time needed to complete manufacturing, and we will strengthen reasonable processes and automated production to increase productivity.
- B. To achieve division of labor internationally and maximize our profits, manufacturing of processed products with low added values will be transferred overseas through strategic alliances or our own investments.
- C. We will increase interactions with professional research institutions and government agencies, make production and processes faster, and enhance our production technologies via technological collaboration.

(4) Financial availability:

In order to ensure stable development of LFE and realize the idea of sustainable management, we will expand our fundraising channels and lower the costs of fundraising to make it easier to obtain funds necessary for our long-term and short-term development plans.

II. Overview of market and production/sales

(I) Market analysis

1. Sales territories for main products

Unit: NTD thousand

Year		2023		2024	
Territory		Amount	%	Amount	%
Domestic sales		0	-	0	-
Export	Americas	0	-	0	-
	Asia	5,437,932	100	4,487,498	100
Total		5,437,932	100	4,487,498	100

Note: The table above indicates amounts in the consolidated financial statements.

The main products sold by LFE include computer chassis and their components. Chassis are primarily exported to major international computer manufacturers, such as Dell, Intel and IBM, through EMS contractors, and are sometimes directly exported to manufacturers. Regarding the distribution of sales territories, the products are mainly sold in Asia, with other regions accounting for a low share of their sales.

2. Market share:

The business of LFE mainly consists of the production and sales of server chassis. Since July 2018, we have been accepting orders of IT products, including computer chassis and power supplies, from the parent company, and the sales of chassis and power supplies in 2024 accounted for 99% of our total revenue. Servers are computer products, but they are not replaced as frequently as ordinary personal computer products, and they have a longer life cycle of approximately three to five years. The main reason for their replacement arises from the transition between and upgrade of old and new platforms by processor manufacturers to enhance computing performance and transmission efficiency. In response to the rapid growth of cloud applications, cloud service providers have invested in the construction of data centers and the expansion and upgrade of related IT equipment, pushing up the procurement demand for servers.

Observing the change in the trend of global server shipments, the total global server shipments in 2024 are about 13.65 million units, with an annual growth of approximately 2.05%. The shipment of AI servers is around 1.942 million units, with an annual growth rate of 46%. The global overall server market value in 2024 is estimated to reach about \$306 billion, with the AI server market value being approximately \$205 billion, accounting for 67% of the overall server market value. In 2024, the global server market is showing a clear trend of division, mainly driven by the surge in demand for high-end AI servers, while also facing the challenge of slowing growth in demand for general servers. Due to high inflation rates, major central banks in the U.S. and Europe tightened monetary policy and raised interest rates to curb inflation, leading to increased business operating and financing costs. This compressed capital expenditure, and the growth in demand for general servers has slowed. Despite the heightened anticipation for adopting AI personal computers (AI PCs) and the expectation of entering a refresh cycle for Windows 11 PCs, the global PC market is only expected to experience moderate growth in the fourth quarter of 2024.

According to Canalys, 2024 is a year when the PC market sees a slight recovery and returns to traditional seasonality, with an annual shipment growth of 3.8%, reaching 255 million units. The company's shipment volume of chassis products for 2024 is approximately 3 million units. Based on this calculation, the global market share of the company's chassis products for 2024 is around 1.2%. Having invested in this industry sector for a very long time, the company and its subsidiaries have become strategic alliance partners with the downstream customers. Following incorporation into the HEC Group in 2016, the company and its subsidiaries have been able to strengthen their competitiveness by integrating resources and developing strategies through the group, aiming to continuously expand the market with advantages in technical capability and operating model. It is expected that the overall operations and market share will achieve stable growth in the future.

3. Future supplies, demands and growth of the market:

It is estimated that global server shipments will reach 15.24 million units in 2025, with an annual growth of 2.3%. Although the market maintains growth, the overall market increase will be lower than in 2024 due to the impact of escalating global tariff wars and intensifying geopolitical risks between China and the U.S., leading to more conservative corporate capital expenditures. High-end AI servers remain the main growth driver, but as the market enters a maturity phase, corporate investments will shift toward more rational and strategic layouts, prompting a change in the market growth model.

Looking ahead to 2025, the global server market is expected to continue to grow. However, with capital expenditures becoming more cautious and high-end AI servers entering a strategic investment phase, market competition will become more segmented. The investment by cloud providers in AI servers and self-developed ASICs will reshape the supply chain, driving technological innovation and upgrading the value chain of the supply chain. According to the forecasts made by major international forecasters in December 2024, the EIU estimates that the global economic growth rate will slightly increase from 2.5% in 2024 to 2.7% in 2025, while

S&P predicts that the global economic growth rate will slow down from 2.7% in 2024 to 2.5% in 2025. Most institutions believe that the economic growth performance in 2025 will not differ much from that of 2024.

Overall, in the first quarter, the performance of import and export, manufacturing production, and export orders was impressive, benefiting from strong demand for emerging technologies such as AI and companies stocking up in advance to respond to increased U.S. tariffs. However, with frequent changes in U.S. tariff policies and unclear progress in negotiations among countries, uncertainty has increased, prompting international institutions to lower their global economic growth forecasts for 2025. Furthermore, the effect of early pulling of goods is waning, and external demand in the second half of the year is likely to significantly weaken. The company maintains a cautious and conservative attitude toward the economic outlook for Year 2025.

4. Competitive niche

(1) Technologies for design and development of state-of-the-art products

- A. As the global server market is concentrated in the top 5 manufacturers, we actively seek orders from leading international computer manufacturers and work with customers in collaborative design, and we differentiate our market from that of an OEM with the production capability of an ODM.
- B. We have a strong design team with abundant experience in product design. The team considers the most efficient and low-cost design approaches and provides appropriate advice to customers.
- C. We stress the importance of R&D and transfer of technologies, and we possess competitive advantage with the capability to develop powerful dies.

(2) Professional production capabilities and the economic scale of mass production

- A. We actively expand our foreign production and marketing territories to build a global production and sales network, and we adopt a global logistics model for production to achieve the economic scale of mass production.
- B. With professional production capabilities, we provide high-efficiency, high-quality and low-cost methods for manufacturing processes to customers.

(3) Flexible responses

- A. To satisfy the demand of our customers, our business units are dedicated to gathering industrial and economic intelligence and keeping full track of market development.
- B. With flexible production line arrangements, high delivery flexibility and strong capability in emergency response, we are able to handle emergency orders from customers and take full advantage of business opportunities.

5. Advantages and disadvantages for prospects of development, and measures in response

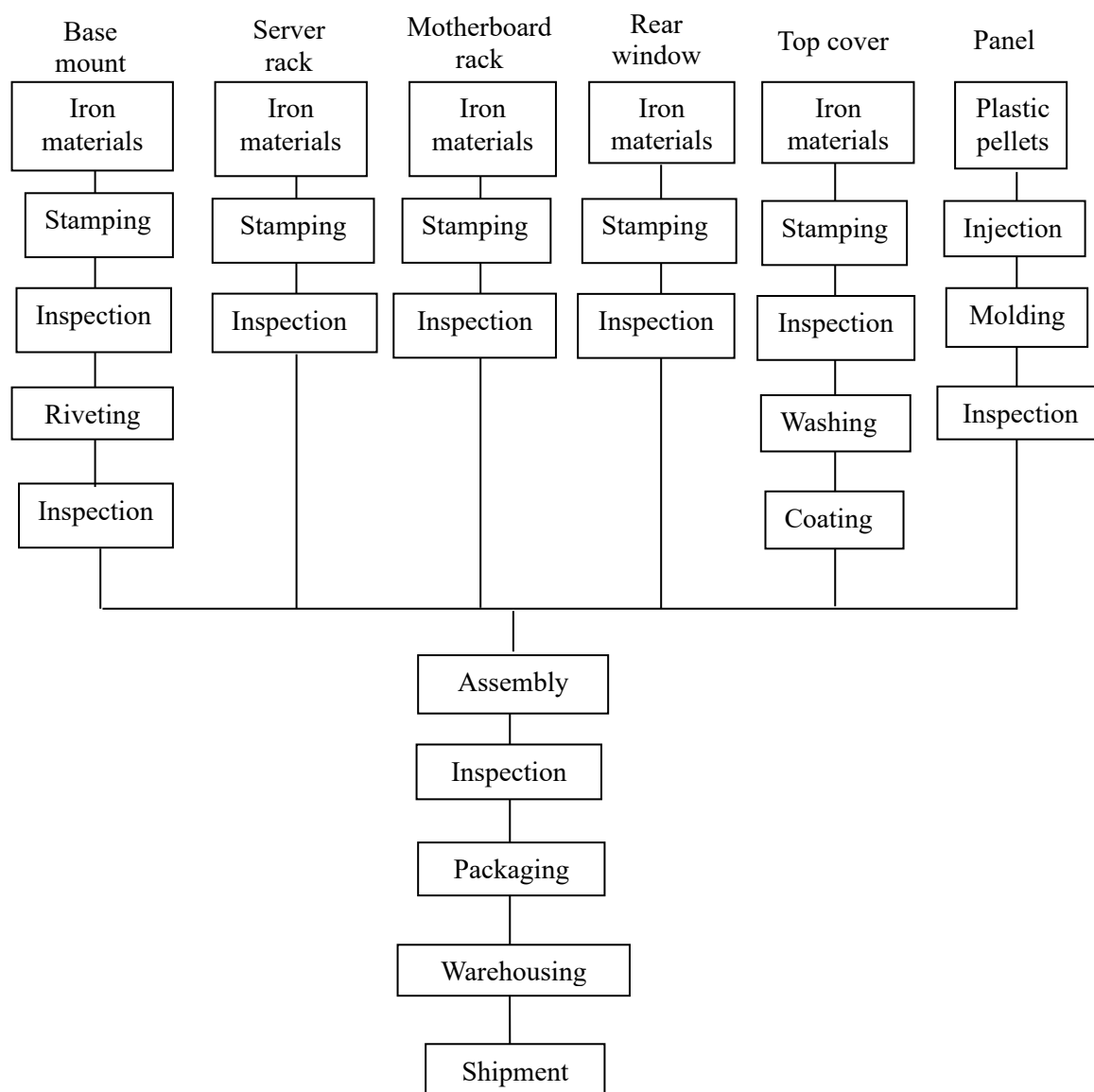
(1) Advantages:

- A. We have abundant real experience in OEM/ODM production and sales, so we are able to keep better track of market demand and development.
 - B. We have strong and complete R&D and project management teams in the markets of Taiwan, Mainland China and the U.S., making our entry into the primary markets more efficient.
 - C. We have effectively integrated our production technologies to meet the market demand for speed, flexibility and cost control.
 - D. With the certifications of ISO 9001, ISO 14001, UL and RoHS, we are potentially more suitable for developing the market with increasingly strict quality and environmental requirements.
 - E. We have been actively introducing the EICC (Electronic Industry Code of Conduct) to improve working conditions and enhance the standards of human rights, safety, health, environmental protection and business ethics to achieve a better corporate image and competitiveness.
- (2) Disadvantages:
- A. Rising material and labor costs worldwide has resulted in declining profits.
 - B. Major brand manufacturers have continued to demand faster and more comprehensive delivery services, posing significant challenges to our operations and cost management.
- (3) Measures in response
- A. enhance process improvement.
 - B. We will adjust the number of weeks of material inventories based on the development of the product life cycle in order to avoid pressure on inventories that leads to excess materials and interest burden.
 - C. We will strengthen our capabilities in market assessment and development, so that we can forecast market trends and look for popular products with high added values to adjust the direction in production and sales.
 - D. Since our exports are all USD-priced, we will adopt a solid and conservative approach for foreign exchange management, where the Finance Department is responsible for evaluating daily foreign currency balances and funding estimates and for collecting information of the exchange rate trends of all banks, and where hedges are conducted through presale in response to exchange rate changes.
 - E. We will strengthen production management to reduce manufacturing and quality costs.

(II) Applications and manufacturing processes of main products:

Item	Product and service	Important applications or features
Computer	Server/Storage chassis	Providing supplies and services of the OEM and ODM products of computer or system manufacturers.

Production and manufacturing processes of main products:



(III) Supply of primary raw materials:

The raw materials of our main products are steel plates, ABS plastic materials and electronic parts. There has been no single manufacturer monopolizing the market, while we have maintained long-term, close cooperation with our main suppliers, thus ensuring really stable and good supply conditions.

(IV) Information of purchases (sales)

1. Information of the main suppliers in the most recent two years:

Unit: NTD thousand; %

Item	2023			
	Name	Amount	Share of annual net purchase (%)	Relationship with the issuer
1	WCF	1,586,276	38	Brother corporation
2	Banner Span	187,644	5	None
3	DWC	176,552	4	Brother corporation
4	Linoya Electronic	112,712	3	None
	Other	2,034,194	50	None
	Net purchase	4,097,378	100	

Item	2024			
	Name	Amount	Share of annual net purchase (%)	Relationship with the issuer
1	WCF	198,979	6	Brother corporation
2	WJA	141,922	4	Brother corporation
3	YIEH PHUI (CHINA) TECHNOMATERIAL	133,006	4	None
4	Dongguan Shuo Qi	108,149	3	None
	Other	3,030,789	84	None
	Net purchase	3,612,845	100	

Item	Current year, as of March 31, 2025			
	Name	Amount	Share of annual net purchase (%)	Relationship with the issuer
1	N/A			
2				
3				
4				
	Other			
	Net purchase		0	

Note: The data for Q1 of 2025 is not applicable since it has not been reviewed by the CPAs as of the date of publication of the annual report.

2. Information of the main sales customers in the most recent two years:

Unit: NTD thousand; %

Item	2023			
	Name	Amount	Share of annual net sales (%)	Relationship with the issuer
1	WSE	3,235,841	60	Brother corporation
2	HEC	1,022,237	19	Parent company
3	WYT	192,960	4	Brother corporation
4	Jabil	177,577	3	None
5	Celestica	175,577	3	None
	Other	633,740	11	Brother corporation
	Net sales	5,437,932	100	

Item	2024			
	Name	Amount	Share of annual net sales (%)	Relationship with the issuer
1	WSE	2,245,241	50	Brother corporation
2	HEC	1,015,563	23	Parent company
3	Jabil	321,946	7	None
4	Celestica	178,491	4	None
5	Dynapack	168,329	4	None
	Other	557,928	12	None
	Net sales	4,487,498	100	

Current year, as of March 31, 2025				
Item	Name	Amount	Share of annual net sales (%)	Relationship with the issuer
1	N/A			
2				
3				
4				
5				
	Other			
	Net sales		0	

- Note:
1. The names of customers accounting for no less than 10% of the total sales during the most recent two years and their respective amounts and percentages of sales are specified, except that a code may be used where non-disclosure of a customer's name has been agreed under the contract or where the counterparty is an individual not a related party.
 2. The data for Q1 of 2025 is not applicable since it has not been reviewed by the CPAs as of the date of publication of the annual report.

3. Description of changes: Due to business needs, the combination of products sold and changes in the market environment, there have been changes in the suppliers and sales customers and their corresponding amounts and percentages.

III. The number, average length of service, average age and distribution of educational level of employees in service during the most recent two years:

March 31, 2025

Year		2023	2024	March 31, 2025
Item				
Number of employees	Indirect employees	549	557	567
	Direct employees	847	974	1058
	Total	1,396	1,531	1,625
Average age		40.96	41	41
Average length of service (years)		4.75	4.75	4.31
Distribution of educational level (%)	Doctor	0%	0.00%	0.00%
	Master	0.21%	0.26%	0.23%
	College	8.81%	8.10%	9.32%
	Senior high school	13.04%	15.88%	13.94%
	Below senior high school	77.94%	75.76%	76.52%

- (1) Certificates received by personnel related to financial information: One employee at the Audit Office has received a certificate for internal auditors of the Republic of China (Taiwan).

IV. Information of environmental protection expenses:

- (I) Total losses and penalties incurred due to environmental pollution during the most recent year and as of the date of publication of the annual report:

	2024	2025, as of March 31
Status of pollution	None	None
Agency imposing penalties	None	None
Penalties	None	None
Other losses	None	None

- (II) Future measures in response and potential expenditure: None.

- (III) Our measures in response to RoHS and other requirements for environmental protection:

We have been actively promoting the reuse of eco-friendly and renewable materials and fully introduced the requirements that all products must be eco-friendly and meet the RoHS of the EU and customers. We require strict environmental compliance extending to the supply chain sources of our materials, and we have established and maintained a comprehensive system of environmental management (ISO 14001, EICC system and OHSAS 18001) to ensure a safe, low-pollution and energy- and resource-efficient business environment. We have been actively participating in the establishment of a system of low carbon emissions and has completed the introduction of an ISO14064 system with certification, with the aims to ensure our products and services meet the requirements for an inventory of carbon footprints and data collection during the full process covering import, product realization and export, and to achieve total reduction of energy consumption and greenhouse gas emissions.

V. Labor-management relations

(I) Employee welfare measures, continuous education, training and retirement systems and their implementation, agreements between employees and the employer, and measures for protection of the rights of employees:

1. Employee welfare measures

A. Welfare measures implemented by LFE

- a. Employee stock option: Any employee may purchase shares based on his/her position, performance and length of service.
- b. Labor insurance: An employee will be covered by labor insurance since his/her employment start date.
- c. National Health Insurance: An employee will be covered by the National Health Insurance since his/her employment start date.
- d. Regular health checkups: offers comprehensive health checkups exceeding legal requirements. Contracted occupational nurses regularly monitor employees' health conditions and implement tiered management.
- e. Training courses: To effectively help our employees work smarter and accomplish the missions assigned by us, we organize internal training courses and lectures on a non-regular basis.
- f. Year-end bonus: To be distributed based on an employee's performance and the condition of our operations.
- g. Remuneration for employees: To be allocated in accordance with the Articles of Incorporation and resolutions of the Board of Directors and distributed according to the Regulations Governing the Remuneration for Employees.
- h. Cash gifts for holidays: Cash gifts are distributed to our employees on Workers' Day, the Dragon Boat Festival, and the Mid-Autumn Festival.

B. Welfare measures implemented by the Employee Welfare Committee:

The sources of welfare funds mainly consist of 0.066% of the revenue and 20% of the income from residual materials as allocated by us, plus 0.5% of the salary of an employee. Our main welfare measures include the following:

- a. Domestic and overseas travel activities: organizes domestic and international travel activities from time to time.
- b. For cash gift for marriage or festivity or condolence money for funeral, an application must be submitted according to relevant requirements.
- c. Cash gift for birthday: NTD1200 per person each year.

2. Continuous education and training of employees

We have established the "Regulations Governing Education and Training of Employees" and planned relevant training courses based on functional and professional requirements in order to enhance employee competencies, increase the overall qualifications of employees and improve our operating performance.

3. Retirement system and its implementation

In accordance with the "Labor Standards Act" and the "Labor Pension Act," the Company contributes 6% of employees' monthly salaries to individual pension accounts under the new pension scheme. Retirement funds are contributed monthly and deposited into a dedicated supervisory account for the Labor Retirement Reserve Fund. Employees may also voluntarily contribute an additional 0% to 6% of their salaries to their personal pension accounts. In accordance with relevant regulations governing the old-system labor pension, LFE has appropriated the required retirement reserve. LFE has fully funded the retirement reserve account at 100% of the required amount to cover all retirement obligations. In addition to legally mandated social insurance, LFE provides employees with group insurance plans at preferential rates. Coverage includes major illness insurance, medical insurance, accident insurance, and overseas travel insurance for business trips. This ensures employees' work and life security, allowing them to work without concerns. Employees on unpaid leave due to injury or illness can also continue their insurance coverage. Furthermore, LFE's overseas manufacturing facilities comply with relevant laws such as the "Labor Law" and "Social Insurance Law" to implement retirement policies and handle employee retirement procedures.

4. Agreements between employees and the employer, and measures for protection of the rights of employees

We have established an "Employee Welfare Committee" and a labor - management committee, whose members are selected from more knowledgeable and experienced employees with communication capabilities. During any meeting of the Employee Welfare Committee and labor - management committee, representatives of labor and management not only engage in a wide and deep discussion about employee welfare measures, but also provide insights into and listen to opinions regarding the work and life issues faced by employees. Through such model of negotiation and communication, labor and management are able to strengthen their integrity-based relationship with mutual trust and understanding, which serves as a source of reference for our management and administration. As of the end of 2024, the Company has not received any complaints regarding gender or racial discrimination or labor practices in violation of human rights. There have also been no incidents of forced labor, child labor, restrictions on freedom of association, discrimination, excessive overtime, or related violations.

5. Code of conduct or ethics for employees

Obedience, responsibility and discipline are the working ethos of Loyalty Founder Enterprise Co., Ltd. We have established plenty of regulations and requirements relevant to the code of conduct and ethics for employees, such as work rules, regulations for prevention, complaint and handling of cases of sexual harassment at workplace and the "Procedures for Ethical Management and Guidelines for Conduct," as the required criteria for employee conduct. Their main requirements include:

- (1) Regulation of departmental responsibilities and organizational functions.
- (2) Compliance with government laws and regulations.
- (3) Establishment of good discipline.

- (4) Protection of our property for effective use.
- (5) Strict confidentiality over our business secrets and classified information.
- (6) Rewards or penalties for profits or losses arising as a result of employee conduct.
- (7) Establishment of criteria for evaluation of the job outcomes and performance of employees.

6. Working environment and measures for protection of the safety of employees

We have established plenty of relevant regulations and requirements, such as regulations governing office management, prevention of tobacco hazards and personnel access control, in order to ensure full security for access control and health of the working environment. We have set up an emergency response task force to reduce the damage caused by emergency incidents, and we organize health examinations for employees on an annual basis.

For overseas subsidiaries, we have introduced the RBA Code of Conduct, and our policies have been implemented in accordance with the strict requirements of the RBA, which ensure a safe working environment and protect the dignity of workers. In order to protect the safety and health of employees and relevant personnel and improve internal management to reduce operating risks and avoid losses, we have received the international certification of OHSAS 18001 for evaluation of occupational safety and health management system, and we are committed to providing our employees with an environment where the requirements for occupational safety and health are under control to ensure the interests of employees, the company and related parties are all satisfied.

- (II) Losses incurred due to labor - management disputes during 2024 and as of the date of publication of the annual report, and disclosure of the estimated amount and responses for such disputes that may occur currently or in the future: There is currently no material labor - management agreement pending.

VI. Management of information and communication security:

(I) Structure for management of information and communication security

LFE has established an Information Department responsible for planning, building, and maintaining the information security management system, as well as coordinating the formulation, implementation, risk management, and compliance audits of related information security policies. The Information Department holds annual meetings to review and adjust information security policies, audit cybersecurity risk analysis results, and determine corresponding and protective measures needed within LFE to ensure the continuous suitability, appropriateness, and effectiveness of the information security management system.

(II) Information and Communication Security Policy

1. The Company shall comply with relevant laws, regulations, and contractual obligations to provide a secure information and communication environment.
2. Maintain the confidentiality, integrity, and availability of the Company's information operations.
3. Identify business activity risks to ensure effective resource utilization.

4. Implement information and communication security education and training.
5. Strengthen the handling, reporting, and prevention of information security incidents to minimize business impact and ensure continuous operations.
6. Promote information and communication security audits.

Additionally, the Company has established firewalls, intrusion detection systems, antivirus systems, and other measures to enhance its defenses against external attacks and safeguard internal confidential information.

(III) Detailed Management Plans

1. Enhancing cybersecurity defense capabilities: Regularly conduct vulnerability scans on critical cybersecurity systems and apply necessary remediation to reduce security risks. Furthermore, establish security incident response plans for critical systems, assess impact and loss according to severity levels, and execute corresponding reporting and recovery actions.
2. Improving network, endpoint, and application security: Enhance anomaly detection and protection capabilities of endpoint devices, including application whitelisting mechanisms and access rights management.
3. Education and training: Conduct regular cybersecurity awareness campaigns to reinforce cybersecurity practices among all employees.

(IV) Resources invested in the management of information and communication security

Given the critical importance of information security to our operations, the following outlines our key management initiatives and resource allocation in this area:

1. Dedicated personnel: Two full-time staff are assigned to oversee information security planning, technology deployment, and related audit activities to maintain and continuously enhance information security.
2. Through annual management review meetings, the Company conducts risk analyses and reviews countermeasures to ensure the suitability, appropriateness, and effectiveness of the information security management system.
3. Customer satisfaction: No major cybersecurity incidents, and no complaints related to customer data loss.
4. Cybersecurity bulletins: Prepare and distribute cybersecurity bulletins to communicate key protection guidelines and important notices. (Planned for implementation this year.)

(V) Losses incurred due to major information and communication security incidents, their possible effects and measures in response. Where no reasonable estimate is possible, the actual operation for which a reasonable estimate is not possible must be described: None.

(VI) Information and communication security risks and mitigation measures:

“Human error” is often cited as one of the major technological risks. Security vulnerabilities caused by human error may compromise the Company’s ability to defend against cyberattacks, exposing it to risks such as data breaches, ransomware, production system disruptions, and serious operational losses, ultimately affecting corporate reputation. Examples include configuration errors, failure to promptly apply security patches, or clicking malicious phishing links, leading to significant security incidents. Facing ever-evolving and diverse threats, strengthening employees' security awareness and operational protocols has become paramount. Improving employee security consciousness and operational abilities within limited resources is the Company’s top priority. The Company has established an Information Department to manage internal and external risks, assess cybersecurity risk levels, implement corresponding risk management plans, and conduct regular reviews.

Furthermore, the Company places high importance on cybersecurity and network risk prevention by constructing a comprehensive, multi-layered defense system, including firewalls, intrusion detection systems, antivirus systems, and more, to continuously enhance cybersecurity defense capabilities.

VII. Important contracts:

The following are important contracts remaining in effect and existence as of the date of publication of the annual report and expiring during the most recent year:

No new important contract in 2024

Chapter V. Review and Analysis of Financial Conditions and Financial Performance and Risk Matters

I. Review and Analysis of Financial Conditions

Unit: NTD thousand

Year Item	2024	2023	Amount of increase (decrease)	Percentage of change (%)	Description of change of increase/ decrease
Current assets	4,083,609	3,998,116	85,493	2%	
Long-term investments	107,406	159,708	(52,302)	(33%)	Description 1
Property, plant and equipment	599,502	601,580	(2,078)	0%	
Intangible assets	5,183	3,053	2,130	70%	
Other assets	245,737	105,723	140,014	132%	Description 2
Total assets	5,041,437	4,868,180	173,257	4%	
Current liabilities	2,000,099	2,039,513	(39,414)	(2%)	
Long-term liabilities	0	0			
Other liabilities	32,608	23,318	9,290	40%	
Total liabilities	2,032,707	2,062,831	(30,124)	(1%)	
Share capital	1,476,826	1,476,826	0	0%	
Capital reserves	315,269	315,105	164	0%	
Retained earnings	714,018	664,870	49,148	7%	
Other equity	(43,960)	(117,866)	73,906	63%	Description 3
Non-controlling interests	546,577	466,414	80,163	17%	
Total equity	3,008,730	2,805,349	203,381	7%	
Total liabilities and equity	5,041,437	4,868,180	173,257	4%	
Description of items where change of increase/decrease equals or exceeds 20% and its amount has reached NTD10,000 thousand:					
1. Long-term investments: Due to the increased loss of the investee company, Optima Healthcare Inc., during the current period.					
2. Other assets: Due to the increase in non-current financial assets measured at fair value through profit or loss.					
3. Other equity: Due to translation gains of foreign currency statements.statements.					

Note: The table above indicates amounts in the consolidated financial statements.

II. Review and Analysis of Financial Performance

(I) Comparison and analysis of operating results

Unit: NTD thousand

Item \ Year	2024	2023	Amount of increase (decrease)	Percentage of change (%)	Description of change of increase/decrease
Net operating revenue	4,487,498	5,437,932	(950,434)	(17%)	
Operating costs	3,806,873	4,740,745	(933,872)	(20%)	Description 1
Gross operating profit	680,625	697,187	(16,562)	(2%)	
Operating expense	337,720	339,099	(1,379)	0%	
Operating profit	342,905	358,088	(15,183)	(4%)	
Non-operating revenues and expenses	21,431	28,212	(6,781)	(24%)	
Pre-tax net profit of continuing operations	364,336	386,300	(21,964)	(6%)	
Income tax expense (profit)	31,791	33,225	(1,434)	(4%)	
Net profit for the current period	332,545	353,075	(20,530)	(6%)	
Other comprehensive income for the current period (after tax, net)	92,196	(44,721)	136,917	306%	Description 2
Net profit attributable to owners of LFE	269,028	289,387	(20,359)	(7%)	
Net profit attributable to non-controlling interests	63,517	63,688	(171)	0%	
Total comprehensive income for the current period	424,741	308,354	116,387	38%	Description 3
Total comprehensive income attributable to owners of LFE	344,578	253,238	91,340	36%	Description 4
Total comprehensive income attributable to non-controlling interests	80,163	55,116	25,047	45%	Description 5
Earnings per share (NTD)	1.82	1.96	(0.14)	(7%)	
<p>Description of items where change of increase/decrease equals or exceeds 20% and its amount has reached NTD10,000 thousand:</p> <ol style="list-style-type: none"> Operating costs: Due to an decrease in revenue of power supplies. Other comprehensive income for the current period (after tax, net): Due to translation gains of foreign currency statements.statements. Total comprehensive income for the current period: Due to translation gains of foreign currency statements.statements. Total comprehensive income attributable to owners of LFE: Due to translation loss of foreign currency statements. Total comprehensive income attributable to non-controlling interests: Due to translation loss of foreign currency statements. 					

Note: The table above indicates amounts in the consolidated financial statements.

(II) Expected sales volumes in the next year and their basis:

We expect the consolidated shipment volume of server and computer chassis products in 2025 to exceed 2.49 million. Our expected sales volume is based on pre-arranged customer orders and orders accepted from the parent company HEC in 2025 with reference to the forecasts by professional institutions concerning the overall economic environment of the current year and to the growth rate of future demand of the electronics industry, and the relevant percentage is a result of comprehensive consideration of the foregoing.

III. Review and analysis of cash flows

(I) Analysis and description of changes in cash flows during the most recent year (2024)

Year Item	2024	2023	Percentage of increase (decrease) (%)
Cash flow ratio	25	22.26	12%
Cash flow adequacy ratio	128.1	127.03	1%
Cash reinvestment ratio	5.84	5.1	15%

Description: Decrease in cash flow ratio was mainly due to an increase in accounts payable for the current period.

Increase in cash flow adequacy ratio (%) was mainly due to an increase in net cash flow from operating activities.

(II) Analysis of cash liquidity for the next year

Unit: NTD thousand

Starting cash balance	Annual net cash flow from operating activities	Annual cash outflow	Cash balance (deficit)	Remedy for cash deficit	
				Investment plan	Financial management plan
377,182	1,107,993	288,429	1,196,746	-	-

Analysis of cash flows:

- (1) Operating activities: An expected net cash inflow of NTD1,107,993 thousand from operating activities.
- (2) Investing and fundraising activities: We are expected to distribute NTD1.8 as cash dividend in 2024, accept orders from HEC and increase the capital expenditure in dies and equipment and purchase additional automated equipment, so in 2025 a net cash outflow of approximately NTD288,429 thousand from operating activities is expected.

IV. Effect of material capital expenditure in the most recent year on financial business:

We had no material capital expenditure in 2024.

V. Reinvestment Policy for the Most Recent Year, the Main Reasons for Profits or Losses, the Improvement Plan and the Investment Plan for the Next Year

(I) Reinvestment policy:

Our reinvestment policy mainly focuses on expanding the scale of our operations and meeting the needs of our customers, with primary consideration given to the horizontal and vertical strategic alliances of industries and the trend in industrial development. Furthermore, in order to make proper use of global resources to reduce production costs and enhance our competitive advantage, we will increase the amount of our investment in foreign production sites depending on the need of our productivity plan.

(II) Main reason for profit or loss, and the improvement plan:

Unit: NTD thousand

Company name	Profit (Loss) in 2024	Main reason	Improvement plan
Axxion Group Corp.	3,932	-	-
Loyalty Founder EnterpriseCorp.Ltd.	244,171	-	-
Axxion Mexico-LFE S.A. de C.V.	(755)	-	-
Super Laser Precision Machinery Ltd.	(6,848)	-	-
Optima Healthcare Inc.	(147,770)	Industry prosperity affects demand decline -	Actively develop new businesses and strive for transformation.-

(III) Investment plan for the next year: Our investment plan for the next year will be primarily based on our reinvestment policy and mainly focus on investment in chassis-related industries.

VI. The following risk matters during 2024 and as of the date of publication of the annual report must be analyzed and assessed:

- (I) Effects of interest rate, exchange rate change and inflation on the profit/loss of your company, and future measures in response:

Unit: NTD thousand

Item	Effect on our profit/loss			Future measures in response
	Title	2024	Share of operating revenue	
Interest rate	Interest income	29,093	0.65%	Our operations are primarily financed by our own funds. In 2024, the amount of interest expense accounted for only 0.19% of the operating revenue, and the cost of loans in NTD was relatively low. Moreover, the interest income generated by our bank deposits accounts for a low share of 0.65% of the operating revenue. Thus, any interest rate change would have no significant effect on us.
	Interest expense	8,711	0.19%	
Exchange rate change	Profit (Loss) on exchange	26,224	0.58%	As most of our sales are quoted in USD, the primary effect of any exchange rate change will be on the level of USD positions held. In response to any exchange rate change, we make dynamic adjustment to the level of USD positions held for timely conversion to NTD in order to properly avoid the risk of exchange rate change in holding USDs.
Operating revenue		4,487,498		
Inflation	—	—	—	Since our sales mostly consist of direct and indirect exports, domestic inflation has no significant effect on us.

(II) Policies on high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees and transactions of derivatives, the main reasons for profits or losses, and future measures in response in 2024:

1. High-risk and high-leverage investments:

To maintain stable operations and a healthy financial condition, we do not engage in any high-risk and high-leverage investment.

2. Loaning of funds to others and endorsements/guarantees:

(1) Status of implementation concerning loaning of funds from LFE to others as of March 31, 2025:

Unit: NTD thousand

Lender of funds to others	Borrower		Nature of funds loaned	Limit of funds loanable at end of the period	Cumulative amount of funds loaned as a share of the net value of the financial statements for the most recent period (%)	Amount of funds loanable disbursed at end of the period
	Company name	Relationship				
LFE	HEC	Parent company	Short-term financing	90,000	4%	0
Total				90,000	4%	0

Note: 1. The net value of the financial statements for the most recent period is calculated based on NTD2,462,153 thousand in Q4 of 2024.

2. The USD exchange rate is 1:33.205.

(2) Status of implementation concerning endorsements/guarantees from LFE as of March 31, 2025:

Unit: NTD thousand

Endorsement / Guarantee provider	Endorsement/Guarantee recipient		Limit of endorsements/guarantees at end of the period	Cumulative amount of endorsements/guarantees as a share of the net value of the financial statements for the most recent period (%)	Amount of endorsements / guarantees disbursed at end of the period
	Company name	Relationship			
LFE	LFDG	Subsidiary - shareholding at 79.87%	334,149	14%	0
Total			334,149	14%	0

Note: 1. The net value of the financial statements for the most recent period is calculated based on NTD2,462,153 thousand in Q4 of 2024.

2. The USD exchange rate is 1:33.205.

3. Transactions of derivatives:

We conduct transactions of derivatives in accordance with relevant regulations including the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of the Securities and Futures Bureau, the "Directions for Auditing Internal Control Systems of Listed Companies" of the Taiwan Stock Exchange and our "Regulations Governing Acquisition or Disposal of Assets." Based on the purpose of hedging, i.e. engaging in hedging transactions on assets we de facto "own" or "clearly expect to own," we take actions in a conservative manner to avoid risks arising from fluctuations in exchange rates to achieve the aim for stable operations.

Financial instruments measured at fair value through profit/loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instrument - forward foreign exchange contract (I)	\$ -	\$ 1,435
Hybrid financial instrument - structured deposit (II)	644,832	-
	<u>\$ 644,832</u>	<u>\$ 1,435</u>
<u>Financial liabilities - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instrument - forward foreign exchange contract (I)	\$ 3,506	\$ -

- (1) The following are forward foreign exchange contracts which do not apply hedge accounting and are yet to mature as of Q4 of 2024:

	<u>Currency</u>	<u>Maturity period</u>	<u>Contractual amount (NTD thousand)</u>
Forward foreign exchange sold	USD to RMB	2025.01~2025.03	USD 5,460 / CNY 38,993

(III) Future R&D plan and the expected R&D expense to be invested:

In 2025, our group is expected to invest a consolidated amount of approximately NTD17.33 million as R&D expense. The following is an overview of our plan for R&D of new products:

1. Server chassis and charging station chassis.
2. Bus and monitor system.

The technology for development of dies and our understanding of the trend in new markets are the main factors affecting the success of our R&D in the future.

- (IV) Effects of changes in important domestic or foreign policies and laws on the financial business of your company, and measures in response:

Our financial business has been conducted in accordance with the laws and regulations of the competent authority, and there has been no circumstance where our finance and business are affected by changes in important domestic or foreign policies and laws during the most recent year and as of the date of publication of the annual report.

- (V) Effects of changes in technology on the financial business of your company, and measures in response:

The following is a description of our information security assessment and analysis:

We have established a comprehensive information network framework and systems for data and file backups and protection of computer security, such as systems for anti-virus software, data backup, domain certification and hardware firewall. These information security protection systems are used to control information security risks, damaged files and account authentication, make regular updates online, prevent leakage of internal data, maintain our operations and perform other key functions of business operations.

With the rapid development of information technology, the frequency of criminal activities using computers and relevant equipment has been increasing. Despite the aforementioned information security protection systems, we are unable to guarantee full protection of our internal computer system and network framework against cyber attacks from any third-party invasion system. Such a cyber attack is carried out by illegally invading the internal network and information systems of a company for the purpose of committing an illegal action such as sabotaging the network operations of the company or stealing its important confidential information. Under severe cyber attacks from hackers, important internal information of the company may be lost from its information and computer systems, and its operations are likely to be suspended due to such attacks.

Regarding our information security management, verified and conducted relevant risk management activities through computer audits based on information cycles, and our employees have implemented relevant regulations and complied with relevant procedures for information operations, which are regularly checked to ensure their appropriateness and effectiveness. We have regularly inspected user-end computer equipment and regulated access to the network system to prevent unauthorized access. Moreover, we have strengthened the importance of our employees' information security awareness, regularly arranged for our employees to attend external training courses on information security, and communicated our information security policies and relevant requirements for their implementation.

Even though we have established a risk management mechanism and been following an effective information security management system, we are unable to guarantee LFE will not be affected by new types of virus attacks and hacker invasions through the Internet in the face of security threats emanating from innovative web attacks. A web attack may seek to steal our trade secrets, intellectual property and key confidential information of customers. We have regularly reviewed our operating processes to strengthen or improve our information operations against risks of theft of our trade secrets by ill-intentioned persons. Until now, we have not discovered any significant web attack or information security incident, nor have we found any existing or possible significant negative effect on our business and operations.

- (VI) Effects of changes in corporate image on the crisis management of your company, and measures in response:

For many years, we have been committed to maintaining a good corporate image and ensuring compliance with the law. In the event of any circumstance where our corporate image is affected or the law is violated, a task force will be formed to develop measures in response. Until now, there has not been any circumstance sufficiently to affect our corporate image.

- (VII) Expected benefits and possible risks of merger, and measures in response: None.

- (VIII) Expected benefits and possible risks of expansion of premises, and measures in response:

In 2016, Compucase Enterprise Co., Ltd. acquired more than 50% of the common shares privately placed by us and as a result became the parent company of LFE. Due to the need for transfer of business within our group and additional new orders in the future, we have invested in expansion of the factory premises and production equipment of the subsidiary LFDG in Mainland China in order to increase production capacity and improve operational efficiency. However, without any relative increase in our revenue to cover such capital expenditure and the operating costs arising from expanded production capacity and enhanced production technologies, we will incur a negative financial effect.

We will keep focusing on future market demand to evaluate the benefit of expansion of production capacity. As of the date of publication of the annual report, the expansion of our production capacity has met our expectations.

- (IX) Risks faced during the concentration of purchases or sales, and measures in response:

An analysis of the consolidated statements of our group indicates that our largest sales customer is our brother corporation WSE, whose amount of transactions accounts for 60% of our net operating revenue, and that none of the other customers accounts for more than 50% of our sales. Thus, there is no risk of concentration of sales. Furthermore, our largest supplier for purchases in 2024 is Lianjie Technology Co., Ltd., whose amount of transactions accounts for 4% of our total purchase, so there is no risk of concentration of purchases.

- (X) Effects and risks of substantial transfers or changes of shares held by directors, supervisors or shareholders with a shareholding of more than 10% to your company, and measures in response:

None. We keep constant track of changes in the shareholdings of our directors, supervisors and major shareholders to reduce relevant risks and ensure timely responses to relevant changes.

- (XI) Effects and risks of changes in management to your company, and measures in response: None.

- (XII) Where the results of material litigious, non-litigious or administrative dispute events involving the directors, supervisors, president, de facto owner, major shareholders with a shareholding of more than 10% and affiliates of your company that are finalized or pending are likely to cause significant effects on shareholders' equity or securities price, the facts in dispute, the amount claimed, the date of commencement of proceedings, the main parties to the disputes and the status of the disputes as of the date of publication of the annual report must be disclosed:

We have received an attestation letter from the SFIPC requesting all our directors and supervisors to file a claim against former director Chang Lien-Sheng for the losses of purchase of real property from Quan Te Technology and Industry Co., Ltd. in July 2013, with former chairman Chang Yung-Ta bearing joint liability. We have engaged an attorney to handle matters relating to such claim, which is currently in process.

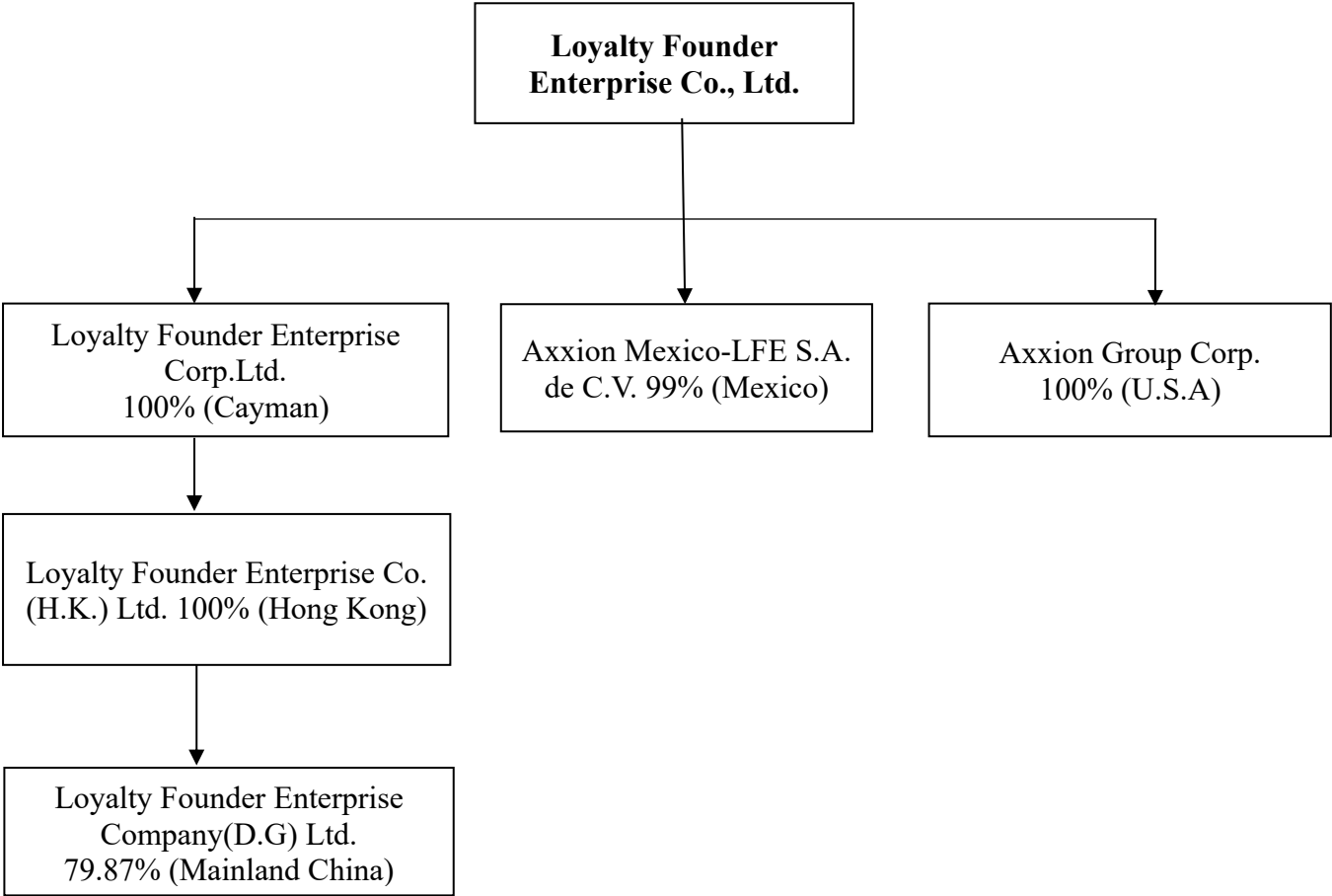
Former directors Chang Lien-Sheng and Chang Yung-Ta have not participated in the operations and management of LFE, and they therefore have no influence on our finance and business.

- (XIII) Other significant risks, and measures in response: None.

VII. Other important matters: None.

Chapter VI. Special Information

- I. Information of affiliates
 - (I) Consolidated business report of affiliates
 - 1. Overview of affiliates
 - (1) Organization of affiliates



- (2) Names, dates of incorporation, addresses, amounts of paid-in capital and scope of primary business of affiliates

Company name	Date of incorporation	Address	Paid-in capital	Scope of primary business
Axxion Group Corp.	1987.10.02	4731 Ripley Dr. Suite A El Paso, TX 79922 ,USA	USD733	Sales of computer chassis
Loyalty Founder EnterpriseCorp. Ltd.	1997.05.08	P.O.Box 31119, Grand Pavilion, Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD36,270 thousand	Holding company
Loyalty Founder Enterprise Co.(H.K.)Ltd.	1997.01.29	Room 1902,19/F,Lee Garden One,33 Hysan Avenue, Causeway Bay	HKD288,205 thousand	Manufacturing, processing and sales of precision steel mold and stamping die products for computer chassis, keyboards and scanners
Loyalty Founder Enterprise Company(D.G) Ltd.	2002.08.19	No. 70, Qingxi Sec., Qingzhang Rd., Qingxi Town, Dongguan City, Guangdong Province	HKD486,357 thousand	Production and sales of computer-aided manufacturing and other computer application systems, tools and dies.
Axxion Mexico-LFE S.A. de C.V.	2021.08.09	Ciudad Juárez, Chihuahua México	USD100 thousand	Manufacturing of computer components

- (3) Reason for presumption of a controlling and subordinating relationship and the information of persons presumed to be controlled by or subordinate to your company: None.

- (4) Business relationships and division of labor between affiliates

Company name	Business relationships and division of labor
Axxion Group Corp.	A trade intermediary for exports from the parent company.
Loyalty Founder EnterpriseCorp.Ltd.	A holding company established in a third area as required by law for reinvestment in Loyalty Founder Enterprise Co. (H.K.) Ltd.
Loyalty Founder Enterprise Co.(H.K.)Ltd.	A processor contracted by the parent company and the latter's reinvestment in Loyalty Founder Enterprise Company (D.G) Ltd.
Loyalty Founder Enterprise Company(D.G) Ltd.	A subsidiary where 79.87% of shares are held by Loyalty Founder Enterprise Co. (H.K.) Ltd. and which possesses independent capabilities in production and sales.
Axxion Mexico-LFE S.A. de C.V.	A producer and a seller with reinvestment from the parent company.

(5) Names and shareholdings of the directors, supervisors and presidents of affiliates
2025.3.31

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding (%)
Axxion Group Corp.	Chairman	Loyalty Founder Enterprise Co., Ltd.	354	100%
	President	Representative: Ko Chi-Yuan Wang Chun-Tung	-	-
Loyalty Founder Enterprise Corp.Ltd.	Director	Loyalty Founder Enterprise Co., Ltd.	36,270,000	100%
		Representative: Ko Chi-Yuan Wang Chun-Tung	-	-
Loyalty Founder Enterprise Co.(H.K.)Ltd.	Director	Loyalty Founder Enterprise Corp.Ltd.	288,204,719	100%
		Representative: Ko Chi-Yuan Wang Chun-Tung	-	-
Loyalty Founder Enterprise Company(D.G) Ltd.	Chairman	Loyalty Founder Enterprise Co.(H.K.)Ltd.	-	79.87%
	Director	Representative: Ko Chi-Yuan	-	-
	Director	Chang Lien-Sheng Wang Chun-Tung	-	-
Axxion Mexico-LFE S.A. de C.V.	Chairman	Loyalty Founder Enterprise Co., Ltd.	99,000	99%
	President	Representative: Ko Chi-Yuan Wang Chun-Tung		

2. Overview of operations

Financial conditions and operating results of affiliates

Unit: NTD Thousand; EPS unit: NTD 2024.12.31

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit/loss for the current period (after-tax)	Earnings per share (after-tax)
Axxion Group Corporation.	24	60,704	11,031	49,673	38,534	4,059	3,932	11,108
Loyalty Founder Enterprise Corp.Ltd.	1,172,785	2,187,115	0	2,187,115	0	0	244,171	6.73
Loyalty Founder Enterprise Co.(H.K.)Ltd.	1,116,405	2,184,462	5,376	2,179,086	0	(13,329)	243,300	0.84
Loyalty Founder Enterprise Company (D.G) Ltd.	1,917,314	4,430,186	1,707,570	2,722,616	4,102,805	284,739	320,145	-
Axxion Mexico-LFE S.A. de C.V.	2,793	2,177	8	2,169	0	(674)	(755)	(7.63)

(II) Financial statements of affiliates: Same as the consolidated statements certified by CPAs.
For the declaration, see p. 125.

(III) Affiliation report:

(1) Declaration on affiliation report

Declaration on Consolidated Financial Report of Affiliates

The Company has declared that the 2024 affiliation report (from January 1, 2024 to December 31, 2024) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and that there is no material inconsistency between the information disclosed by the report and that disclosed by the notes to the financial report for the above-mentioned period.

Declared by:

Company name: Loyalty Founder Enterprise Co., Ltd.

Chairman: Ko Chi-Yuan

March 11, 2025

- (2) For the relationship between an affiliate and its controlling company, the following information must be specified:

Relationship between affiliates and the controlling companies

Unit: Shares; %

Name of controlling company	Reason for control	Pledge on shares held by the controlling company			Persons appointed by the controlling company to serve as directors, supervisors or managers	
		Number of shares held	Shareholding (%)	Pledge	Title	Name
Compucase Enterprise Co., Ltd.	Parent company	74,755,773	50.62%	-	Representative of Director and Chairman	Ko Chi-Yuan
					Representative of Director	Chung Ding-Chun
					Representative of Director	Li Li-Sheng
					Representative of Director and President	Wang Chun-Tung

- (3) For transactions, the following information must be specified:

A. Transactions for purchases and sales

Unit: NTD thousand; %

Transactions with the controlling companies				Terms of transactions with the controlling companies		Reason for difference	Accounts and notes receivable (payable)		Past due accounts receivable			Remarks
Purchase (Sale)	Amount	Share of total purchase (sale)	Gross sales margin	Unit price (NTD)	Loan period		Balance	Share of total accounts and notes receivable (payable)	Amount	Treatment	Amount of allowance for bad debts	
Sales	7,898	0.79%	5%	3,991	3 months		3,089	0.90%	-	-	-	

B. Transactions of property:

Unit: NTD thousand

Type of transaction (acquisition or disposal)	Name of property	Date of transaction or occurrence	Amount of transaction	Terms of delivery or payment	Receipt/ Payment of price	Profit/Loss on disposal	Reason for counterparty being a controlling company	Information of previous transfer			
								Owner	Relations hip with the company	Date of transfer	Amount
Disposal	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-	-	-	-

C. Financing:

Unit: NTD thousand; %

Type of transaction (loan or borrowing)	Maximum balance	Ending balance	Interest rate range	Total interest of current period	Financing term	Reason for financing	Collateral acquired (provided)		Method for decision on transaction (Note 1)	Allowance set aside for bad debts (Note 2)
							Name	Amount		
Loan	90,000	90,000	1.525%~1.86%	1,252	1 year	Financial planning for the group	None	0	Board of Directors	None

D. Endorsements/Guarantees: see p. 116.

E. Lease of assets:

Unit: NTD thousand

Type of transaction (lease or rental)	Property		Lease period	Nature of lease	Basis for determination of rent	Method for receipt (payment)	Comparison with general standard of rent	Total rent of current period	Receipt/ Payment in current period	Other matters agreed
	Name	Location								
Rental	Office of Finance Department	2F, No. 225, Ln. 54, Sec. 2, Anhe Rd., Tainan City	2024.7.1~2025.7.1	Office	General standard of rent	One term equals 6 months, with a note for 6 months issued to the lessor in the first month of each term.	No difference	NTD120,000 (tax included)	Normal	None

F. Other important transactions, such as contracts for production, sales and processing, acquisition of corporate bonds issued by the controlling companies, and renouncement of subscription of new shares issued by the controlling companies by their original holders: None.

II. For any private placement of securities during 2024 and as of the date of publication of the annual report, the date of approval and the amount approved by the shareholders' meeting or the Board of Directors, the basis and reasonableness of the price determined, the method for selection of specific persons, the reasons necessary for the private placement, and the use of funds and the progress in implementation of the fund usage plan after share payments or prices have been fully received and until completion of the plan must be disclosed: None.

III. Other additional information required: None.

Chapter VII. Occurrence of events with a significant effect on shareholders' equity or securities price, as defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, during the most recent year and as of the date of publication of the annual report: None.

Loyalty Founder Enterprise Co., Ltd.
Audit Committee's Audit Report

The Board of Directors has adopted, by resolutions, the 2024 financial statements (including consolidated financial statements), 2024 business report and proposal for distribution of earnings in 2024. The 2024 financial statements have been audited by CPAs Wang Teng-Wei and Li Chi-Chen from Deloitte Taiwan, with audit report issued thereafter. The 2023 business report, financial statements, the earnings distribution statement, etc., of the Company, among which the audit of the financial statements have been completed by the Deloitte Taiwan, which also issued the audit report. The Audit Committee has reviewed the aforementioned business report, financial statements, and earnings distribution statement and believes that there is no inconsistency. This report is hereby made in accordance with the provisions of Article 14-4 of the Securities and Exchange Act as well as Article 219 of the Company Act. Respectfully submitted for review.

Submitted to:

2024 Annual Shareholders' Meeting of Loyalty Founder Enterprise Co., Ltd.

Audit Committee meeting convenor: Huang Cheng-Chung

March 11, 2025

Loyalty Founder Enterprise Co., Ltd.

Chairman: Ko Chi-Yuan

President: Wang Chun-Tung