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**2024**

# **Annual Report**

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i. Company Spokesperson and Acting Spokesperson

Spokesperson

Name: Hsiao-Ling Chiang

Title: President

Telephone: (02)2691-9099

Email: fd1300@lkeng.com.tw

Acting Spokesperson

Name: Shu-Chen Chen

Title: Senior vice president

Telephone: (02)2691-9099

Email: fd1300@lkeng.com.tw

ii. Headquarters, Branch Offices, and Factories

Name	Address	Telephone
Headquarters	5F, No. 17, Ln. 120, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	(02)2657-6697
Xizhi Office	14F, No. 175, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	(02)2691-9099
Hsinchu Office	No. 9, Ren'ai Rd., Hukou Township, Hsinchu County	(03)598-1311
Tainan Office	No. 219, Shenei, Xinshi Dist., Tainan City	(06)589-0045
Singapore Branch	72 Lorong 19 Geylang Singapore 388510	+65-68467667

iii. Share Transfer Agency

Name: Corporate Trust Operation and Service Department, CTBC Bank Co., Ltd.

Address: 5F, No. 83, Sec. 1 Chongqing South Rd., Taipei City

Telephone: (02)6636-5566

Website: [ecorp.ctbcbank.com/cts/index.jsp](http://ecorp.ctbcbank.com/cts/index.jsp)

iv. Certified Public Accountant

Accountants: Tseng-Kuo Huang / Jung Hua Chen

Company: L.H. Chen & Co., CPAs

Address: 5F, No. 5, Ln. 768, Sec. 4, Bade Rd., Nangang Dist., Taipei City

Telephone: (02)2788-6696

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

v. Name of Any Exchanges Where the Company's Securities are Traded Offshore and Method by Which to Access Information on said Offshore Securities:None.

vi. Company website: [www.lkeng.com.tw](http://www.lkeng.com.tw)

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## **I. Letter to Shareholders**

### **1. 2024 Business report.**

Looking back on 2024, the global economy has seen moderate expansion, growth in advanced nations has slowed down, and the annual growth rate of export-oriented countries has for the most part increased. Inflation rates in the U.S. and Europe have decreased significantly and monetary policy has entered a cycle of interest rate cuts. Meanwhile, many existing risks, such as increasing global geopolitical conflicts, continuance of the Russia-Ukraine War, and extension of the Israel-Palestine conflict into Lebanon and Iran are adding to global uncertainty; the political and economic trends resulting from the U.S. presidential election will also have a major impact on the global economy. China's continuing weakness in the real estate market, as well as weak domestic consumption, has resulted in additional fiscal stimulus such as interest rate cuts, reserve ratio requirements, and other measures in the hope of improving economic stability and recovery. The U.S.-China Trade War, as well as continued competition in the high-tech sector, has changed the global supply chain model, and promoted economic de-globalization in favor of strengthening national resilience and localizing industries. The domestic economy has benefited from artificial intelligence, high-performance computing, and the stocking up of new smartphones, which have driven steady growth in exports. In addition, some high-tech industries have increased capital expenditures to meet the demand for emerging technology products, gradually resulting in signals of a booming economy.

Over the past year, evolution and update of information and communication technology, as well as consumer electronic products, has continued, driving the supply chains of semiconductors and other major tech companies in their continuing expansion of investments in Taiwan and around the world; additionally, government investment in public projects have also exhibited continued growth. As such, L&K Group's clean rooms for electromechanical engineering, civil engineering, and factory-wide turnkey projects and other businesses have benefited from the booming economy, especially in the investment and continued growth of newly constructed semiconductor production capacity in the Singapore region. In response to changes in the overall economic climate and market demand, the Company has implemented timely adjustments to its business strategies after an in-depth review of both subjective and objective conditions. In addition to continuing operations in existing markets, we have expanded our efforts into niche markets with long-term development potential. We have also actively improved our management and services across various projects in industries including semiconductors, biotech and pharmaceuticals, energy, rail engineering, railways, highways, airports, commercial buildings, and zone expropriation. By deepening the integration of engineering services across all fields and industries, including construction, civil engineering, electromechanical engineering, and manufacturing, we aim to enhance the Company's competitiveness through our comprehensive management capabilities in professional integration and high-value-added engineering services. Owing to the successful implementation of the aforementioned business strategies, the Company's performance and profits have both experienced notable growth over the past year. The consolidated operating revenues for the year reached NT\$65.09 billion, and the after-tax earnings per share soared to NT\$18.73, achieving a new record high in recent years.

## 2. 2025 Business Plan

Looking forward to 2025, while the macroeconomic environment still contains many uncertainties risk factors that will continue to influence the speed of global economic development and recovery, we are optimistic about the continued innovation, development, and growth of technology and applications in the high-tech industry. For instance, with evolutions in technologies, including new energy development, electric vehicles, autonomous driving, robots, drones, AI artificial intelligence, cloud services, low-orbit satellites, 5G/6G communications and precision medicine, the future society will continue to promote developments in smart lifestyles, smart manufacturing, and smart cities which will drive innovation in products and service models. This trend will also result in the continued expansion of the semiconductor wafer foundry, memory, test packaging, panel and biotech medical industries and the demand for engineering services for factory construction and expansion. This, in turn, will also drive the expansion of investment in domestic public projects, form a growth trend in exports and consumption, drive a positive economic cycle of demand for production capacity and infrastructure investment, and thereby bring us stable, long-term growth opportunities. By utilizing a diversification business strategy, we work to improve our engineering services to customers, diversify the business risks associated with fluctuation in volume of new orders from the engineering industry, and generate stable long-term revenue and profits.

When addressing the rapidly changing market in the future, management must adopt thinking and practices based on holistic perspectives and innovation. In addition to transitioning technical engineering platforms in all fields to provide comprehensive engineering services oriented towards diverse values, we must lead the Company towards innovative engineering services that enhance enterprise value. Upholding the enterprise spirit of striving for perfection, L&K Engineering Co., Ltd. aims to create competitive advantages by increasing the added value of products and services. To achieve this, we are committed to strengthening employee training for professional skills, optimizing product design and construction methods, integrating supply chain management, and reducing costs. In terms of market strategy, it will actively participate in urban renewal projects, branch out into land development and green energy construction, expand its operations and presence in global markets, and capitalize on the opportunities brought by smart development and the reorganization of global supply chains.

Leveraging expertise complementation and resource integration, L&K Engineering Co., Ltd. and RSEA Engineering Corporation (privatized 2009) manage to effectively develop potential business opportunities by providing comprehensive services. The successful operations in recent years serve as testament to this cooperative model. The synergy between the two companies has enhanced our turnkey capacity to undertake construction, M&E, and equipment projects, expanded the scope of the group's engineering services, and also enabled us to achieve our strategic goals: diversifying and branching out into projects across various industries and markets.

On the other hand, L&K Engineering (SUZHOU) Co., Ltd will strategically develop autonomous production in the high-tech industry to take advantage of China's continued open market economy and drive stable macroeconomic growth in China. The long-term business of L&K Engineering Co., Ltd. will benefit from this development trend.

In conclusion, we are optimistic that, bolstered by the continued growth of mainstream industries and the strong ability of the business in which the company engages to withstand overall economic risks, along with the collaborative efforts of its professional team and partners, L&K's business will remain stable and grow in the foreseeable future.

In recent years, against the backdrop of severe challenges posed by global climate change and increasing carbon reduction requirements by international industrial supply chains, the United Nations' Sustainable Development Goals (SDGs) have emerged as a trend. Under the framework of the Paris Agreement, industries worldwide have reviewed their response to climate change, actively engaging in efforts surrounding areas such as mitigation, adaptation, technologies, funding, capacity building, and transparency. Additionally, these industries have set a target to achieve net-zero greenhouse gas emissions by 2050. In order to align with international standards and take into account sustainable development, Taiwan's Ministry of Environment officially announced the carbon tax rate in October of this year (2024), and a series of regulations related to carbon tax scheduled for implementation in 2026. According to the greenhouse gas inventory report, although L&K Group is not a large carbon emitter, it has a deep understanding of the significant impact of carbon taxes on its supply chain. In view of this, L&K Group has actively strengthened the organization's sustainable development by adopting the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB) to assess the risks and opportunities of enterprise operations, as well as developing green technologies and investing in green engineering; we consider the comprehensive life cycle based on the attributes of each project bid, formulate strategies and management guidelines, then regularly track, review, and implement improvements to truly achieve benefits in energy conservation and carbon reduction that protect the rights and interests of investors. Additionally, the Company fulfills its corporate social responsibilities by implementing training programs based on industry-academia cooperation to accelerate talent cultivation and improve employee competency. All these actions have repeatedly demonstrated that L&K Group not only practices ESG principles, but also motivates our supply chain partners to work with us towards achieving the sustainable goal of net-zero transition.

We would like to express gratitude to all of our clients and shareholders for your long-term trust and continuous support. Without your encouragement, we would not have the motivation to continue to improve. We would also like to extend our sincerest appreciation to our suppliers and manufacturers who have continued to support us over the years; because of you, we have managed to build a more complete service platform. We are also very grateful for the contribution and dedication of our employees who are not only key members of L&K's highly productive teams but also active contributors to L&K's noble value and honor. Looking to the new year ahead, we hope to steadfastly advance toward the goals of opening up new niche markets and achieving sustainable operations, thereby helping L&K to create a new outlook and forge a better future.

Best regards,

Chairman: Chu-Shiang Yao

President: Hsiao-Ling Chiang



iii. Implementation of the 2024 business plan

(I) Business changes in 2024:

Unit: NT\$ 1,000

Item	2024	2023	Difference	%
Operating Revenue	65,089,892	56,904,659	8,185,233	14.38%
Operating Costs	56,966,552	51,748,425	5,218,127	10.08%
Gross Profit	8,123,340	5,156,234	2,967,106	57.54%
Operating Expenses	1,498,208	1,142,919	355,289	31.09%
Net Operating Income	6,625,132	4,013,315	2,611,817	65.08%
Non-operating Income and Expenses	645,675	523,982	121,693	23.22%
Income before Income Tax	7,270,807	4,537,297	2,733,510	60.25%
Income Tax Expense	1,647,314	993,956	653,358	65.73%
Net Income	5,623,493	3,543,341	2,080,152	58.71%
Basic Earnings Per Share	18.73	12.81	5.92	46.21%

(II) 2024 Budget Implementation: N/A. The Company did not release any financial forecast in 2024.

(III) Analysis of financial gains and losses and profitability for 2024

Item of Analysis		Financial Analysis	
		2024	2023
Capital Structure (%)	Debt to asset ratio	66.04	71.37
	Long-term fund to fixed assets	2,711.15	2,106.62
Profitability	Return on total assets (%)	9.86	6.96
	Return on equity (%)	31.15	24.97
	Paid-in capital ratio	Net Operating Income %	284.31
		Income before Income Tax %	177.94
	Net margin (%)	312.02	201.17
	Basic Earnings Per Share	8.63	6.23
		18.73	12.81

#### (IV) R&D Overview

The Group employs technicians and R&D personnel to keep abreast of and integrate the technologies and experiences of other countries, introduce and improve technologies and innovative methods, restructure engineering material equipment for better performance, and work together with academic scholars and research institutes in Taiwan to conduct research projects and analytical plans.

Most recent R&D results:

Year	R&D Results
2024	<p>※ <b>The establishment of micro-chemical analysis laboratory:</b> Completed developing the abilities to apply scanning electron microscope and gas chromatography–mass spectrometry, and applied them in real-life practice. Gas chromatography-mass spectrometry laboratory has passed the national accreditation laboratory for supervisory review in China. At the same time, LK laboratory has passed the additional evaluation of China National Accreditation Laboratory for Conformity Assessment for Inorganic Laboratory Ion Chromatography Analysis.</p> <p>※ <b>Development of secondary piping process technology for high-tech factories:</b> Based on advanced BIM methods, we have independently developed a solution for managing and on-site verifying the secondary piping information of process machines and pipelines. This solution standardizes and integrates information and graphics, providing an integrated platform for information classification, screening, and extraction. It can quickly generate pipeline and instrument flowcharts from BIM models based on information technology, and develop modular and easy to assemble equipment materials or combination kits, which helps to improve work efficiency. The application of BIM models in spatial management provides a practical solution for verifying the construction quality of on-site pipelines, effectively utilizing the secondary piping space.</p> <p>※ <b>The development of Micro-Vibration Online Monitoring Technology:</b> Through online monitoring of mechanical equipment vibration, it is possible to predict in advance whether there are any abnormalities in the mechanical equipment. Early warning of equipment abnormalities has been made, as well as online analysis of vibration data. This year, we obtained the copyright for the independently developed online vibration monitoring software.</p> <p>※ <b>Application and development of the gas pollution release characteristics of the primary and middle filter:</b> Continue to collect the Contaminated filters that were replaced at the project site in 2024, completed the air release test of the filter and data collection, and established the air release database of the filter.</p>

#### iv. Overview of 2025 Business Plan

L&K Engineering Co., Ltd. represents a technical service platform integrating professional engineering systems and the differentiated needs of various industries. Drawing on our overall expertise in technical services and supply chain integration, we have gained the recognition and trust of our clients through excellence in management and years of experience in project implementation, which ranges from planning, designing, procurement, construction, installation, system integration/testing/adjustment, to operation servicing and maintenance in the following aspects: semiconductor and display industrial cleanrooms, biotech and healthcare industrial laboratories, biochemical pharmaceutical industrial cleanrooms, and various systems required for the projects of all types of buildings, manufacturing plants, and infrastructures, including civil, construction, plumbing, electrical, HVAC, fire prevention, light-current, instrument control, and process equipment.

L&K Engineering Co., Ltd. will continue all the hard work we have put in in recent years. Apart from continuously improving high-tech industrial plant constructions and equipment and actively developing M&E engineering services for commercial buildings, we will also leverage opportunities available in a capital market and carefully choose who we work with to facilitate vertical and horizontal integration for market diversification. We will continuously seek innovation, never settle, and strive for perfection in technology expertise and business operations. In the team organization, we are committed to adjusting and strengthening the division of labor, leveraging advantages in our internal structure. We will adopt differentiated market strategies, target market segments that are different from our competitors, and seek a unique and competitive business model and market positioning. At present, the group has branched out beyond its familiar M&E projects in semiconductors, display panels, and the biotech and pharmaceutical industries. It now also dabbles in a variety of projects, including road, bridge, and water conservancy infrastructure, airport engineering, the three-dimensionalization of urban railways, metropolitan rapid transit networks, landmark commercial building construction projects, world-class stage lighting and sound equipment, comprehensive land development, urban renewal, and the reconstruction of unsafe and outdated buildings. Additionally, in response to the continuous growth of public construction projects, the existing capital of subsidiary RSEA Engineering Corporation (privatized 2009) has shown insufficient for bidding on multiple projects. To compete for more profitable opportunities and enhance performance, RSEA Engineering Corporation (privatized 2009) has successively conducted follow-on public offerings (FPOs). With long-term development goals in mind, the issuance of new shares is intended to expand market presence and achieve greater economies of scale. Moreover, the company plans to leverage the group's specialized expertise to optimize labor division and mitigate potential risks in domestic market operations, aiming to achieve operating results characterized by diversified and comprehensive benefits through cross-industry integration. This strategy of making changes and adjustments to the harsh and challenging conditions is precisely the core competitiveness supporting the steady development, overall operation, and sustainable management of L&K Engineering Co., Ltd..

#### (I) Operating Policy

1. Focus on managing the company's core competencies in various services, develop professional skills and managerial capability, promote a knowledge-based economy, and design an engineering service platform that features our professional strengths and effective division of labor.

2. Reinvigorate internal organization, strengthen the group's vertical and horizontal integration and collaboration, and increase our flexibility in diverse market operations.
3. Utilize group resources to develop opportunities for technical service integration with different industries, leverage different niche advantages, create differentiated service value, and increase the company's competitive advantage in different markets.

## (II) Projected sales volume and basis

In the future, high-tech industries around the world will continue to evolve and grow. L&K Engineering Co., Ltd. will adapt to changes in the international economic situations while staying attuned to business opportunities in cross-strait development. In addition to our strength in the division of professional labor, L&K Engineering Co., Ltd. has established a strong capital market foundation in mainland China. On the one hand, the strategic funds from mainland China will be steadily invested in the development of high-tech industries. On the other hand, the global supply chain will undergo regional restructuring in response to U.S.-China trade frictions, consequently prompting more relocation of fixed asset investments in the supply chain and an increase in overseas Taiwanese businesses moving their production base back to Taiwan. The Taiwan government will keep increasing investments in public constructions to boost the country's economy. Cross-strait business opportunities created by this trend merit our continuous commitment and engagement. Therefore, despite concerns of economic uncertainty, we expect that our business performance in 2025 will continue to grow moderately and steadily. As this trend develops further, we can extend our presence further in ASEAN countries and the international market by making use of opportunities created by stock listing resources in Taiwan and China.

## (III) Important production and sales policies

Amid the rapid evolution of high-tech industries and the trends in political and economic competition between the United States and China, the Company's operations will gradually shift from focusing on semiconductors, displays, biotech and pharmaceuticals, and commercial buildings to developing diverse platforms for technological integration, division of labor, and industries. We will therefore remain attuned to and participate in the following market trends that can increase the momentum in our future operations:

1. Global response to future developments has constantly increased the demand for energy consumption, consequently leading to climate change and global warming. Countries across the globe have whipped themselves into a frenzy of energy-saving and waste-reducing activities, which highlights the urgent need to save energy and use cleaner and renewable energy sources. In Taiwan, energy is largely imported. With no effective alternatives in sight and the whole world is introducing a series of strategies to mitigate climate warming effects and develop clean and renewable energy sources, the Taiwanese government, legislative agencies, and energy authorities have formed a policy trend, actively establishing relevant laws and policies to create a positive environment and business opportunities for clean and renewable energy industries and projects.
2. The innovation of information communication industries is driving the world toward developing all things related to the Internet of Things, artificial intelligence, Industry 4.0, robots, electric vehicles, smart manufacturing, and smart living. Eventually, these

applications will converge and create a smart city trend. According to the United Nation, the global urban population will continue to increase considerably. Because resources are limited, urban areas must be developed into a smart city in order to steer us toward the goal of sustainable development. The opportunities created by smart technologies will transform industrial production, commercial operations, and the lifestyle of individuals and families, thereby promoting the continuous change and growth of the entire industry and the supply chains involved.

3. As the global population continues to grow, it is also aging, which increases the healthcare demands of developed countries and emerging market economies. In recent years, biotechnologies have continued to make cutting-edge advances, subsequently expediting the development of biotech and healthcare related industries in the aspects of disease treatment, preventive medicine, home-based long-term care, individual medical health care, and medical reform. The Taiwan government also plans to take advantage of this trend and facilitate the development of pharmaceutical industries, medical equipment industries, and applied biotech industries into cross-generational mainstream industries.
4. Taiwan is a super-aged society by 2025. As the population ages, many of the old houses across the country are over 50 years old and in need of urban renewal. Statistics show that a staggering 1.01 million houses in Taiwan are over 50 years old. In Taipei City alone, as many as 13.7% of the residential buildings exceed 50 years of age. To enhance building safety, improve urban landscapes, and promote urban regeneration, governments at both the central and local levels have offered multiple incentives. With the introduction of the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings and governmental bank financing discounts, the restrictions that previously hindered the promotion of old house reconstruction have been greatly eased. In addition, both the Taipei City Government and the New Taipei City Government actively promote urban renewal and the reconstruction of unsafe and old buildings, which will also likely drive future business opportunities for L&K Group in this area.

Business diversification policies serve to not only facilitate business expansion but also effectively protect the Company's business when some industries and markets are affected by a receding economy. Such policies ensure that we perform necessary market planning and adjustments, build knowledge capacity for a knowledge economy, develop different skillsets for industry integration, develop the abilities needed to operate larger and different types of businesses, and provide customized services and solutions. Thus, even with operations as diverse as our company's, we are able to reduce risks and steadily increase benefits for the entire group.

In addition, the integration of the group's internal resources and our professional strengths in division of labor are starting to have an effect on the market. By converging experiences, expertise, and the sharing of resources and information with RSEA Engineering Corporation (privatized 2009) Engineering Corp., L&K Engineering Co., Ltd. has achieved its strategic goals of business and market growth. This has improved L&K Group's ability to contract turnkey projects in Mainland China and overseas companies, broadened the group's capabilities in securing international projects, and helped ensure further stability in the future operations of L&K Group. Ultimately, the convergence helps the group achieve its business goal of establishing roots in Taiwan, cultivating Mainland

China's market, servicing Asia, and forming strategic alliance in a bid to venture into the international stage.

#### (IV) Future Development Strategy

Facing the challenges in the global general business environment, high-tech managements must quickly restructure their organization and change the way they think in order to maintain advantages as they brace for the fierce competition ahead. The Company will employ enterprise resource planning systems and effective knowledge management to enhance its competitiveness, adjust the organizational structure to improve execution capabilities in response to market competition, and shape a learning environment within the corporation to strengthen employees' diverse professional capabilities, thereby enhancing the Company's adaptability to changes in the market environment. To internationalize business operations, the Company will commit to acclimatizing its corporate culture to the local culture of our subsidiaries. We will urge subsidiaries to develop their business, increase the group's business synergy, and develop response capabilities that are flexible enough to fortify the group's competitive advantages, maintain our core competitiveness, and uphold the core value of sustainable development. The Company will adopt the following development strategies in the future:

1. Strengthen existing core technologies and system professional integration capability; focus on talent enhancement and cultivation; and continue to implement corporate electronic knowledge management and digital transformation to reinforce our competitive advantage in business profitability.
2. Consolidate the group's comprehensive strengths; attempt businesses in the areas of land development, unsafe and old building market development, and research and development of ecological green resource technologies; and spare no effort in acquiring large integrative construction businesses both at home and abroad, and developing businesses in the development of related industries.
3. Develop business alliance systems, unite well-performing companies at home and abroad; strengthen our team's diverse strengths and competitiveness; utilize the group's advantageous resources in the capital market; and build a mutually beneficial industry platform.

## (V) Impact of Competitive, Regulatory, and Operating Environments

The highs, lows, collaboration, and competition within industries are constantly changing and evolving according to trends. It is necessary for the regulatory environment to continuously adapt to the evolving high-tech industry. Governments worldwide recognize the need to strike an appropriate balance between economic growth, political considerations, and environmental protection regulations. However, the political and economic rivalry between the U.S. and China has led to the implementation of entity lists and export controls. Therefore, the Company must align its development with its high-tech industry clients, while keeping a close eye on regulatory updates in these areas. In recent years, against the backdrop of severe challenges posed by global climate change and increasing carbon reduction requirements by international industrial supply chains, the United Nations' Sustainable Development Goals (SDGs) have emerged as a trend. Therefore, guided by the trend towards ESG principles in corporate operations and supply chain management, L&K Engineering Co., Ltd. will move beyond mere profit-making goals, elevate its level of corporate governance and facilitate sustainable development for both the environment and society. For the short-term foreseeable future, although the external competitive, regulatory, and operating environments will pose constant challenges, these factors should not have a significant negative impact on the Company's operations.

Chairman:	Manager:	Accounting Supervisor:
Chu-Shiang Yao	Hsiao-Ling Chiang	Ya-Lin Chan

## II. Corporate Governance

- i. Information on Directors, President, Executive Vice President, Deputy Assistant General Managers, and Supervisors of all the Company's Divisions and Branch Units:

### (I) Information Regarding Board Members

18 MARCH, 2025

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Shen Shen Investment Co., Ltd.	Male 71-75	2024/06/26	3 years	1981/10/02	24,447 835	10.49%	24,447 835	10.48%	—	—	—	—	—	None	Director	Tze-Hung Wang	Two Degrees of Kinship	—
		Representative: Chu-Shiang Yao					6,515,877	2.80%	6,515,877	2.79%	3,286,399	1.41%	—	—	Department of Mechanics, Hsinpu Institute of Technology Founder of L&K Engineering	Chairman of the Company Chairman, RSEA Engineering Corporation (privatized 2009) Chairman, L&K Engineering (SUZHOU) Co., Ltd Director, Unique Grand Limited Chairman, L&K (BVI) Engineering Co., Ltd. Chairman, L&K Engineering Company Limited Person in charge of Suzhou Yali consulting and managent Co. Ltd.	Director	Chih-Hsun Yao	One Degree of Kinship	—



Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Representative: Chu-Shiang Yao	Male 71-75	2024/06/26	3 years	1981/10/02	6,515,877	2.80%	6,515,877	2.79%	3,286,399	1.41%	—	—	Department of Mechanics, Hsinpu Institute of Technology Founder of L&K Engineering	Chairman, Suzhou Xiang Sheng Trade Company Ltd. Chairman of St. John's University Director, L&K Engineering Vietnam Co., Ltd.	Director	Chih-Hsun Yao	One Degree of Kinship	—
Vice Chairman	Republic of China	Wei Ze Investment Co., Ltd.	Male 71-75	2024/06/26	3 years	2020/05/28	9,053,483	3.89%	9,053,483	3.88%	—	—	—	—	—	—	—	—	—	—
		Representative: Bor-Jen Chen					—	—	—	—	—	—	—	—	President, Vice Chairman, Chairman Director, L&K Engineering (SUZHOU) Co., Ltd. Chairman, L&K Engineering (Chongqing) Co., Ltd. Chairman, Suzhou Yali Management and Consulting Co., Ltd.	Vice Chairman, of the Company	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	White Young Investment Co., Ltd.	Male 36-40	2024/06/26	3 years	2015/05/15	14,097,244	6.05%	14,097,244	6.04%	—	—	—	—	—	—	—	—	—	—
		Representative: Chih-Hsun Yao					940,256	0.40%	940,256	0.40%	9,571	0.00%	587,164	0.25%	Department of Energy and Refrigerating Air-conditioning Engineering, National Taipei University of Technology	Director, RSEA Engineering Corporation (privatized 2009)  Director, Shen Huei Investment Co., Ltd  Director, Unique Grand Limited  Person in charge of Yunze Investment Co., Ltd.  Director, Shen Investment Co., Ltd.  Director, Cica-Huntek Chemical Technology Taiwan Co., Ltd.  Person in charge of Wei Ze Investment Co., Ltd.	Chairman	Chu-Shiang Yao	One Degree of Kinship	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Xun Huei Investment Co., Ltd.					11,503,464	4.94%	11,503,464	4.93%	—	—	—	—	—	—	—	—	—	—
		Representative: Chung-Cheng Lo					—	—	—	—	—	—	—	—	Department of Electrical Engineering, Hsinpu Institute of Technology  Law Department, Fu Jen Catholic University  Chief, New Construction Office, Public Works Department, Taipei City Government Secretary, Maintenance Office, Public Works Department, Taipei City Government  Officer, Secretary, Public Construction Commission of Executive Yuan	None	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Representative: Chung-Cheng Lo	Male 56-60	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	Division Chief and Senior Executive Officer, Coast Guard Administration, Executive Yuan  Person in Charge of Chung & Yi Law Firm	None	—	—	—	—
Director	Republic of China	Tze-Hung Wang	Male 81-85	2024/06/26	3 years	1989/03/03	1,906,048	0.82%	1,906,048	0.82%	2,129,465	0.91%	—	—	Department of Public Relations, Shih Hsin University  Vice President, TransAsia Airways	None	Chairman	Chu-Shiang Yao	Two Degrees of Kinship	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Chin-Jyy Shiao	Male 71-75	2024/06/26	3 years	2024/06/26	—	—	—	—	—	—	—	—	Vice President, R.S.E.A. Engineering Corporation  Supervisor, China Steel Structure Co., Ltd.  Director, ORzone Environmental Technology Co., Ltd.  Vice Chairman, Fujian Zhongrong Concrete Co., Ltd.  President, RSEA Engineering Corporation (privatized 2009)  CEO, RSEA Engineering Corporation (privatized 2009)	CEO, RSEA Engineering Corporation (privatized 2009)	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Chien-Jan Lee	Male 61-65	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	Master, Accounting, National Chengchi University  PhD, Accounting, National Chengchi University  Professor, Department of Accountancy, ational Taipei University  Director, Department of Accountancy, National Taipei University	Independent Director, Voltronic Power Technology Corp.  Independent Director, Potens Semiconductor Corp.	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Chien-Jan Lee	Male 61-65	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	Chairman, Accounting Education Foundation  Member, Auditing Standards Committee  Member, Listing Review Committee  Director, The Audit Bureau of Certification  Editor, Journal of Contemporary Accounting  Editor, Soochow Journal of Accounting  Independent Director, Copartner Tech Corp.	Independent Director, Voltronic Power Technology Corp.  Independent Director, Potens Semiconductor Corp.	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Tung-Hao Ho	Male 66-70	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	Bachelor of Laws, College of Law, National Chengchi University  Master of Laws, College of Law, National Chengchi University  Doctor of Laws, College of Law, National Chengchi University  Aletheia University/ Nanhua University  Taipei Medical University  Taipei City University of Science and Technology	Person in Charge of Twan Mcommerce & Technology Co., Ltd.  Vice president of St. John's University	—	—	—	—



Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Tung-Hao Ho	Male 66-70	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	National Taipei University of Nursing and Health Sciences  Associate Professor, China University of Technology  3rd and 4th Member, NICI Private Advisory Committee, Executive Yuan (2006- 2010)  Director, Legislator's Research Office (1999- 2005, 2012- 2018/2)	Person in Charge of Twn Mcommerce & Technology Co., Ltd.  Vice president of St. John's University	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Cho-Lan Peng	Female 71-75	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	U.of Missouri, Columbia, Bachelor Baruch College, The City University of New York, EMSF  Vice President, ProMOS Technologies  President, Yude Technology (Chongqing) Ltd. Company  Vice President, Potens Semiconductor Corp.  U.of Missouri, Columbia, Bachelor Baruch College, The City University of New York, EMSF	Deputy General Manager of Finance and Administration, Potens Semiconductor Corp.	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at the Company and Other Companies	Managers, Directors, or Supervisors who are Spouses or Within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Cho-Lan Peng	Female 71-75	2024/06/26	3 years	2018/05/24	—	—	—	—	—	—	—	—	Vice President, ProMOS Technologies President, Yude Technology (Chongqing) Ltd. Company Vice President, Potens Semiconductor Corp.	Deputy General Manager of Finance and Administration, Potens Semiconductor Corp.	—	—	—	—

If the Company's Chairman and general manager or those of equal powers (top management) are the same person, the spouse, or a relative within the first degree kinship, the reason, rationality, necessity, responsive measures :None

#### 1. Major Institutional Shareholders

Name of Major Shareholder	Major Institutional Shareholders
Shen Shen Investment Co., Ltd.	Chu-Shiang Yao (Shareholding: 41.35%), Yu-Hua Chao (Shareholding: 43.15%)
Xun Huei Investment Co., Ltd.	Chu-Shiang Yao (Shareholding: 42.43%), Yu-Hua Chao (Shareholding: 40.49%)
White Young Investment Co.,Ltd.	Chu-Shiang Yao (Shareholding: 41.11%), Yu-Hua Chao (Shareholding: 42.62%)
Wei Ze Investment Co., Ltd.	Chu-Shiang Yao (Shareholding: 42.55%), Yu-Hua Chao (Shareholding: 40.67%)

(i) Disclosure of information on the professional qualifications of directors and independence of independent directors:

Criteria Name	Professional Qualifications and Experience	Independence Status (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chu-Shiang Yao (Director)	Has more than five years of work experience in a profession necessary for the business of the Company, and is currently Chairman of L&K Engineering Co., Ltd.; the Chairman of the Company has not been a person of any conditions defined in Article 30 of the Company Act.	N/A	None
Bor-Jen Chen (Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is currently the Vice Chairman of L&K Engineering Co., Ltd.; the Vice Chairman of the Company has not been a person of any conditions defined in Article 30 of the Company Act.	N/A	None
Tze Hung Wang (Director)	Has more than five years of work experience in a profession necessary for the business of the Company, was the former Vice President of TransAsia Airways, is currently a director of the Company, and has not been a person of any conditions defined in Article 30 of the Company Act.	N/A	None
Chih-Hsun Yao (Director)	Has more than five years of work experience in a profession necessary for the business of the Company, and is currently the Vice Director of the Project Division of L&K Engineering Co., Ltd.; the director of the Company has not been a person of any conditions defined in Article 30 of the Company Act.	N/A	None
Chung- Cheng Lo (Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is the Person in Charge of Chung & Yi Law Firm, is currently a director of the Company, and has not been a person of any conditions defined in Article 30 of the Company Act.	N/A	None
Chin-Jyy Shiao (Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is the CEO of RSEA Engineering Corporation (privatized 2009), is currently a director of the Company, and has not been a person of any conditions defined in Article 30 of the Company Act.	N/A	None
Chien-Jan Lee (Independent Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is currently the Professor of the Department of Accountancy at National Taipei University, and has not been a person of any conditions defined in Article 30 of the Company Act.	(1) Not employed by the Company or any of its affiliated companies. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder	2

Criteria Name	Professional Qualifications and Experience	Independence Status (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Tung-Hao Ho (Independent Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is currently the Chairman of TWN Mcommerce & Technology Co., Ltd., and has not been a person of any conditions defined in Article 30 of the Company Act.	who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.	None
Cho-Lan Peng (Independent Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is currently the Vice President of Potens Semiconductor Corp., and has not been a person of any conditions defined in Article 30 of the Company Act.	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3.</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or of a corporate shareholder that ranks among the top five in shareholdings or of a corporate shareholder that appoints a representative, as provided in Paragraphs 1 or 2, Article 27 of the Company Act, to act as a director or supervisor of the company.</p> <p>(6) Not a director, supervisor, or employee of other companies controlled by the same person with more than half of the company's director seat or voting shares.</p> <p>(7) Not a director, supervisor, or employee of another company or institution of the same person or spouse who is the company's chairman, president, or persons with equivalent position.</p> <p>(8) Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company.</p>	None

Criteria Name	Professional Qualifications and Experience	Independence Status (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Cho-Lan Peng (Independent Director)	Has more than five years of work experience in a profession necessary for the business of the Company, is currently the Vice President of Potens Semiconductor Corp., and has not been a person of any conditions defined in Article 30 of the Company Act.	<p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or to any of its affiliate, or a spouse thereof, and the service provided is an audit service or a service with compensation.</p> <p>(10) Not a spouse or relative of second degree or closer to any other directors.</p> <p>(11) Not elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.</p>	None

## (ii) Diversity and Independence of the Board of Directors:

### 1. Diversity

- Diversity policy:
  - (1) To comply with our diversity policy, strengthen corporate governance, and promote the sound development of board composition and structure, the Company's directors are nominated using the candidate nomination system pursuant to regulations prescribed in the Articles of Incorporation. The system evaluates the education, experience, professional background, integrity, or other relevant professional qualifications of each candidate, ensuring diversity and independence as required by the "Rules for Elections of Directors" and the "Corporate Governance Best Practice Principles." Following the resolution and approval of the Board of Directors, the list of candidates is presented at the shareholders' meeting for election.
  - (2) To strengthen corporate governance and promote the sound development of board composition and structure, the Company clarifies in the "Policy on Diversity of Board Members" in Article 5, Paragraph 5.1 of the "Corporate Governance Best Practice Principles" that the composition of the Board of Directors shall consider the company's operating model and business development requirements. It is recommended to evaluate all aspects of diversity, such as basic components (including gender, nationality, and age) and professional knowledge and skills (including accounting, law, industry, and finance). The Company's current Board of Directors consists of nine members—six directors and three independent directors—all with rich experience and expertise in fields including industry knowledge, international markets, accounting, tax, business, and management.
  - (3) With regard to gender equality in the composition of the Board of Directors, the goal is to increase the number of female Board members to at least one-third (i.e., 33%). Currently, 89% (8 members) of the Board is male, and 11% (1 member) is female. Efforts will be made to increase the number of female directors in the future to achieve the above goal.
- Specific management objectives:

The Board of Directors shall provide guidance on the Company's strategies, supervise the management, be responsible for the Company and its shareholders. It shall ensure that it exercises its functions following applicable laws, regulations, the Articles of Incorporation, or decisions made during shareholders' meetings with regard to the respective operations and arrangements of the corporate governance system. Specific management objectives are as follows:

  - (1) The Company's Board of Directors values gender equality and shall include at least one female director.
  - (2) The Company's Board of Directors focuses on sound business judgments, operational management, and crisis management abilities. Two-thirds or more of the board members shall possess the relevant core competencies.
  - (3) Independent directors may not serve more than three terms to maintain their independence.
  - (4) For the purpose of ensuring effective supervision, the number of directors on the Company's Board of Directors who are concurrently employees of the Company, or its parent, subsidiary, or sister company, shall be less than or equal to one-third of the total number of directors.
- The Company's diversity policy management objectives and progress are as follows:
  - (1) The Company currently has three independent directors out of nine board members to ensure the independence of the Board of Directors. To date, there is one female director serving, accounting for 11.11% of the board. One more female director is expected to be added to achieve the objective of gender equality.
  - (2) All board members of the Company are equipped with the necessary capabilities to perform their duties, including knowledge, skills, qualities, and industrial decision-making and management. Additionally, the Company offers a diverse array of continuing education courses for board members to improve the quality of their decision-making and fulfill their overseeing responsibilities, thereby strengthening the

functions of the Board of Directors. The board members possess rich management experience, each with a relevant professional background, and have the necessary professional knowledge, skills, and qualities to perform their duties. Among the 9 core competencies, at least one-third of the members have relevant capabilities to perform their duties. Regarding the 3 core competencies the Company focuses on—sound business judgments, operational management, and crisis management—a minimum of 80% of the members possess these core capabilities.

- (3) To ensure the independence of the Company's independent directors, each of them shall not serve more than three terms cumulatively.
- (4) Currently, there is one board member who is concurrently an employee, which is less than one-third of the total number of directors.

- Implementation of board member diversity by each director is as follows:

Diversity Item		Gender	Nationality	An Employee of the Company	Age			Professional Background				Professional Knowledge and Skills								
								Finance/Accounting	Industry	Information and Technology	Law	Ability to make sound business judgments	Ability to manage a business	Ability to lead and make decisions	Ability to handle crisis management	Knowledge of the industry	An international market perspective			
Director Name					31-40 years	51-60 years	61-70 years	71-80 years	81-90 years											
Director	Chu-Shiang Yao	Male	R.O.C.				√			√	√		√	√	√	√	√	√	√	
Director	Chih-Hsun Yao	Male		√	√						√	√		√	√	√	√	√	√	√
Director	Tze Hung Wang	Male							√		√	√		√	√	√	√	√	√	√
Director	Chung-Cheng Lo	Male				√					√	√	√	√	√	√	√	√	√	√
Director	Bor-Jen Chen	Male						√			√	√		√	√	√	√	√	√	√
Director	Chin-Jyy Shiao	Male		√				√			√	√		√	√	√	√	√	√	√
Independent Director	Chien-Jan Lee	Male					√			√	√	√		√	√	√	√	√	√	√
Independent Director	Tung-Hao Ho	Male					√				√	√	√	√	√	√	√	√	√	√
Independent Director	Cho-Lan Peng	Female						√		√	√	√		√	√	√	√	√	√	√

## 2. Independence:

The Company currently has 9 members on the Board of Directors, including 6 directors and 3 independent directors, who account for 33.3% and have served for 9 years or less. All independent directors of the Company comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.” There are no such relationships among the directors and independent directors as specified in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. The Company's Board of Directors is independent. Please refer to Page 24-26 of the Annual Report for disclosure of information on the professional qualifications of directors and independence of independent directors.



2. information on President, Executive Vice President, Assistant Vice President, and Supervisors of all the Company's Divisions and Branch Units

2025/3/18

Title	Nationality	Name	Gender	Date Elected	Shares		Shares Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Republic of China	Hsiao-Ling Chiang	Male	2015.01.01	15,273	0.01	-	-	-	-	Experience: Manager, Mosel Electronics Co., Ltd./ Manager, Quanta Display Inc./ Senior Specialist, Project Department, L&K Engineering/ Special Assistant, President Office/Deputy Director, Project Division Education: Master, Industrial Safety and Disaster Prevention, College of Engineering, National Chiao Tung University	None	-	-	-	-
Executive Vice President	Republic of China	Min-Kui Hsu	Male	2013.06.26	15,846	0.01	-	-	-	-	Experience: Consultant, Ding Shung Engineering Corp./Assistant to Chairman, L&K Engineering Co., Ltd./ Director, Procurement Division Education: Department of Electrical Engineering, National Taipei University of Technology	None	-	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shares		Shares Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior vice president and Accounting and Finance Director and Finance Supervisor	Republic of China	Shu-Chen Chen	Female	2022.04.01	265,742	0.11	110,752	0.05	-	-	Experience: Vice President of L&K Engineering Co., Ltd. / Supervisor of RSEA Construction Engineering (Chongqing) Co., Ltd. / Senior Vice President and Person in Charge of Finance of L&K Engineering (SUZHOU) Co., Ltd. Education: Accounting, National Open College of Continuing Education Affiliated with National Taipei University of Business	None	-	-	-	-
Vice President, Engineering Center-Department of Design	Republic of China	Ying-Te Liu	Male	2021.07.08	14,273	0.01	-	-	-	-	Experience: Assistant Vice President of Excel Air Cond. Co., Ltd. / Manager of L&K Engineering Co., Ltd. / Manager of Chung Yo Engineering Education: EMBA, National Taipei University	None	-	-	-	-
Vice President, CIS & QA and EHS Auditing Office	Republic of China	Kuei-Yao Yeh	Male	2021.04.14	10,000	0.00	-	-	-	-	Experience: Manager, TECO Electric & Machinery/ Assistant Director, L&K Engineering (SUZHOU) Co., Ltd. Education: Department of Business Administration, Tamkang University	None	-	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shares		Shares Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
ESG officer	Republic of China	Shu-Ming Hsu	Male	2023.06.26	2,000	0.00	-	-	-	-	Experience: Special Assistant to the Chairman's Office at L&K Engineering Co., Ltd. / Project Manager, Technical Manager, General Manager, General Manager of the Indonesia Branch, Sinotech Engineering Consultants  Education: Ph.D., Department of Civil and Construction Engineering, National Taiwan University of Science and Technology	None	-	-	-	-
Corporate Governance Officer	Republic of China	Shu-Ling Ko	Female	2021.03.05	1,618	0.00	-	-	-	-	Experience: Manager, Finance Department and Accounting Department L&K Engineering Co., Ltd./Deputy Director, Financial & Accounting Division  Education: Department of Accounting, Ming Chuan University	None	-	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shares		Shares Held by Spouse & Minors		Shares Held Through Nominees		Main Experience (Education)	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Accounting Supervisor	Republic of China	Ya-Lin Chan	Female	2022.04.01	1,000	0.00	-	-	-	-	Experience: Deputy Manager of Audit Department at Deloitte Taiwan / Senior Tax Officer of Tax Department at PwC Taiwan / Deputy Manager of Accounting Department at L&K Engineering Co., Ltd. Education: Master's in Accounting, Tamkang University	None	-	-	-	-
Chief Auditor	Republic of China	Nu-Chen Feng (Note1)	Female	2024.04.01	-	-	-	-	-	-	Experience: Manager of Administration Division at L&K Engineering Co., Ltd. / Personnel Accountant at Dayi Automotive Repair Shop / Personnel Accountant at Pirelli Education: Master's degree from the Institute of Chinese Literature, Chinese Culture University	None	-	-	-	-

Note1. Nu-Chen Feng was appointed as Chief Auditor on 2024/4/1. (Fang-Man Peng was discharged from post on 2024/4/1)

ii. Remunerations Paid During the Most Recent Fiscal Year to Directors, President, and Vice President

1. Remunerations Paid to General Directors and Independent Directors

Unit: NT\$ 1,000

F. Remunerations Paid to General Directors and Independent Directors											Unit: RMB 1,000	
Title	Name	Remuneration Paid to Directors								(A+B+C+D) as a % of Net Income		
		Remuneration (A)		Pension (B)		Directors' Remuneration (C) (Note 3)		Expenses for Execution of Business (D)				
		The Company	All Consolidated Entities (Note 3)	The Company	All Consolidated Entities (Note 3)	The Company	All Consolidated Entities (Note 3)	The Company	All Consolidated Entities (Note 3)	The Company (%)	All Consolidated Entities (Note 3) (%)	
Shen Shen Investment Co., Ltd		-		-		35,069		-	-	35,069 0.81%	35,069 0.62%	
Representative Chu-Shiang Yao		4,500	5,575	-		-		48	60	4,548 0.10%	5,635 0.10%	
Wei Ze Investment Co., Ltd.		-		-		20,000		-	-	20,000 0.46%	20,000 0.36%	
Representative Bor-Jen Chen		8,750	8,813	-		-		30	30	8,780 0.20%	8,843 0.16%	
White Young Investment Co., Ltd.		-		-		20,000		-	-	20,000 0.46%	20,000 0.36%	
Representative Chih-Hsun Yao		-		-		-		48	60	48 0.001%	60 0.001%	
Xun Huei Investment Co., Ltd.		-		-		20,000		-	-	20,000 0.46%	20,000 0.36%	
Representative Chung-Cheng Lo		-		-		-		42	42	42 0.001%	42 0.001%	
Director Tze-Hung Wang		-		-		4,500		30	30	4,530 0.10%	4,530 0.08%	
Director Chin-Jyy Shiao		-		-		500		24	39	524 0.01%	539 0.01%	
Independent Director Chien-Jan Lee		-		-		4,500		48	48	4,548 0.10%	4,548 0.08%	
Independent Director Tung-Hao Ho		-		-		4,500		42	42	4,542 0.10%	4,542 0.08%	
Independent Director Cho-Lan Peng		-		-		4,500		48	48	4,548 0.10%	4,548 0.08%	

Title	Name	Remuneration Earned as Employee								(A+B+C+D+E+F+G) as a % of Net Income		Other compensations from non-subsidiary affiliates
		Salaries, Bonus, and Special Expenditure (E)		Pension (F)		Employees' Remuneration (G) (Note 3)						
		The Company	All Consolidated Entities (Note 3)	The Company	All Consolidated Entities (Note 3)	The Company		All Consolidated Entities (Note 2)		The Company (%)	All Consolidated Entities (Note 3) (%)	
Cash	Stock					Cash	Stock					
Shen Shen Investment Co., Ltd		-	-	-		-	-	-	-	35,069 0.81%	35,069 0.62%	-
Representative Chu-Shiang Yao		-	-	-		-	-	-	-	4,548 0.10%	5,635 0.10%	-
Wei Ze Investment Co., Ltd.		-	-	-		-	-	-	-	20,000 0.46%	20,000 0.36%	-
Representative Bor-Jen Chen		-	-	-		-	-	-	-	8,780 0.20%	8,843 0.16%	-
White Young Investment Co., Ltd.		-	-	-		-	-	-	-	20,000 0.46%	20,000 0.36%	-
Representative Chih-Hsun Yao		1,665	1,665	-		5,000	-	5,000	-	6,713 0.15%	6,725 0.12%	-
Xun Huei Investment Co., Ltd.		-	-	-		-	-	-	-	20,000 0.46%	20,000 0.36%	-
Representative Chung-Cheng Lo		-	-	-		-	-	-	-	42 0.001%	42 0.001%	-
Director Tze-Hung Wang		-	-	-		-	-	-	-	4,530 0.10%	4,530 0.08%	-
Director Chin-Jyy Shiao		-	3,768	-		-	-	-	-	524 0.01%	4,307 0.08%	-
Independent Director Chien-Jan Lee		-	-	-		-	-	-	-	4,548 0.10%	4,548 0.08%	-
Independent Director Tung-Hao Ho		-	-	-		-	-	-	-	4,542 0.10%	4,542 0.08%	-
Independent Director Cho-Lan Peng		-	-	-		-	-	-	-	4,548 0.10%	4,548 0.08%	-

Note 1: The names of the Company's directors are listed below:

Chairman: Representative of Shen Shen Investment Co., Ltd.: Chu-Shiang Yao.

Director: Representative of Wei Ze Investment Co., Ltd.: Bor-Jen Chen ; Representative of White Young Investment Co., Ltd.: Chih-Hsun Yao ; Representative of Xun Huei Investment Co., Ltd.: Chung-Cheng Lo ; Tze-Hung Wang ; Chin-Jyy Shiao.

Independent Director: Chien-Jan Lee, Tung-Hao Ho, Cho-Lan Peng.

Note 2: The amount paid by the Company is the same as the amount paid by all consolidated entities.

Note 3: This represents the directors' remuneration to be distributed as approved by the Board of Directors before the shareholders' meeting on the proposal of distribution of employee remuneration and director remuneration for 2024.

Note 4: Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: The Board of Directors is authorized to determine the remunerations for the Directors and Independent Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas. The Remuneration Committee determines the salary and remunerations for the Company's President and Key Managers, taking into account individual performance, extent of contribution, and market trends.

Note 5: Except as disclosed above, the remuneration received by directors in the latest year for services (e.g., acting as a non-employee consultant to the parent company, all consolidated entities in the financial reports, or invested business) rendered to the Company: None.

#### Remuneration Range

Remuneration Paid to Directors by Range	Director Name			
	Total Remuneration from (A+B+C+D)		Total Remuneration from (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities H	The Company	All Consolidated Entities I
Under NT\$1,000,000	Chin-Jyy Shiao		Chin-Jyy Shiao	
NT\$1,000,000 (incl.)-NT\$2,000,000	-		-	
NT\$2,000,000 (incl.)-NT\$3,500,000	-		-	
NT\$3,500,000 (incl.)-NT\$5,000,000	Chien-Jan Lee, Tung-Hao Ho, Cho-Lan Peng ,Tze-Hung Wang		Chien-Jan Lee, Tung-Hao Ho, Cho-Lan Peng ,Tze-Hung Wang	
NT\$5,000,000 (incl.)-NT\$10,000,000	-		-	
NT\$10,000,000 (incl.)-NT\$15,000,000	-		-	
NT\$15,000,000 (incl.)-NT\$30,000,000	Wei Ze Investment Co. , Ltd. White Young Investment Co., Ltd. Xun Huei Investment Co., Ltd.		Wei Ze Investment Co. , Ltd. White Young Investment Co., Ltd. Xun Huei Investment Co., Ltd.	
NT\$30,000,000 (incl.)-NT\$50,000,000	Shen Shen Investment Co., Ltd.		Shen Shen Investment Co., Ltd.	
NT\$50,000,000 (incl.)-NT\$100,000,000	-		-	
Over NT\$100,000,000	-		-	
Total	9		9	

## 2. Remunerations Paid to President and Vice President

Unit: NT\$ 1,000

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 2)				(A+B+C+D) as a % of Net Income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated Entities (Note 1)	The Company	All Consolidated Entities (Note 1)	The Company	All Consolidated Entities (Note 1)	The Company		All Consolidated Entities (Note 1)		The Company (%)	All Consolidated Entities (Note 1) (%)	
								Cash	Stock	Cash	Stock			
President Hsiao-Ling Chiang		2,500	2,500	-	-	610	610	5,000	-	5,000	-	8,110 0.19%	8,110 0.14%	-
Executive Vice President Min-Kui Hsu		2,500	2,500	-	-	610	610	5,000	-	5,000	-	8,110 0.19%	8,110 0.14%	-
Senior vice president Shu-Chen Chen		2,500	2,500	-	-	610	610	5,000	-	5,000	-	8,110 0.19%	8,110 0.14%	-
Vice President, Engineering Center-Department of Design Ying-Te Liu		1,950	1,950	-	-	465	465	4,000	-	4,000	-	6,415 0.15%	6,415 0.11%	-
Vice President, CIS & QA and EHS Auditing Office Kuei-Yao Yeh		1,875	1,875	-	-	458	458	2,000	-	2,000	-	4,333 0.10%	4,333 0.08%	-

Note 1: The amount paid by the Company is the same as the amount paid by all consolidated entities.

Note 2: This represents the employees' remuneration to be distributed as approved by the Board of Directors before the shareholders' meeting on the proposal of distribution of employee remuneration and director remuneration for 2024.



# Remuneration Range

Range of RemunerationPaid to Each President and Vice President of the Company	Name of President and Vice President	
	The Company	All Consolidated Entities
Under NT\$1,000,000	-	
NT\$1,000,000 (incl.)-NT\$2,000,000	-	
NT\$2,000,000 (incl.)-NT\$3,500,000	-	
NT\$3,500,000 (incl.)-NT\$5,000,000	Kuei-Yao Yeh	
NT\$5,000,000 (incl.)-NT\$10,000,000	Hsiao-Ling Chiang, Min-Kui Hsu, Shu-Chen Chen, Ying-Te Liu	
NT\$10,000,000 (incl.)-NT\$15,000,000	-	
NT\$15,000,000 (incl.)-NT\$30,000,000	-	
NT\$30,000,000 (incl.)-NT\$50,000,000	-	
NT\$50,000,000 (incl.)-NT\$100,000,000	-	
Over NT\$100,000,000	-	
Total	5	

Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEX listed Company (Individual Disclosure of Names and Remuneration Items)

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 2)				(A+B+C+D) as a % of Net Income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated Entities (Note 1)	The Company	All Consolidated Entities (Note 1)	The Company	All Consolidated Entities (Note 1)	The Company		All Consolidated Entities (Note 1)		The Company (%)	All Consolidated Entities (Note 1) (%)	
								Cash	Stock	Cash	Stock			
	President Hsiao-Ling Chiang	2,500	2,500	-	-	610	610	5,000	-	5,000	-	8,110 0.19%	8,110 0.14%	-
	Executive Vice President Min-Kui Hsu	2,500	2,500	-	-	610	610	5,000	-	5,000	-	8,110 0.19%	8,110 0.14%	-
	Senior vice president Shu-Chen Chen	2,500	2,500	-	-	610	610	5,000	-	5,000	-	8,110 0.19%	8,110 0.14%	-
	Vice President, Engineering Center-Department of Design Ying-Te Liu	1,950	1,950	-	-	465	465	4,000	-	4,000	-	6,415 0.15%	6,415 0.11%	-
	Vice President, CIS & QA and EHS Auditing Office Kuei-Yao Yeh	1,875	1,875	-	-	458	458	2,000	-	2,000	-	4,333 0.10%	4,333 0.08%	-

3. Name of Managers to Whom Employee Remuneration is Distributed and Status of Distribution

Unit:NT\$ 1,000

2025/3/18

Title	Name	Stock	Cash	Total	Total as a Percentage of Net Income (%)
President Executive Vice President Senior vice president and Finance Supervisor Vice president Vice president ESG Officer Corporate Governance Officer Accounting Supervisor Chief Auditor	Hsiao-Ling Chiang, Min-Kui Hsu Shu-Chen Chen Ying-Te Liu Kuei-Yao Yeh Shu-Ming Hsu Shu-Ling Ko Ya-Lin Chan Nu-Chen Feng	-	33,499	33,499	0.77%

4. Separately compare and describe total remuneration, as a percentage of net income stated in the financial reports or individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past 2 fiscal years to directors, president, and vice president, and describe remuneration policies, standards and packages, and the procedure through which remunerations were determined, and their association with business performance and future risks.

Unit: NT\$ 1,000

Title	2024		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Director				
Independent Director	NT\$143,891 and 3.32%	NT\$148,836 and 2.65%	NT\$108,873 and 3.77%	NT\$110,396 and 3.12%
President, Vice President, and other Key Managers				

The Board of Directors is authorized to determine the remunerations for the Directors and Independent Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas. The Remuneration Committee determines the salary and remunerations for the Company's President and Key Managers, taking into account individual performance, extent of contribution, and market trends.

(1) Policies, standards, and packages of remuneration

- A. The directors of the Company receive no compensation other than transportation subsidies for each board meeting they attend. In addition, directors' remuneration shall be paid according to Article 32 of the Articles of Incorporation. If the company makes a profit during the fiscal year, the Board of Directors shall resolve to set aside three to five percent for employee remuneration and up to three percent for directors' remuneration. The distribution for directors' remuneration shall be conducted in accordance with the Company's Rules Governing the Principles for Directors' Remuneration Distribution, requiring submission to the Compensation Committee for review. Once approved by the Board of Directors, it will be submitted to the shareholders' meeting.
- B. The appointment and remuneration of the President and Vice President shall follow company regulations and industry salary standards. The compensation structure includes a base salary, additional pay based on positions, stipends, and bonuses.

(2) Procedures for setting remuneration

To refine the compensation system for the Company's directors and managers, the Company has established the Compensation Committee under the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." The committee members evaluate the compensation policies and systems for the Company's directors and managers from a professional and objective perspective, providing suggestions to the Board of Directors for informed decision-making. The actual remuneration paid to directors and managers in 2023 was reviewed by the Compensation Committee and then proposed to the Board of Directors for approval.

(3) Relationship with operating performance and future risks

Based on its powers, the Compensation Committee develops and reviews the annual and long-term performance targets of the Company's directors and managers, along with the policies, systems, standards, and structure of their compensation, on a regular basis. The Committee also conducts periodic evaluations of the directors' and managers' achievements against these set targets. It evaluates the rationality of the relevance between individual performance and the company's operating performance and future risks by considering industry standards, work performance, internal compensation standards, the company's achievement of its short- and long-term operational targets, financial standing, etc.

(4) Link between directors and managers' performance evaluation and remuneration

Remuneration paid to directors:

1. According to Article 32 of the Company's Articles of Incorporation, if the Company generates profit for the year, no more than 3% of that year's profit shall be allocated as directors' remuneration, in accordance with the provisions of the Articles, with the specific amount to be determined by a resolution of the Board of Directors. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses.
2. Directors' salaries and remuneration are determined based on industry standards and may include additional pay for concurrently serving on functional committees. Directors' salaries and remuneration are determined by the Board of Directors, taking into consideration the results of the annual Board performance evaluation, as well as the differing responsibilities and risks borne by each director, providing reasonable and differentiated compensation.
3. The Company's directors' compensation primarily includes director remuneration, fixed monthly salaries, and transportation subsidies. The specifics of such directors' compensation are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

4. The results of the Board of Directors' performance evaluation shall serve as a reference for the selection or nomination of directors. To maintain independence, the Company's independent directors only receive directors' remuneration and transportation subsidies, which are not linked to performance.

Remuneration paid to managers:

1. According to Article 32 of the Company's Articles of Incorporation, if the Company generates profit for the year, 3% to 5% of that year's profit shall be allocated as employee remuneration, with the specific amount to be determined by a resolution of the Board of Directors. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses.
2. The appointment, dismissal, and remuneration of the Company's managers are handled in accordance with the Articles of Incorporation and the results of performance evaluations, which also serve as a reference for the issuance of bonuses.

The compensation of the Company's managers is governed by the Salary Management Guidelines, which specify various allowances and bonuses as a means of recognizing and rewarding employees for their contributions at work. Related bonuses are determined based on the Company's annual business performance, financial condition, operational status, and individual job performance.

3. Managerial compensation includes fixed salary and variable incentive pay. The fixed salary is determined based on the position, responsibilities, and professional capabilities, with reference to industry standards. The variable incentive pay is closely tied to the Company's operational results as well as the individual's position and performance.
4. Performance evaluation for managers is divided into:
  - I. Financial indicators: Based on the Company's managerial profit and loss statements, the allocation is determined by each business unit's contribution to company profit, taking into account the individual manager's job performance and goal achievement rate.
  - II. Non-financial indicators: These are divided into two main areas: the implementation of the Company's core values and operational management capabilities, and participation in sustainable operations initiatives. These factors are used to calculate the operational performance-based compensation.

5. The reasonableness of managerial compensation is reviewed annually by the Compensation Committee and submitted to the Board of Directors for approval. The compensation system is also reviewed as needed based on the Company's actual operating conditions and relevant regulations, in order to balance sustainable operations and risk management.

The Company's primary principle is to link compensation with responsibilities, performance, and the outcomes of sustainable operations. Short-term profits are not the sole indicator for evaluating compensation and performance; the focus is on aligning with long-term shareholder value.

iii. Corporate Governance Operating Status

**(I) Status of Board Operation**

A total of 8 board meetings (A) were held in the most recent year (2024); directors' attendance records are presented below:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	Shen Shen Investment Co., Ltd. Representative: Chu-Shiang Yao	8	0	100%	-
Director	Xun Huei Investment Co., Ltd. Representative: Chung-Cheng Lo	7	1	88%	-
Director	White Young Investment Co., Ltd. Representative: Chih-Hsun Yao	8	0	100%	-
Director	Wei Ze Investment Co., Ltd. Representative: Bor-Jen Chen	5	3	63%	-
Director	Tze-Hung Wang	6	2	75%	-
Director	Chin-Jyy Shiao	4	0	100%	Newly appointed on June 26, 2024
Independent Director	Chien-Jan Lee	8	0	100%	-
Independent Director	Tung-Hao Ho	7	1	88%	-
Independent Director	Cho-Lan Peng	8	0	100%	-

Other matters that require reporting:

- i. The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:
  - (I) Items specified in Article 14-3 of the Securities and Exchange Act: For details, For more information, please refer to the Status of Audit Committee Operations on Page 47-52 of the annual Report.
  - (II) With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

- ii. Directors abstaining in certain proposals for being a stakeholder (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated): Details are as follows:

Date of board meeting	Agendas	Recusal of directors due to conflict of interests	Reason for Recusal and Status of Participation in Voting Process
2024/01/17	Discussion on the allocation of shares that managers can subscribe to in the Company's 2023 cash capital increase	Chu-Shiang Yao Chih-Hsun Yao	The board members in attendance during the meeting—the representative from Shen Shen Investment Co., Ltd., Chairman Chu-Shiang Yao; and the representative from White Young Investment Co., Ltd., Director Chih-Hsun Yao—abstained from participating in the discussion and voting due to conflicts of interest, as stipulated by the Rules of Procedure for the Board of Directors' Meetings. Chairman Yao appointed Director Chien-Jan Lee to serve as the acting chair, overseeing the discussion and voting on this proposal. Following the acting chair's inquiry, the proposal was passed as proposed, without objection from the remaining directors present at the meeting.
2024/08/02	Discussion on the proposed appointment of members for the Company's second-term "ESG Committee"	Tung-Hao Ho	Except for Mr. Tung-Hao Ho, who recused himself from the discussion and voting in accordance with the law, all other directors present raised no objections and approved the proposal as presented.
	Discussion on the proposed appointment of members for the Company's fifth-term "Remuneration Committee"	Chien-Jan Lee Tung-Hao Ho Cho-Lan Peng	Except for Mr. Chien-Jan Lee, Mr. Tung-Hao Ho, and Ms. Cho-Lan Peng, who recused themselves from the discussion and voting in accordance with the law, all other directors present raised no objections and approved the proposal as presented.
2024/10/04	Discussion on the Company's 2023 remuneration distribution proposal for managers and employees	Bor-Jen Chen Chih-Hsun Yao	Except for Director Bor-Jen Chen and Director Chih-Hsun Yao, who recused themselves from the discussion and voting in accordance with the law, all other directors present raised no objections and approved the proposal as presented.



iii. Implementation Status of Board Evaluation:

For effective corporate governance and better board performance, the Company has established the "Board of Directors Performance Evaluation Guidelines" which was approved by the Board of Directors on 2019/5/7. Two types of performance evaluation methods are adopted in the guidelines: internal and external evaluations; an internal board performance evaluation shall be conducted at least once every year and may be conducted by an external independent professional institution or a panel of external experts and scholars as needed. A board agenda working group is the unit conducting internal evaluations of the Company's board of directors and provides necessary information and assistance when the company appoints a team of external experts to conduct external evaluation.

When the Company performs internal board performance evaluation, the scope includes the evaluation of board of directors (functional committees) as a whole and self-evaluation by individual board members. The results have all met the evaluation criteria, indicating that the overall board operation is effective.

Evaluation Cycle	Evaluation Period	Evaluation Range	Evaluation Method	Evaluation Content
From at the end of each fiscal year to before the end of the first quarter of the following year	2024/1/1 to 2024/12/31.	Performance evaluation of the board of directors as a whole, individual directors, and functional committees.	Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, and evaluation by appointed external professional institutions, experts, or other appropriate methods as needed.	<p>Aspects evaluated:</p> <ul style="list-style-type: none"> <li>➤ The evaluation of board (functional committee) operation as a whole covers the following items: <ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Improvement of the quality of the board of directors' decision making</li> <li>3. Composition and structure of the board of directors</li> <li>4. Election and continuing education of the directors</li> <li>5. Internal control</li> </ol> </li> <li>➤ The self-evaluation of individual board members covers the following items: <ol style="list-style-type: none"> <li>A. Directors' understanding of the company and awareness of their duties</li> <li>B. Participation in the operation of the company</li> <li>C. The director's professionalism and continuing education</li> <li>D. Internal control</li> </ol> </li> </ul>

- iv. The results of the 2024 internal performance evaluation are presented below:

Evaluation results	The Board of Directors and all functional committees operated well in 2024. The Company will continue to enhance Board functions based on the results of this performance evaluation. Most evaluation indicators received a rating of “strongly agree,” indicating that directors fully expressed their opinions and recommendations on various proposals of the Company, effectively fulfilling the Board’s guiding and supervisory roles. Each committee diligently performed its duties, thoroughly evaluating and overseeing the Company’s risks while providing timely, professional, and objective recommendations for the Board’s decision-making. This has effectively strengthened Board functions and aligned with corporate governance requirements. The overall evaluation results are excellent and have been submitted for future reference at the second Board meeting of 2025.
Suggestions	Given the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, the continuing education of the Company’s directors requires further improvement. The Company will, from time to time, provide directors with training and awareness courses that are promoted by the competent authority, and encourage directors to participate in continuing education to acquire the knowledge for the latest rules and regulations and the expertise required for decision making.

- v. Enhancements to the functionality of the board of directors in the current and the most recent year and the progress of such enhancements:

Objective	Performance evaluation
The board meetings shall be convened once every 3 months	<ul style="list-style-type: none"> <li>● The Company’s Board of Directors has held 8 meetings in 2024 in compliance with the Regulation and Procedure for Board of Directors Meetings, which states that board meetings shall be convened once every 3 months.</li> </ul>
Information disclosure and improve information transparency.	<ul style="list-style-type: none"> <li>● Key agendas are disclosed in accordance with laws on the Market Observation Post System and the company’s website to ensure information disclosure and improve information transparency.</li> </ul>
Established a strong governance system and sound supervisory capabilities for the board of directors and strengthened management capabilities	<ul style="list-style-type: none"> <li>● The Company has established a strong governance system and sound supervisory capabilities for the board of directors and strengthened management capabilities in line with the Company’s Regulation and Procedure for Board of Directors Meetings. In accordance with the Company’s Board of Directors Performance Evaluation Guidelines, the evaluation results are presented during the board meeting on 2025/3/14: The results of the 2024 evaluation were rated as “excellent”.</li> </ul>
To impart more knowledge on business operations and laws and regulations	<ul style="list-style-type: none"> <li>● the Company occasionally organizes external courses for directors and supervisors, as well as courses and training on securities laws and regulations.</li> <li>● To increase information transparency, the Company’s auditors present regular audit reports to independent directors, and independent directors will from time to time communicate with the head of finance and auditors to understand the company’s operating status</li> </ul>

## (II) Status of Audit Committee

A total of 6 committee meetings (A) were held in the most recent year (2024); attendance records are presented below:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	Chien-Jan Lee	6	0	100%	-
Independent Director	Tung-Hao Ho	5	1	83%	-
Independent Director	Cho-Lan Peng	6	0	100%	-

Other matters that require reporting:

- i. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.
  - (I) Items specified in Article 14-5 of the Securities and Exchange Act: Appendix 1.
  - (II) With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors:None.
- ii. The Independent Directors' avoidance of interest motion shall indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:None.

### iii. Composition and duties of the Audit Committee

Composition	It consists of three independent directors. A committee meeting is held at least once every 3 months. The Audit Committee is responsible for the fair presentation of the financial reports of the company; the hiring (and dismissal), independence, and performance of CPAs; the effective implementation of the company's internal control system; compliance with relevant laws and regulations by the company; and management of the existing or potential risks of the company.
Duties	<ol style="list-style-type: none"> <li>(1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</li> <li>(2) Assessment of the effectiveness of the internal control system.</li> <li>(3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</li> <li>(4) Matters in which a director is an interested party.</li> <li>(5) Asset transactions or derivatives trading of a material nature.</li> <li>(6) Loans of funds, endorsements, or provision of guarantees of a material nature.</li> <li>(7) The offering, issuance, or private placement of equity-type securities.</li> <li>(8) The hiring or dismissal of a certified public accountant, or their compensation.</li> <li>(9) The appointment or discharge of a financial, accounting, or internal audit officer.</li> <li>(10) Annual and semi-annual financial reports.</li> <li>(11) Other material matters as may be required by this Corporation or by the competent authority.</li> </ol>

iv. Independent Directors' communication with chief internal auditor and CPAs (which shall include material items, methods, and results of communication over the Company's financial and business status etc.):

I. The Company's Audit Committee is composed entirely of independent directors.

Meetings are held at least once per quarter and may be convened as needed.

II. Communication between the chief auditor and the Audit Committee:

Regular – Report audit findings and the progress of corrective actions for abnormalities to the Audit Committee, respond to questions raised by independent directors, and enhance audit procedures based on their instructions to ensure the effectiveness of internal control.

Ad-hoc – Communication is conducted via phone, email, or in-person meetings to discuss audit findings and continuous improvements in audit value. In the event of significant violations, independent directors are notified immediately.

➤ Chief Auditor:

Since the establishment of the Audit Committee, a total of 27 committee meetings have been held. The Committee has been operating smoothly without interruption. The independent directors have a channel through which to communicate directly with internal auditors and CPAs. Communication has been effective. The chief auditor sends a monthly internal control system audit report and presents an annual audit plan to the independent directors. The chief auditor also presents an audit report during the quarterly audit committee meeting. When reviewing financial reports, the independent directors will convene a meeting with accountants to thoroughly communicate and discuss financial and business issues addressed in the financial report.

Meeting Date	Description of matters communicated between chief auditor and Audit Committee members	Company response and communication outcome
2024/03/13	·Review of the 2023 Statement of Internal Control System.	Submitted to the Board of Directors after review and approval.
	·Internal audit reports.	Noted.
2024/05/10	·Internal audit reports.	Noted.
2024/08/02	·Internal audit reports.	Noted.
2024/11/08	·Review of the 2025 Audit Plan.	Submitted to the Board of Directors after review and approval.
	·Review and revision of the General Provisions of the Internal Control System, the Procedures and Methods for Self-Evaluation of the Internal Control System, and the Implementation Rules for Internal Audits under the Internal Control System – 9. Management Item Audit.	Submitted to the Board of Directors after review and approval.
	·Internal audit reports.	Noted.
2025/03/14	·Review of the 2024 Statement of Internal Control System.	Submitted to the Board of Directors after review and approval.
	·Internal audit reports.	Noted.

- Accountant: Communication meetings between accountant and those charged with governance.

Regular – The accountant communicates with the Audit Committee before and after the annual audit regarding the audit plan, audit scope, and findings.

Ad-hoc – Meetings are arranged depending on the circumstances if there are other individual issues about operation or internal control that require immediate discussion.

Meeting date	Description of matters communicated	Company response and communication outcome
2024/11/8	Audit planning stage – <ul style="list-style-type: none"> <li>• Scope and schedule of the 2024 audit.</li> </ul>	Will coordinate in accordance with the accounting firm's proposed audit scope and schedule.
2025/3/14	Audit completion stage – <ul style="list-style-type: none"> <li>• The responsibility of auditors in examining financial statements.</li> <li>• Scope of audit.</li> <li>• Audit findings.</li> <li>• Other matters to be noted.</li> <li>• Independence.</li> </ul>	The most critical audit matters for the Group's 2024 consolidated financial statements, as determined by the accountant's professional judgment.

Appendix 1: Items specified in Article 14-5 of the Securities and Exchange Act

Date of board meeting	Motion and Subsequent Response	Any Independent Director Had a Dissenting Opinion or Qualified Opinion (leave blank if none)	Resolution (leave blank if approved as proposed)	Company's response to Audit Committees' opinions (leave blank if approved as proposed)
The 2nd session's 1st board meeting (2024.03.13)	(1) The Company's 2023 business report, financial statements, and consolidated financial statements.			
	(2) The Company's 2023 Self-Assessment and Statement of Internal Control System.			
	(3) The Company's 2023 proposal for distribution of earnings.			
	(4) The Company's regular evaluation of the independence of CPAs.			
	(5) Change of the Company's chief auditor.			
The 2nd session's 2nd board meeting (2024.04.09)	(1). Proposal for the Company to participate in the follow-on public offering of common stock by its subsidiary "RSEA Engineering Corporation (privatized 2009)."			
The 2nd session's 3rd board meeting (2024.05.10)	(1) Amendments to the Company's "CW100 Payroll and Personnel Cycle."			
The 3rd session's 1st board meeting (2024.08.02)	(1) The Company's extension of period of endorsement and guarantee provided to subsidiaries.			
	(2) The Company's extension of the period of endorsement and guarantee provided to the sub-subsidiary L&K Engineering Vietnam Co., Ltd.			

Date of board meeting	Motion and Subsequent Response	Any Independent Director Had a Dissenting Opinion or Qualified Opinion (leave blank if none)	Resolution (leave blank if approved as proposed)	Company's response to Audit Committees' opinions (leave blank if approved as proposed)
The 3rd session's 2nd board meeting (2024.10.04)	(1) The Company's plans to establish a limited liability partnership in Singapore, "Takenaka-L&K Joint Venture LLP," through L&K Engineering Co., Ltd (Singapore Branch) (hereinafter referred to as "the Company's Branch"), in collaboration with Takenaka Singapore Pte Ltd (hereinafter referred to as "Takenaka"), to expand its business in Singapore.			
	(2) The remittance of overseas earnings from the Company's Singapore branch, L&K Engineering Co., Ltd (Singapore Branch), to the headquarters			
The 3rd session's 3rd board meeting (2024.11.08)	(1) The establishment of the "Sustainability Information Management" system of the Company			
	(2) The Company's revision of the General Provisions of the Internal Control System, the Procedures and Methods for Self-Evaluation of the Internal Control System, and the Implementation Rules for Internal Audits under the Internal Control System – 9. Management Item Audit			
	(3) The Company's 2025 Audit Plan.			
	(4) The Company's extension of period of endorsement and guarantee provided to subsidiary RSEA Engineering Corporation (privatized 2009).			
The 3rd session's 1st board meeting (2025.02.25)	(1) Partial amendments to the Company's "Articles of Incorporation."			
	(2) The Company's definition of the scope of non-executive employees			

Date of board meeting	Motion and Subsequent Response	Any Independent Director Had a Dissenting Opinion or Qualified Opinion (leave blank if none)	Resolution (leave blank if approved as proposed)	Company's response to Audit Committees' opinions (leave blank if approved as proposed)
The 3rd session's 2nd board meeting (2025.03.14)	(1) The Company's 2024 business report, financial statements, and consolidated financial statements.			
	(2) The Company's 2024 Self-Assessment and Statement of Internal Control System.			
	(3) The Company's 2024 proposal for distribution of earnings.			
	(4) The Company's regular evaluation of the independence of CPAs.			
	(5) Proposal to Revise the Company's "Regulations Governing the Receipt and Use of Negotiable Instruments.," "Regulations Governing the Use of Company Checks," and "Internal Control System - CR100 Finance Cycle."			
	(6) Proposal to Revise the Company's "AA-006 Substitute Policy."			

(III) With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors: None.



(IV) Describes any deviation in the Company’s actual governance from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation:

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
i. Does the Company follow “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has established the “Corporate Governance Best Practice Principles for L&K Engineering Co., Ltd.” made available on the Company’s website (www.lkeng.com.tw) under Major Internal Policies of the Corporate Governance page in the Investors section.	No significant difference.
ii. Shareholding structure and shareholders’ equity				
(I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		The Company has established the “Procedures for Handling Material Inside Information” and appointed a Spokesperson and Acting Spokesperson to communicate and handle shareholders’ suggestions or disputes, etc.	No significant difference.
(II) Does the Company possess a list of major shareholders and the ultimate owners of these major shareholders?	V		This Company hires a stock agency to manage the shareholding of our major shareholders. L&K Engineering Co., Ltd. keeps constant track of the stock and pledge holdings of directors, managers, and shareholders holding more than 10% of the Company’s shares.	No significant difference.
(III) Has the Company built and executed a risk management system and firewall between the Company and its affiliates?	V		The Company has established “Guidelines for the Management of Related Parties, Specific Companies, and Corporate Groups”, which clearly stipulate the rules to comply when transacting with affiliates.	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		The Company has set up code of ethics for directors and senior managers and signed the Director and Manager Statement to clearly regulate insider-related compliance.	No significant difference.
iii. Composition and duties of the board of directors				
(I) Has the Board of Directors devised a diversity policy, set specific management goals, and implemented them accordingly?	V		<p>The Company's Board of Directors consists of 9 members, 3 of whom are independent directors (33.3%). Each director is equipped with professional background in business management, finance and accounting, commerce, law, and IT, etc.</p> <p>Mr. Chien-Jan Lee and Ms. Cho-Lan Peng have a background in accounting and financial analysis, and Mr. Chung-Cheng Lo has expertise in law; they can provide the company with professional suggestions from different perspectives. This composition is in line with the Company's diversity policy for board composition.</p> <p>In addition, the Company also values gender equality in the composition of its Board of Directors; 1 of the 9 members is female, making up 11.11% of the Board. See Page 28 for information on board diversity.</p>	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(II) Other than the Remuneration Committee and the Audit Committee which are required by law, does the Company voluntarily set up other functional committees?	V		The Company has established the Remuneration Committee, the Audit Committee, and the ESG Committee.	The Company may do so if needed, depending on the condition and size of its business in the future.
(III) Has the Company established methodology and guidelines for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal?	V		<p>The Company has reported the results of the evaluation to the Board of Directors on 2025/3/14: The results of the 2024 evaluation were rated as "excellent".</p> <p>1. Aspects evaluated:</p> <p>* The evaluation of board (functional committee) operation as a whole covers the following items:</p> <p>A. Participation in the operation of the company;</p> <p>B. Improvement of the quality of the board of directors' decision making;</p> <p>C. Composition and structure of the board of directors;</p> <p>D. Election and continuing education of the directors; and</p> <p>E. Internal control.</p> <p>* The self-evaluation of individual board members covers the following items:</p> <p>A. Directors' understanding of the company and awareness of</p>	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(III) Has the Company established methodology and guidelines for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal?	V		<p>their duties;  B. Participation in the operation of the company;  C. The director's professionalism and continuing education; and  D. Internal control.</p> <p>2. Evaluation Period: 2024/1/1 to 2024/12/31.</p> <p>3. Evaluation results:  The Board of Directors and all functional committees operated well in 2024. The Company will continue to enhance Board functions based on the results of this performance evaluation. Most evaluation indicators received a rating of "strongly agree," indicating that directors fully expressed their opinions and recommendations on various proposals of the Company, effectively fulfilling the Board's guiding and supervisory roles. Each committee diligently performed its duties, thoroughly evaluating and overseeing the Company's risks while providing timely, professional, and objective recommendations for the Board's decision-making. This has effectively strengthened Board functions and aligned with corporate governance requirements. The overall evaluation results are excellent and have been submitted for reference at the first Board meeting of 2025.</p>	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(IV) Does the Company regularly evaluate its CPAs' independence?	V		<p>The Company reviews the independence of its CPAs by following the items of evaluation specified in the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence" and regularly evaluates its CPAs' independence. Evaluation is conducted by using the CPAs' Independence Declaration and the aforementioned independence evaluation criteria. The evaluation results show that all the independence criteria were met, indicating that the individuals being evaluated are qualified to be the Company's CPAs.</p> <p>The Company has reported the results to the Board of Directors on 2025/3/14 and passed.</p>	No significant difference.
iv. Has the TWSE/TPEX listed company appointed an adequate number of competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs handle governance related affairs (including but not limited to furnishing information required for business execution by directors, assisting directors and supervisors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		<p>On 2021/3/5, the Company has appointed a corporate governance officer and designated personnel to handle corporate governance affairs handle governance related affairs including but not limited to furnishing information required for business execution by directors, handling matters related to board meetings and shareholders' meetings according to law, processing company registration and change of registration, and recording minutes of board meetings and shareholders' meetings.</p>	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
v. Has the Company established a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities?	V		<p>1. The Company pays attention to the equilibrium in the power and obligations of its stakeholders (including shareholders, employees, customers, up/downstream suppliers, banks, and creditors). The Company has created a Stakeholders Section on its company website through which it properly responds to stakeholders' concerns regarding key corporate social responsibility issues. A feedback email fd1300@lkeng.com.tw has been created for stakeholder complaint, which will be handled by dedicated personnel.</p> <p>2. The Company has created a Corporate Governance Section for investors to make inquiries and download corporate governance-related rules, major resolutions of board meetings, and material information.</p>	No significant difference.
vi. Has the Company appointed a professional registrar for handling affairs related to Shareholders' Meetings?	V		The Company has engaged Corporate Trust Operation and Service Department, CTBC Bank Co., Ltd. to handle matters relating to Shareholders' Meetings.	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
vii. Information Disclosure				
(I) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		The Company regularly discloses its financials, business, and corporate governance status on its website. The Company regularly updates its financials and business information on a Shareholder Service page. See the company's website at <a href="http://www.lkeng.com.tw">http://www.lkeng.com.tw</a> .	No significant difference.
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The Company's website is available in Chinese and English language. The Company has created an Investor Section (Shareholder Service and Corporate Governance) and designated staff to regularly update its financials and business information. The Company has appointed a Spokesperson and an Acting Spokesperson and regularly discloses information related to the company on the Market Observation Post System and company website for investors.	No significant difference.
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	The Company announces and reports the financial statements as well as the operating status of each month on the date indicated in the "List of Matters Required to Be Handled by Issuers of Listed Securities".	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
viii. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(I) Employee rights: With respect to employees' stock option bonus, health management, social club and leisure activities, benefits, leaves, retirement system, and career development, the Company has a complete system in place, and discloses relevant information on the company website for employee's reference.</p> <p>(II) Employee wellness: The Company sets up an employee care website, providing various services to address employee concerns such as career plans, interpersonal relations, self-understanding, emotions, etc. These services include direct consultations, referrals, and questionnaire surveys on mental health, personal interests, and careers, among other counseling services.</p> <p>(III) Supplier relations: The Company maintains a positive interaction with its suppliers. In addition to holding meetings from time to time to discuss market trends and price information, the Company frequently reviews its product delivery and quality performance. Since its establishment, the Company has never been late on payments and its suppliers have always made deliveries on time. The Company therefore takes advantage of this positive interaction to create a win-win situation for the company and its suppliers.</p>	No significant difference.



Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
viii. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(IV) Investor relations: The Company has appointed a spokesperson and acting spokesperson who handles shareholders and outsiders' questions and suggestions about the Company. In addition, to enhance business transparency, the Company announces financials, business, and material information on the Market Observation Post System on a monthly basis as required by law, and has created an Investor Relation section on its website to provide investor access to the financials and business information relating to the Company.</p> <p>(V) The rights of stakeholders: The Company always keeps its promises; maintains an excellent interaction and open channels of communication with its banks, employees, customers, and suppliers; and emphasizes and protects the legal rights of these stakeholders. The Company has appointed a spokesperson and acting spokesperson to answer and address stakeholders' problems, thereby protecting stakeholders' rights.</p> <p>(VI) Directors and supervisors' training records: From time to time, the Company informs directors of professional training and continuing education courses and complies with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE</p>	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
viii. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>Listed and TPEX Listed Companies to ensure that directors continue to learn professional knowledge.</p> <p>(VII) The implementation of risk management policies and risk evaluation measures: The Company's risk management policies serve to create maximum investment value for shareholders and to protect the interests and rights of all shareholders, creditors, and employees, provided however that the company maintains steady business growth, guarantees safe operations, and ensures a balance between profit and risk.</p> <p>(VIII) The implementation of customer relations policies: The Company upholds the code of business ethics and maintains a positive relationship with its customers. Policies for customer quality cover aspects about R&amp;D and innovation, ongoing improvements, rapid response, customer satisfaction, earth protection, and environmental care. Technicians are made available to communicate and resolve problems pertaining to the timely delivery of customer orders and after-sales product services.</p>	No significant difference.

Items Assessed	Implementation Status			Any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
viii. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(IX) Purchasing insurance for directors and supervisors: The Company has purchased a NT\$316,100,000 director liability insurance for the period 2024/8/21 to 2025/8/21. The Company has reported the status of insurance renewal to the Board of Directors on 2024/11/08.	No significant difference.

- ix. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year:  
With regard to the items that shall be prioritized for improvement according to the Company's 11th Corporate Governance Evaluation results:

Item	Subject	Improvement Status
1.15	Has the company established and disclosed on its website internal regulations that prohibit directors, employees, and other insiders from trading securities using non-public market information? The internal regulations shall include (but are not limited to) prohibiting directors from trading their company stocks during blackout periods of 30 days prior to the annual financial report announcement and 15 days prior to each quarterly financial report announcement. Has the company elaborated on the implementation status of the regulations?	The Company will include a recommendation in the Board meeting notice to prohibit directors from trading their company stocks during the blackout period of 15 days prior to the financial report announcement.
3.9	Does the company upload to the Market Observation Post System (MOPS) any changes in insiders' shareholding from the previous month on or before the 10th of each month?	The Company will upload to the MOPS any changes in insiders' shareholding from the previous month on or before the 10th of each month.

In 2022, the Company established an ESG Committee to manage sustainability and also set up personnel for information security. In the future, we will continue to increase the disclosure of information in English based on the proportion of foreign shareholding in our shareholder structure.

(IV) The Composition, Responsibilities, and Operation of the Remuneration Committee:

1. The Remuneration Committee serves to assist the Board of Directors with implementing and evaluating the company's remuneration and welfare policies, as well as remuneration for managers.
2. Information Regarding Remuneration Committee Members

Criteria Identity (Note 1) Name		Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of other public companies in which the member also serves as a member of their remuneration committee
Convener and Independent Director	Tung-Hao Ho	See Page 24~26 Disclosure of information on the professional qualifications of directors and independence of independent directors	(1) Not employed by the Company or any of its affiliated companies. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or of a corporate shareholder that ranks among the top five in shareholdings or of a corporate shareholder that appoints a representative, as provided in Paragraphs 1 or 2, Article 27 of the Company Act, to act as a director or supervisor of the company. (6) Not a director, supervisor, or employee of other companies controlled by the same person with more than half of the company's director seat or voting shares. (7) Not a director, supervisor, or employee of another company or institution of the same person or spouse who is the company's chairman, president, or persons with equivalent position. (8) Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or to any of its affiliate, or a spouse thereof, and the service provided is an audit service or a service with compensation. (10) Not a spouse or relative of second degree or closer to any other directors.	None
Independent Director	Chien-Jan Lee			2
Independent Director	Cho-Lan Peng			None

3. Operation of the Remuneration Committee

- (1). The Company's Remuneration Committee consists of 3 members.
- (2). The term of this Committee: 2024/08/02 to 2027/06/25.

A total of 3 committee meetings (A) were held in the most recent year (2024); attendance records are presented below:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Tung-Hao Ho	3	0	100%	-
Member	Chien-Jan Lee	3	0	100%	-
Member	Cho-Lan Peng	3	0	100%	-
<p>Other matters that require reporting:</p> <ol style="list-style-type: none"> <li>i. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors is superior to that suggested by the Remuneration Committee, please specify the deviation and reason): None.</li> <li>ii. For resolution(s) made by the Remuneration Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the company's handling of the said opinions: None.</li> </ol>					

4. Resolutions of the Remuneration Committee:

Date	Discussing Items	Resolution	The Company's handling of the opinions of the Remuneration Committee members.
2024.01.17 The 4th Session (the 1st meeting)	1. Review of the allocation of shares that managers can subscribe to in the Company's 2023 cash capital increase.	Passed as proposed without objection from all Committee Members	None. The Company has submitted it to the Board for approval.
2024.03.13 The 4th Session (The 2nd meeting)	1. Review and deliberation of the Company's proposal for distribution of employee and director remunerations in 2023. 2. Proposal for the discussion on the change of the Company's chief auditor.	Passed as proposed without objection from all Committee Members	None. The Company has submitted it to the Board for approval.
2024.10.04 The 5th Session (the 1st meeting)	1. Discussion, review and deliberation on the Company's proposal for adjustments to remunerations of managers and employees in 2024. 2. Review and deliberation of the Company's proposal for distribution of employee and director remunerations in 2023.	Passed as proposed without objection from all Committee Members	None. The Company has submitted it to the Board for approval.
2025.03.14 The 5th Session (the 1st meeting)	1. Review and deliberation of the Company's proposal for distribution of employee and director remunerations in 2024.	Passed as proposed without objection from all Committee Members	None. The Company has submitted it to the Board for approval.

(V) The Composition, Responsibilities, and Operation of the ESG Committee:

1. The ESG Committee aims to fulfill its corporate social responsibility and promote economic, environmental, and social advancement for sustainable development.

2. Responsibilities:

- (I). Develop the company's sustainability policies, systems, and relevant management guidelines.
- (II). Establish goals, strategies, and implementation plans for the company's sustainability, including sustainable governance, ethical management, environmental concerns, and social aspects.
- (III). Review, track, and revise the company's sustainability practices and their effectiveness, and report regularly to the Board of Directors.
- (IV). Keep track of issues of concern to all stakeholders and oversee communication plans.
- (V). Review risk management policies and related topics.

3. Composition

In 2022, the Board of L&K Engineering approved the establishment of an ESG Committee. The "Sustainable Development Best Practice Principles" have been developed as the company's foundational regulation for promoting sustainable development. To demonstrate its commitment to achieving a net-zero climate, the ESG Committee, with the chairman of the Board as the highest responsible authority, aims to elevate the quality and efficiency of decision-making. The ESG Officer, serving as the commander-in-chief, explains and advances relevant policies to the Board of Directors within the defined scope of powers and responsibilities. The Implementation Team is divided into the Sustainable Strategy Group, the Environment Group, the Governance Group, the Social Group, and the Economic Group. Each group is headed by middle and upper-level managers and comprises committee members reporting to them.



#### 4. ESG Committee Members

Identity	Name	Professional Qualifications and Experience
Convener and Special Assistant to the Chairman	Shu-Ming Hsu	<p><b>Professional Qualifications:</b>  Master's degree, Senior Executives Program, College of Law, National Chung Cheng University  Ph.D., Department of Civil and Construction Engineering, National Taiwan University of Science and Technology  Master of Political Science, National Taiwan University  Master of Economics, National Taiwan University  Experience/Current Position:  Educational Advisory Board member, St. John's University  Educational Advisory Board member and Adjunct Assistant Professor, Department of Civil Engineering, Tamkang University  Ph.D. researcher, Center for Civil Engineering, Karlsruhe Institute of Technology, Germany  Project Manager, Technical Manager, and Special Assistant to the President at Sinotech Engineering Consultants  General Manager, PT Sinotech Engineering Indonesia</p> <p><b>Professional Certifications:</b>  International Engineer (Registration No: 20230184)  APEC Engineer (Registration No : 20200279)  Certificate of Arbitrator (Certificate No.: 2023 Tai-Ying-Zhong-Zi No. 0026)</p> <p><b>Current Positions in Professional Engineers Associations and Engineering Societies:</b>  Chairman, Sustainable Development Committee, Taiwan Professional Civil Engineers Association  Deputy Chairman, Academic Committee, New Taipei City Professional Civil Engineers Association  Supervisor, Rail Engineering Society of Taiwan</p>
Independent Director	Tung-Hao Ho	<p><b>Professional Qualifications:</b>  Bachelor of Laws, College of Law, National Chengchi University  Master of Laws, College of Law, National Chengchi University  Doctor of Laws, College of Law, National Chengchi University</p> <p><b>Experience/Current Position:</b>  Associate Professor of Aletheia University, Nanhua University, Taipei Medical University, Taipei City University of Science and Technology, National Taipei University of Nursing and Health Sciences, and China University of Technology  3rd and 4th Member, NICI Private Advisory Board, Executive Yuan  Director, Legislator's Research Office  Chairman, TWN Mcommerce &amp; Technology Co., Ltd.  Chairman, Zhuocheng Advanced Information Co., Ltd.  Vice President, St. John's University</p>

Identity	Name	Professional Qualifications and Experience
Senior vice president	Shu-Chen Chen	<b>Professional Qualifications:</b> Listed Company CFO Training Completion Certificate, awarded by the Shenzhen Stock Exchange ISO 9001:2015/ISO 14001 2015/OHSAS 18001:2007 Internal Auditor <b>Experience/Current Position:</b> Senior vice President, L&K Engineering Co., Ltd. Supervisor, L&K Engineering (Chongqing) Co., Ltd. (now renamed RSEA Construction Engineering [Chongqing] Co., Ltd.) Senior Vice President, Person in Charge of Finance, and Board Director at L&K Engineering (Suzhou) Co., Ltd. Chairman at Suzhou Xieyi Consulting and Management Co., Ltd.

5. Operations of the ESG Committee

(1)The Company's ESG Committee consists of 3 members.

(2)The term of this Committee: August 2, 2024, to June 25, 2026.

A total of committee meeting (A) was held in the most recent year (2024). The qualifications and attendance of the committee members are as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Shu-Ming Hsu	2	0	100%	
Member	Tung-Hao Ho	1	1	50%	
Member	Shu-Chen Chen	2	0	100%	

6. Resolutions of the ESG Committee:

Date	Discussing Items	Resolution	The Company's Response to the ESG Committee's Opinions
2024.05.10 1st session (the 1st meeting)	1. The implementation status of the Company's 2023 Sustainability Report.	Following the chair's inquiry, the proposal was unanimously approved as proposed by all members in attendance.	None.
2024.11.08 2nd session (the 1st meeting)	1. Proposal for the discussion on the establishment of the "Sustainability Information Management" system of the Company.	Following the chair's inquiry, the proposal was unanimously approved as proposed by all members in attendance.	None.


**(V) Implementation of Sustainable Development, Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and Their Reasons**

The Company's systems and measures and its implementation status with respect to environmental protection, social engagement, social contribution, social services, charity and welfare, consumer interest, human rights, safety and health, and other socially responsible activities.

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Did the company establish a governance framework for the promotion of sustainable development and set up an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, with a senior management delegated by the Board of Directors to handle and report on the same to the board of directors?	V		<p>1. In 2022, the Company formed the ESG Committee to spearhead sustainable development efforts, including one independent director to effectively advance our sustainability goals. Under this committee, the Company has established the Sustainable Strategy Group, the Environment Group, the Governance Group, the Social Group, and the Economic Group.</p> <p>The committee, convened by the ESG Officer, comprises groups each led by a leader responsible for liaison, coordination, organization, and the provision of relevant information to advance each matter and respond to material issues encountered by each function, all within their designated responsibilities.</p> <p>2. The ESG Committee convenes at least twice a year, with flexible adjustments made as necessary. In 2024, meetings were held on May 10 and November 8, during which ESG Committee members presented ESG progress reports.</p> <p>3. The Board of Directors' supervision and responsibilities for sustainability include ensuring the development of sustainability policies in compliance with legal regulations, developing sustainability plans and related proposals, monitoring the implementation progress and results of these proposals, and overseeing the preparation of sustainability reports. The ESG Officer reports sustainable development implementation results to the Board of Directors. In 2024, among the eight Board meetings held, ESG topics were included in the agenda twice. The implementation details are as follows:</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons												
	Yes	No	Summary													
I. Did the company establish a governance framework for the promotion of sustainable development and set up an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, with a senior management delegated by the Board of Directors to handle and report on the same to the board of directors?		V	<table><tr><th>Date</th><th>Management Presentations</th></tr><tr><td>2024/05/10</td><td>The Company’s 2023 Sustainability Report was completed in April 2024. The third-party verification agency conducted site visits on April 15, April 16, and April 26, 2024, respectively. After revisions, the report will be submitted for certification by the verification agency and expected to be published in June 2024.</td></tr><tr><td>2024/11/08</td><td>1. The Company’s 2024 ESG Work Plan and the greenhouse gas inventory focus on activities across offices in Xizhi, Hsinchu, and Tainan, and will incorporate subsidiaries RSEA Engineering Corporation (privatized 2009) and L&amp;K ENGINEERING (SUZHOU) CO., LTD.</td></tr></table> <table><tr><th>Date of board meeting</th><th>Agendas</th><th>Board Operation response</th></tr><tr><td>2024/11/08</td><td>Proposal for the discussion on the establishment of the “Sustainability Information Management” system of the Company.</td><td>Following the chair’s inquiry, the proposal was unanimously approved as proposed by all members in attendance.</td></tr></table> <p>4. To demonstrate its commitment to achieving a net-zero climate, the Company’s ESG Committee, with the chairman of the Board as the highest responsible authority, aims to elevate the quality and efficiency of decision-making. The ESG Officer, serving as the commander-in-chief, explains and advances relevant policies to the Board of Directors within the defined scope of powers and responsibilities. The ESG Committee plans and promotes various sustainable development strategies and risk management policies. By tracking and analyzing domestic and international trends, benchmarking against peers and other industries, and reviewing key domestic and international ratings, the Committee formulates development principles and promotion directions. In 2024, a total of 20 hours of ESG training sessions were conducted to enhance sustainability awareness and risk consciousness.</p> <p>5. The Company prioritizes the use of environmentally friendly materials for customer projects, selecting those with the Green Building Material label, radiation-free certification, and compliance with relevant product inspection standards. This includes office supplies certified with the Environmental Protection Administration’s Green Energy-Saving Label, FSC™ or PEFC forest certification, Taiwan Carbon Footprint Label, and recycled paper products. In 2024, our green procurement for office supplies amounted to NT\$102,591. Donations for social assistance, care</p>	Date	Management Presentations	2024/05/10	The Company’s 2023 Sustainability Report was completed in April 2024. The third-party verification agency conducted site visits on April 15, April 16, and April 26, 2024, respectively. After revisions, the report will be submitted for certification by the verification agency and expected to be published in June 2024.	2024/11/08	1. The Company’s 2024 ESG Work Plan and the greenhouse gas inventory focus on activities across offices in Xizhi, Hsinchu, and Tainan, and will incorporate subsidiaries RSEA Engineering Corporation (privatized 2009) and L&K ENGINEERING (SUZHOU) CO., LTD.	Date of board meeting	Agendas	Board Operation response	2024/11/08	Proposal for the discussion on the establishment of the “Sustainability Information Management” system of the Company.	Following the chair’s inquiry, the proposal was unanimously approved as proposed by all members in attendance.	No significant difference
Date	Management Presentations															
2024/05/10	The Company’s 2023 Sustainability Report was completed in April 2024. The third-party verification agency conducted site visits on April 15, April 16, and April 26, 2024, respectively. After revisions, the report will be submitted for certification by the verification agency and expected to be published in June 2024.															
2024/11/08	1. The Company’s 2024 ESG Work Plan and the greenhouse gas inventory focus on activities across offices in Xizhi, Hsinchu, and Tainan, and will incorporate subsidiaries RSEA Engineering Corporation (privatized 2009) and L&K ENGINEERING (SUZHOU) CO., LTD.															
Date of board meeting	Agendas	Board Operation response														
2024/11/08	Proposal for the discussion on the establishment of the “Sustainability Information Management” system of the Company.	Following the chair’s inquiry, the proposal was unanimously approved as proposed by all members in attendance.														

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Did the company establish a governance framework for the promotion of sustainable development and set up an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, with a senior management delegated by the Board of Directors to handle and report on the same to the board of directors?	V		initiatives, and community contributions totaled NT\$20,986,000. In terms of industry engagement, the Company continues to leverage its core expertise in engineering to contribute knowledge and services to various projects. At the same time, we actively participate in professional associations and guilds, jointly supporting their development and fostering opportunities for international economic and cultural exchange. Additionally, we remain committed to professional talent training, enhancing the influence of engineering and promoting sustainable industrial growth to improve competitiveness. Based on industry-academia collaboration, we have further implemented in-depth campus programs to bridge the gap between education and practical application, ensuring timely alignment with industry needs. In partnership with the Department of Electronic Engineering at St. John's University, we offer a scholarship-based recruitment model that grants four years of tuition-free education to actively cultivate electromechanical talent. This initiative aims to address the imbalance between labor supply and demand in society. Additionally, we regularly provide funding for the "Employment Upon Admission" program for students.	No significant difference
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?	V		<p>1. The disclosed information covers the period from January 1 to December 31, 2024, and includes various actions and performance data related to corporate management, environmental protection, and social engagement of the Company. The scope of this report focuses on the Company's operations in Taiwan. The disclosure also extends to external stakeholders, including investors, suppliers/contractors, employees, communities/government/schools, banks, and the media.</p> <p>2. The ESG Committee plans and promotes various sustainable development strategies and risk management policies. By tracking and analyzing domestic and international trends, benchmarking against peers and other industries, and reviewing key domestic and international ratings, the Committee formulates development principles and promotion directions to enhance sustainability awareness and risk consciousness.</p> <p>To facilitate the company's robust operation and sustainable development, and to establish a comprehensive risk management culture, the risk management policy is designed to define various mechanisms in line with the company's overall operating policy, preventing potential losses within an acceptable risk range. Adapting to changes in the internal and external environment, continuous adjustments and improvements of best practices for risk management are made to protect the interests of employees, shareholders, partners, and customers, increase company value, and achieve optimal allocation of the company's resources.</p> <p>In the risk management organization, the goal is to promote and implement the company's comprehensive risk management practices, clearly understanding the operational risks the company faces to ensure the effectiveness of risk management. Risk management is coordinated and directed</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?			<p>by the ESG Committee, which is responsible for promoting and implementing the risk management plan. In view of the increasing emphasis on management issues and the company's active efforts to address and control the risks that should be considered during the operation process, the Company requires the heads of each execution unit for risk management to assume responsibility for analyzing and monitoring relevant risks within their units, reasonably ensuring the effective execution of risk management mechanisms and procedures.</p> 	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary			
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?			Risk identification and response strategies are as follows:	No significant difference		
			Material Topics		Risk Assessment Item	Risk Management Strategy
			Environment		Climate change	Support the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). Implement governance of climate-related risks and opportunities, and annually disclose work progress and results in the sustainability report in accordance with the TCFD-recommended framework.
			Social		Occupational health and safety	The Company complies with government laws and regulations, has achieved certification in “ISO 45001 Occupational Health and Safety Management System” and “ISO 14001 Environmental Management Systems,” and continuously maintains a safe working environment. The Company facilitates a health management system to improve the physical and mental well-being of employees.
					Talent development	L&K Engineering Co., Ltd. has incorporated “Sustainable Talent Development” into its strategic planning blueprint to cultivate a mindset of sustainable and diversified development among all employees.
					Employee rights and diversified development	Ensure employee diversity and equality in the workplace.
					Waste	Comply with government laws and regulations in waste management.

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary			
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?					No significant difference	
			Material Topics	Risk Assessment Item		Risk Management Strategy
			Corporate governance	Information security and customer privacy		Follow the “Information Security Management Policy” to ensure that prompt response measures are taken in the event of emergencies, such as malicious attacks, destruction, or misuse, thereby minimizing potential damage that could adversely affect and jeopardize the Company’s business operations.
				Compliance		Ensure that all company personnel and operations strictly comply with relevant laws and regulations, and proactively obtain regulations and standards established by government and related industry bodies.
				Supplier management		Engage deeply with suppliers.
				Economic performance		Sustained growth in revenue and net profit. Optimize corporate financial structure.
			3. The Company follows the GRI Standards (sustainability reporting standards) and the AA1000 Type 1 Stakeholder Engagement Standard to develop a materiality analysis framework based on identification, analysis, confirmation, and impact assessment. This framework is used to identify material topics of the Company as planning tools for sustainable development.			
4. The Company collected valid questionnaires on sustainable development and operational impact from executives and eight categories of stakeholders. Through a materiality issue matrix, we identified eight material topics, which were confirmed by the ESG Officer in a meeting held in February 2024.						




Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons											
	Yes	No	Summary												
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?			<table><tr><th>Aspect</th><th>Material topic</th><th>Strategy</th></tr><tr><td rowspan="2">Environment</td><td>Materials</td><td>The Company operates in the engineering services industry and does not engage in internal manufacturing or production. According to GRI definitions, there is no recorded material weight, use of recycled materials, or recycled products and their packaging. The Company procures office supplies that include FSC-certified, carbon-reducing labeled, and eco-labeled paper products and packaged water.</td></tr><tr><td>Waste management</td><td>Decommissioned office equipment is recycled and reused by regeneration companies. Waste classification is implemented to reduce overall waste.</td></tr><tr><td>Social</td><td>Employer-employee relations</td><td>The Company ensures a well-structured and positive workplace environment, enhances employee interaction and communication skills, and continuously updates welfare and compensation systems.</td></tr></table>	Aspect	Material topic	Strategy	Environment	Materials	The Company operates in the engineering services industry and does not engage in internal manufacturing or production. According to GRI definitions, there is no recorded material weight, use of recycled materials, or recycled products and their packaging. The Company procures office supplies that include FSC-certified, carbon-reducing labeled, and eco-labeled paper products and packaged water.	Waste management	Decommissioned office equipment is recycled and reused by regeneration companies. Waste classification is implemented to reduce overall waste.	Social	Employer-employee relations	The Company ensures a well-structured and positive workplace environment, enhances employee interaction and communication skills, and continuously updates welfare and compensation systems.	No significant difference
Aspect	Material topic	Strategy													
Environment	Materials	The Company operates in the engineering services industry and does not engage in internal manufacturing or production. According to GRI definitions, there is no recorded material weight, use of recycled materials, or recycled products and their packaging. The Company procures office supplies that include FSC-certified, carbon-reducing labeled, and eco-labeled paper products and packaged water.													
	Waste management	Decommissioned office equipment is recycled and reused by regeneration companies. Waste classification is implemented to reduce overall waste.													
Social	Employer-employee relations	The Company ensures a well-structured and positive workplace environment, enhances employee interaction and communication skills, and continuously updates welfare and compensation systems.													

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons								
	Yes	No	Summary									
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?				No significant difference								
			<table><tr><th>Aspect</th><th>Material topic</th><th>Strategy</th></tr><tr><td rowspan="2">Social</td><td>Labor-management relations</td><td>The Company benchmarks industry salary and benefits standards to provide a competitive compensation and welfare system. It continuously improves the performance evaluation system and fosters smooth two-way communication between labor and management. In cases where significant operational changes necessitate terminating employment contracts with employees, the Company will provide advance notice in accordance with local labor regulations at each operational site.</td></tr><tr><td>Occupational health and safety</td><td>The Company rigorously implements independent environmental, health, and safety management at construction sites. It strengthens workplace-wide awareness and action regarding occupational health and safety and implements site management to guarantee construction safety.</td></tr></table>		Aspect	Material topic	Strategy	Social	Labor-management relations	The Company benchmarks industry salary and benefits standards to provide a competitive compensation and welfare system. It continuously improves the performance evaluation system and fosters smooth two-way communication between labor and management. In cases where significant operational changes necessitate terminating employment contracts with employees, the Company will provide advance notice in accordance with local labor regulations at each operational site.	Occupational health and safety	The Company rigorously implements independent environmental, health, and safety management at construction sites. It strengthens workplace-wide awareness and action regarding occupational health and safety and implements site management to guarantee construction safety.
			Aspect		Material topic	Strategy						
Social	Labor-management relations	The Company benchmarks industry salary and benefits standards to provide a competitive compensation and welfare system. It continuously improves the performance evaluation system and fosters smooth two-way communication between labor and management. In cases where significant operational changes necessitate terminating employment contracts with employees, the Company will provide advance notice in accordance with local labor regulations at each operational site.										
	Occupational health and safety	The Company rigorously implements independent environmental, health, and safety management at construction sites. It strengthens workplace-wide awareness and action regarding occupational health and safety and implements site management to guarantee construction safety.										

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary			
II. Does the company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?					No significant difference	
			Aspect	Material topic		Strategy
			Social	Training and education		The Company develops digital courses, promotes collaborative learning and cultivation programs, and implements elite talent development training programs. It also facilitates mentorship and diligent management for new employees to help them quickly integrate into the workplace and adapt to their roles.
				Employee diversity and equality		The Company exceeds legal requirements by hiring a diverse workforce. It promotes a friendly workplace environment and continuously improves compensation and promotion systems.
				Customer privacy		The Company complies with customer data management regulations and continually enhances technology-driven information security management.

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
III.Environmental issues				
(I) Does the Company establish proper environmental management systems based on the characteristics of its industries?	V		<p>The Company has implemented the ISO 14001 Environmental Management Systems, adopting an integrated management approach to environmental factors. In practical execution, it has been consolidated with the ISO 45001:2018 Occupational Health and Safety Management Systems to form a unified environmental, health, and safety management system. This integration facilitates incorporation into the Company's overall daily operations, ensuring comprehensive risk management. The system has also been certified by a third party, with the certification valid from September 15, 2024, to September 15, 2027.</p> <p>To ensure the effectiveness of the environmental management system, in addition to regular and ad-hoc internal audits, third-party verification agencies also conduct annual external audits at the Company's headquarters and randomly selected project sites. Over the past five years, the Company has not experienced any major environmental pollution incidents or received any significant environmental fines (defined as fines exceeding US\$10,000 per instance). These results reflect the Company's efforts and achievements in environmental management.</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(I) Does the Company establish proper environmental management systems based on the characteristics of its industries?				No significant difference
(II) Is the company committed to improving energy efficiency and using recycled materials which have a low impact on the environment?	V		<ol style="list-style-type: none"> <li>1. The Company establishes environmental safety and health policies and regularly raises the environmental awareness of all of its employees.</li> <li>2. The Company has installed recycling bins for resource classification and constantly reminds its employees to recycle resources, and reduce and reuse waste.</li> <li>3. The Company controls the air-conditioner temperature during summer and effectively utilizes resources to achieve the goals of energy conservation and carbon reduction.</li> <li>4. To improve the efficiency of resource utilization, the Company has taken several measures, including replacing old appliances with energy-saving ones, fitting faucets with water-saving valves, and recycling overflow water from cooling towers into fire water tanks.</li> </ol>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(II) Is the company committed to improving energy efficiency and using recycled materials which have a low impact on the environment?			<p>5. The Company procures office paper products that are PEFC-certified, ensuring they do not contribute to the destruction of natural forests and help protect the natural ecosystem.</p> <p>6. To mitigate environmental impact, the Company has promoted various action plans for reducing carbon emissions, aiming to encourage employees to emphasize energy, water, and fuel conservation in their daily activities. By fostering a mindset shift, these values can be integrated into daily behaviors and ultimately become habits.</p> <p>7. In 2024, the greenhouse gas inventory primarily covered the emissions from three office locations in Taiwan under the Company's operational control: Xizhi, Hsinchu, and Tainan. The total fuel consumption was 33,181 liters, with an energy intensity of 0.0037 tons CO<sub>2</sub>e per million work hours. The total electricity consumption was 714,667 kWh, with an energy intensity of 0.0135 tons CO<sub>2</sub>e per million work hours. The Company's total carbon emissions from energy use amounted to 710 tons CO<sub>2</sub>e, with ongoing management efforts to improve energy use efficiency.</p>	No significant difference
(III) Does the Company assess potential risks and opportunities arising from climate as they relate to its current and future business, and does it take corresponding measures to address them?		V	<p>The Company supports the FSB by implementing the four core elements outlined in the TCFD Recommendations: governance, strategy, risk management, and metrics and targets. Based on these, the Company has initiated governance efforts for managing climate-related risks and opportunities. We disclose this year's progress and achievements in accordance with the TCFD-recommended framework. The Company identified four material risks, including "technical services," and two opportunities, including "products and services," through a matrix analysis and assessed their potential financial impacts using scenario analysis. To mitigate potential risks, the Company has implemented various management strategies. In terms of climate change adaptation, it has strengthened fundamental measures and considered regulations for outdoor heat hazard risk management to lay the foundation for sustainable operational capabilities while seizing potential business opportunities.</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																								
	Yes	No	Summary																									
(IV) Does the Company calculate the greenhouse gas emission, water consumption and total weight of waste in the past two years, and establish policies for carbon reduction, greenhouse gas and water consumption reduction or other waste management?	V		<p>The Company’s greenhouse gas inventories cover three office locations under its operational control: Xizhi, Hsinchu, and Tainan. The initial inventory was conducted in 2022, which serves as the baseline year. Relevant data is collected, and emission reduction plans are implemented, detailing the measures taken and their execution to achieve the targets.</p> <p>The Company’s greenhouse gas emissions over the past two years are as follows: According to the definitions outlined in the “Guidelines for Greenhouse Gas Emission Inventory” established by the Ministry of Environment, Executive Yuan, the Company’s major energy consumption activities are included in our greenhouse gas inventories and are not considered to have a material impact. Scope 1 emissions account for 27.5% of total emissions, while Scope 2 emissions from purchased electricity account for 27.2%. Combined, Scope 1 and Scope 2 emissions make up 50% of total emissions. Based on the above analysis, the disclosed greenhouse gas emissions are as follows.</p> <table><tr><th>year</th><th>Scope 1 Carbon emissions (metric tons of CO2e)</th><th>Reduction target %</th><th>Change %</th></tr><tr><td>111</td><td>416</td><td>Base year</td><td>-</td></tr><tr><td>113</td><td>357</td><td>1%</td><td>-14%</td></tr></table> <table><tr><th>year</th><th>Scope 2 Carbon emissions (metric tons of CO2e)</th><th>Reduction target %</th><th>Change %</th></tr><tr><td>111</td><td>335</td><td>Base year</td><td>-</td></tr><tr><td>113</td><td>353</td><td>0.5%</td><td>+5.37%</td></tr></table>	year	Scope 1 Carbon emissions (metric tons of CO2e)	Reduction target %	Change %	111	416	Base year	-	113	357	1%	-14%	year	Scope 2 Carbon emissions (metric tons of CO2e)	Reduction target %	Change %	111	335	Base year	-	113	353	0.5%	+5.37%	No significant difference
year	Scope 1 Carbon emissions (metric tons of CO2e)	Reduction target %	Change %																									
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Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																								
	Yes	No	Summary																									
(IV) Does the Company calculate the greenhouse gas emission, water consumption and total weight of waste in the past two years, and establish policies for carbon reduction, greenhouse gas and water consumption reduction or other waste management?			<div>Water resources<table><thead><tr><th>Year</th><th>Total Water Consumption (cubic meters)</th><th>Reduction Target</th><th>Change %</th></tr></thead><tbody><tr><td>111</td><td>3,791</td><td>Base year</td><td>-</td></tr><tr><td>113</td><td>3,498</td><td>0.5%</td><td>-7.73%</td></tr></tbody></table></div> <div>Total waste<table><thead><tr><th>Year</th><th>Waste (tons)</th><th>Reduction Target</th><th>Change %</th></tr></thead><tbody><tr><td>111</td><td>11.97</td><td>Base year</td><td>-</td></tr><tr><td>113</td><td>20.18</td><td>0.3%</td><td>+68.6%</td></tr></tbody></table></div> <div>The Company continues to monitor and manage energy-saving measures. In 2024, additional carbon reduction measures were implemented, with the following actions and benefits: 1. Lighting: Installed motion-sensor lighting in restrooms; replaced fluorescent tubes with energy-efficient alternatives when needed; promoted the habit of turning off lights when not in use. 2. Water dispensers: Set to power off during rest periods. 3. Office equipment: Configured to enter energy-saving mode when not in use. During the period, electricity prices increased, and the disposal of office furniture, such as desks, cabinets, and chairs, led to a rise in waste generation. The emissions from office operations remained relatively stable, resulting in minimal impact from the implemented carbon reduction measures. In the Hsinchu office, some office desks and chairs had deteriorated beyond use and were replaced, contributing to the increase in waste generation this year.</div>	Year	Total Water Consumption (cubic meters)	Reduction Target	Change %	111	3,791	Base year	-	113	3,498	0.5%	-7.73%	Year	Waste (tons)	Reduction Target	Change %	111	11.97	Base year	-	113	20.18	0.3%	+68.6%	No significant difference
Year	Total Water Consumption (cubic meters)	Reduction Target	Change %																									
111	3,791	Base year	-																									
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Year	Waste (tons)	Reduction Target	Change %																									
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113	20.18	0.3%	+68.6%																									
IV.Social issues																												
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and		V	<div>The Company is committed to respecting and protecting fundamental human rights. It recognizes and supports the Universal Declaration of Human Rights (UDHR) and relevant domestic laws concerning human rights, labor standards, environment, and anti-corruption principles. To ensure that daily operations align with corporate ethics, the Company has established fundamental conduct standards for directors, managers, and general employees to comply with. These include the “Corporate Governance Guidelines” and the “Code of Ethics.”</div> <div>In compliance with various labor laws, the Company organizes labor and national health insurance for its employees and contributes to their pensions to ensure employee rights. In addition to protecting employees’ statutory labor rights, the Company also purchases group accident insurance, life insurance, and other commercial insurance policies for all its employees.</div>	No significant difference																								



Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
the International Bill of Human Rights?			The Company's "Work Rules" and "Employee Safety and Health Rules" which were submitted in accordance with law, have been approved and kept for reference by the Labor Affairs Bureau. The Company established the "Human Rights Policies and Management Measures", which have been published on the Company's website to respect the guarantees established in human rights treaties. The governance system of the Company covers ethical standards, labor and human rights, health and safety, environmental management systems. Furthermore, an Employee Welfare Committee has been established to protect employee rights as well as their health and safety.	No significant difference
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect business performance or results in employee remuneration?		V	<p>The Company's overall compensation structure is designed to achieve internal equity and external competitiveness, while being linked to performance to enhance motivation. The Company adopts diverse welfare systems and a complete set of retirement guidelines that comply with law.</p> <p>(1) In accordance with the Labor Standards Act, the Company has developed the "Work Rules" that cover remuneration, bonuses, working hours, paid time off, attendance, assessments, and other benefits. Please refer to the Labor Relations section for details on employee welfare.</p> <p>(2) The Company implements job rank system, in which ranks are assigned according to an employee's skills, and salaries are adjusted to their rank. Except for employees subject to performance appraisals, all other employees can have their salary adjusted to inflation.</p> <p>(3) The Company has established the Labor Pension Supervisory Committee in accordance with regulations. Pension contributions are regularly deposited into accounts held under Bank of Taiwan (formerly Central Trust of China). Regular meetings to review pension contributions and use are held to protect employee rights. For employees that opt for the new pension system, a monthly contribution at 6% of their salary is deposited into their individual pension accounts with the Bureau of Labor Insurance.</p> <p>(4) According to our Articles of Incorporation, if the Company is profitable during the year, 3%-5% of the profits shall be allocated for employee remuneration.</p> <p>(5) The Company has established a reward system that includes performance assessments and employee remuneration. Operating profits are shared with employees based on their performance, so that employee salaries grow in line with the company.</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company provide a safe and healthy working environment and organize training on safety and health for its employees on a regular basis?		V	<p>Providing a safe and friendly workplace is a commitment and a fundamental guarantee that an enterprise offers to its employees. Therefore, creating a positive working environment, ensuring employee safety in the workplace, and promoting the physical and mental health of employees are primary responsibilities of any company. The Company incorporates relevant training into its routine operations. Through practical simulations of emergency situations, it builds employees' evacuation and response skills, ensuring they are well-prepared with adequate knowledge to reduce the risk of injuries. Additionally, the Company has established an Occupational Safety and Health Committee, as mandated by the Occupational Safety and Health Act, and consistently maintains certifications for the ISO 14001 Environmental Management Systems, the ISO 45001 Occupational Safety and Health Management System (valid from September 15, 2024, to September 15, 2027), and the CNS 45001 Taiwan Occupational Safety and Health Management System (valid from September 15, 2024, to September 15, 2027).</p> <p>The Company's professionals responsible for engineering safety conduct unscheduled visits to construction sites to inspect the working environment. These inspections entail the following:</p> <p>(1) Improving the working environment, strengthening safeguards in engineering areas, and ensuring the use of appropriate personal protective equipment and safety signs to reduce the incidence of occupational accidents.</p> <p>(2) Personnel holding a certificate of qualification are required to take refresher training regularly to acquire relevant knowledge and skills.</p> <p>The Company's initiatives to ensure a safe and healthy work environment include semi-annual environmental monitoring of CO2 emissions in the office space. The potential hazards in machine and equipment SOP are monitored, and education and training are provided to operating personnel. Occupational injuries are analyzed and discussed as per regulations and subsequently improved to avoid reoccurrence. The Company offers safety and health education training courses for newly hired employees. Quarterly meetings with the Occupational Safety and Health Committee are held to discuss environmental safety and health issues with unit supervisors and raise their awareness. Unit supervisors of a specific operation at an operating site are educated and trained, and applicable certifications are obtained to reinforce knowledge on onsite safety management. A breastfeeding room is provided for pregnant employees, and employees are given parental leave. The Company regularly monitors the working environment and conducts inspections of drinking water quality. Regular health check-ups for employees serve as reminders of their health status. Relevant events and courses are organized in the hope of improving employees' health. The Company conducts self-defense fire response team training every six months, self-inspects fire prevention and evacuation facilities monthly, and submits an annual inspection report for fire safety equipment. In accordance with the Occupational Safety and Health Act,</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Does the Company provide a safe and healthy working environment and organize training on safety and health for its employees on a regular basis?			the Company regularly provides general and specialized safety and health training. Employees holding professional certifications must undergo retraining within the legally required timeframe to ensure the validity of their certifications. The Company also regularly publishes awareness information on bulletin boards to enhance knowledge of health, safety, and hygiene.	No significant difference
(IV) Has the Company established an effective career development training program for employees?	V		<p>The Company plans functional training for both managerial and non-managerial employees at all levels, tailored to their specific positions. The training includes newcomer training, professional training, and training for managers, among others, to help employees continuously learn and grow through diverse learning methods. Additionally, relevant personnel are assigned to participate in external professional training courses based on the training plans or needs proposed by their managers, further cultivating their key professional competencies. Employees may also take the initiative to request further education based on their duties or professional needs, and participate in legally compliant continuing education or qualification training courses to obtain relevant certificates or expertise to enhance their career development potential. In addition, during the performance assessment and promotion process, the Company considers employee performance status and actively encourages self-learning and the strengthening of professional competencies required for their positions. This aims to integrate personal, family, and work life, thereby creating a virtuous cycle that supports both the company's talent cultivation and retention as well as the employees' personal growth. The business performance or achievements of the Company shall be reflected appropriately in the employee remuneration policy to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainability.</p> <p>Training hours over the past three years:</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																
	Yes	No	Summary																	
(IV) Has the Company established an effective career development training program for employees?	V		<table><tr><th>Year</th><th>Number of Participant Instances</th><th>Total Hours</th><th>Average Hours</th></tr><tr><td>2022</td><td>1,020</td><td>5,959</td><td>12</td></tr><tr><td>2023</td><td>1,744</td><td>7,492</td><td>15</td></tr><tr><td>2024</td><td>2,121</td><td>7,997</td><td>17</td></tr></table>	Year	Number of Participant Instances	Total Hours	Average Hours	2022	1,020	5,959	12	2023	1,744	7,492	15	2024	2,121	7,997	17	No significant difference
Year	Number of Participant Instances	Total Hours	Average Hours																	
2022	1,020	5,959	12																	
2023	1,744	7,492	15																	
2024	2,121	7,997	17																	
(V) Does the company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing and labeling of products and services, and other related issues and does it establish relevant consumer or customer protection policies and grievance procedures?	V		The Company specializes in engineering and offers services in business, design, construction, procurement, and technical consulting, among others. We ensure that we first enter into contracts that comply with legal and international standards with customers before proceeding with the provision of related services. Moreover, open channels of communication with suppliers are maintained to safeguard the reasonable interests and rights to which both parties are entitled on the basis of mutual trust and reciprocity. The Company complies with personal data protection and information security systems at both the management and technical levels to meet the information security requirements of our customers, employees, and suppliers, while also protecting the privacy and property rights of all relevant stakeholders. In compliance with relevant laws, regulations, and international standards, the Company has developed a code of conduct and policies on customer health, safety, and privacy. In addition, a “Whistleblower Mailbox” has been set up on the Company’s website, an “Employee Feedback Box” has been installed in the offices, and a “Complaint Mailbox” has been placed at each project site to provide all stakeholders with channels to ask questions, file complaints, or make suggestions. The Company upholds the principle of integrity and ensures proper handling of these matters. Anonymous reports are also accepted. Upon receiving a report, the President and the Chief Auditor shall handle the receipt, classification, analysis, investigation, reporting, arbitration, and follow-up on improvement results in accordance with applicable SOPs. The identity of the whistleblower and the contents of the report are strictly kept confidential. Appropriate protective measures are taken in compliance with the law to prevent unfair retaliation or treatment.	No significant difference																

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(VI) Has the company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	V		<p>The Company has established relevant evaluation and management guidelines - "Guidelines for New Supplier Adoption and Supplier Evaluation and Selection". The Company stipulates suppliers' compliance obligations in its business contracts and communicates to suppliers the Company's supplier management system (which covers environmental, occupational safety and health, or human rights requirements). The supplier and its personnel are strictly forbidden to offer any benefits to the Company's personnel for the purpose of facilitating contract signing, seeking unlawful gains, avoiding losses, or any other illicit intentions.</p> <p>The Company's contracts with major suppliers include clauses stating that the contract may be terminated or rescinded at any time if a supplier violates relevant laws or regulations and causes a significant impact on the environment or society.</p>	No significant difference
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the reports above?	V		<p>The Company's Sustainability Report discloses relevant corporate information based on material topics, the GRI Standards, the Sustainability Accounting Standards Board (SASB) standards, and the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. The report is also verified by an external verification body. The most recent Sustainability Report was published in June 2024 and was verified by AFNOR Asia Ltd. in accordance with the international AA1000 standard at the moderate assurance level under the comprehensive option, with an assurance statement issued.</p>	No significant difference

Items Assessed	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”: The Company has formulated the Sustainable Development Best Practice Principles. No significant difference.				
VII. Other important information to facilitate better understanding of the company’s sustainability efforts				
<div>1. Environmental protection: The Company implements environmental control and management in accordance with regulations. Please see information on environmental expenditures.</div> <div>2. Human rights: All employees of the Company are provided with equal employment opportunities, irrespective of their sex, religion, race, or party affiliation. The Company fosters a positive workplace environment to protect its employees from discrimination and harassment.</div> <div>3. Safety and health: The Company implements safety and health control and management in accordance with governmental laws and regulations.</div> <div>4. Social services: The Company provides social services from time to time, improves its social engagement, contribution, and services, and actively participates in social rescue and relief activities, such as:<div><div>(1) Donating resources and money on a regular basis to children who are under the care of the Center for Children and Families in Hsinchu.</div><div>(2) Making regular donations to the Friends of the Police Association in Hsinchu County.</div><div>(3) Making regular donations to St. John’s University.</div><div>(4) Making regular donations to Xingang Fengtian Temple in Chiayi County.</div><div>(5) Donated to the Taiwan High-Tech Facility Association</div><div>(6) Donated to the Mokichi Okada International Association (MOA).</div><div>(7) The company has established long-term educational partnerships with St. John’s University, Cheng Shiu University, Tungnan University, Lunghwa University of Science and Technology, Chien Hsin University of Science and Technology, Southern Taiwan University of Science and Technology, Kun Shan University, National Penghu University of Science and Technology andNational Taipei University of Technology. We trained 39 interns in 2022 , 36 interns in 2023 and 12 interns in 2024, and establish a scholarship and renewal bonus system to encourage young students to pursue internships. This initiative is designed to prepare the Company by cultivating a talent reserve, thereby supporting our goal of sustainable business operations. In 2023, the Board of Directors approved, through a resolution, a partnership project with St. John’s University. This partnership includes a commitment to regular donations to support the school’s education. In 2023 and 2024, the Company donated NT\$20 million each year aimed at cultivating engineering talent for society, thus contributing to the development of human resources in the engineering industry and fulfilling our social responsibilities.</div></div></div>				

## Status of Climate-Related Information Implementation

Item	Implementation Status
<p>1. Elaboration on the supervision and governance of climate-related risks and opportunities by the Board of Directors and management team.</p>	<p>To demonstrate its commitment to achieving a net-zero climate, the ESG Committee, with the chairman of the Board as the highest responsible authority, aims to elevate the quality and efficiency of decision-making. The ESG Officer, serving as the commander-in-chief, explains and advances relevant policies to the Board of Directors within the defined scope of powers and responsibilities. The Implementation Team under the ESG Committee is divided into the Sustainable Strategy Group, the Environment Group, the Governance Group, the Social Group, and the Economic Group. Each group manages specific business aspects related to their responsibilities. Progress and effectiveness of implementation are reported to the Board of Directors.</p> <p>Considering the importance of climate change to the company's expertise in sustainable development, we have been enhancing the practical experience and knowledge of our managers in areas related to climate change. To strengthen the management of the impact on finance from climate-related risks and opportunities, the Company has evaluated the potential impacts and likelihood of occurrence, developed corresponding action plans, implemented supervision measures, and reported these outcomes to the Board of Directors.</p>
<p>2. Elaboration on the impact of identified climate-related risks and opportunities on the company's business, strategies, and finances (short-, medium-, and long-term).</p>	<p>The Company utilizes a risk matrix to identify material climate risks and opportunities from the perspectives of the organization, suppliers, and customers. The impacts on each aspect are as follows:</p> <ul style="list-style-type: none"> <li>♦ Short-term risks: Information security threats, labor shortages, and rising raw material prices and labor costs may increase procurement costs.</li> <li>♦ Short-term opportunities: Strengthen information security equipment and enhance technical collaboration with suppliers to reduce operating costs.</li> <li>♦ Medium-term risks: Limited business scope, technology talent gaps, environmental impact, and occupational accidents may reduce competitiveness, leading to customer loss.</li> <li>♦ Medium-term opportunities: Expand the Company's scale by extending its business reach into international markets, strengthen EPC capabilities to build a reputation for concrete achievements, encourage employees to pursue diversified learning opportunities throughout their careers, support government environmental initiatives and policies, and promote a workplace environment that presents zero occupational hazards and low risks, ensuring it is healthy and safe, contributing to strategic and diversified development.</li> <li>♦ Long-term risks: Failure to seize opportunities in the low-carbon and green energy industries may lead to a decrease in new contract signings.</li> <li>♦ Long-term opportunities: Meet customer demands for net-zero transition and develop a client base focused on net-zero initiatives to increase new contract signings.</li> </ul>

Item	Implementation Status
2. Elaboration on the impact of identified climate-related risks and opportunities on the company's business, strategies, and finances (short-, medium-, and long-term).	<ul style="list-style-type: none"> <li>Financial impact: Risk Concerns: The company could face potential financial risks related to increased operating costs, which may adversely affect revenue. Opportunities: These include strengthening system management, expanding technical capabilities, and increasing revenue.</li> <li>Strategy and business direction: The company is shifting its focus to specialize in green engineering projects, concentrating on the design of systems for energy conservation and carbon reduction for our customers. This transition is intended to enhance our reputation through proven achievements and to capitalize on new business opportunities, ultimately driving revenue growth.</li> </ul>
3. Elaboration on the impact of extreme climate events and transition actions on finances.	The Company has identified two key risks that impact finances: "policies and regulations" and "technical services." These risks may lead to increased operating costs, a rise in penalty cases, and reduced revenue. In response, the Company has implemented multiple action plans to enhance market competitiveness. At the same time, the Company has identified two key opportunities: "energy sources" and "products/services." These opportunities can help reduce operating costs and increase revenue.
4. Elaboration on how climate-related risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company evaluates transition risks and physical risks based on the Task Force on Climate-related Financial Disclosures (TCFD) framework. The ESG Committee discusses climate change-related issues under the TCFD framework within each department, assesses the impact on the value chain, identifies key risks and opportunities, and evaluates short-, medium-, and long-term strategies and financial implications. The Company develops energy-saving and carbon reduction plans to enhance climate change-related financial disclosures, facilitate stakeholder communication, strengthen organizational climate resilience, and adapt to and mitigate the impacts of climate change risks.
5. When using scenario analysis to assess resilience to climate change risks, it is required to explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts involved.	<p>The Company follows the TCFD framework to analyze transition and physical risks, assessing the impacts on its operations and value chain under different global greenhouse gas emission control scenarios and developing response strategies.</p> <p>Regarding physical risks, the Intergovernmental Panel on Climate Change released its Sixth Assessment Report in 2021, which projects long-term climate changes using global climate models. The report incorporates Shared Socioeconomic Pathways to account for greenhouse gas emissions under different social and economic conditions, covering climate change assessments across global regions.</p> <p>Regarding transition risks, as net zero by 2050 has become an international trend and a climate policy direction in Taiwan, the Company evaluates its net-zero pathway based on the 2050 net-zero emissions scenario set by the International Energy Agency in the World Energy Outlook 2022 report and Taiwan's Nationally Determined Contribution.</p>



Item	Implementation Status
<p>6. If there is a transition plan in response to climate-related risk management, please describe the plan along with the indicators and targets used to identify and manage both physical and transition risks.</p>	<p>The Company operates in the engineering services industry and does not engage in manufacturing or production. It has implemented reduction plans at its three offices in Xizhi, Hsinchu, and Tainan, which fall under its operational control. However, it has not yet invited upstream and downstream business partners to collaborate on emission reduction efforts. The Company's reduction targets are set based on the 1.5°C scenario of the SBTi and aligned with its operational activities. Using 2022 as the baseline year, the Company's short-term (2025), medium-term (2030), and long-term (2050) targets aim for a 1% reduction in Scope 1 emissions and a 0.5% reduction in Scope 2 emissions.</p>
<p>7. If internal carbon pricing is used as a planning tool, it is required to explain the basis for price setting.</p>	<p>The Company operates in the engineering services industry and continuously monitors domestic and international carbon pricing developments. In addition to the carbon fee system announced by the Environmental Protection Administration, the Company also assesses the European Union's Carbon Border Adjustment Mechanism (CBAM). When preparing bids and procuring materials for projects, it must evaluate the financial impact of carbon fees and adjust its cost structure accordingly.</p>
<p>8. If any climate-related targets are established, it is required to provide information including the activities covered, the scope of GHG emissions, the planned time line, and annual progress compared to the targets. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets, it is required to detail the source and quantity of the carbon reduction credits used for offsets, or the number of RECs.</p>	<p>The Company has set greenhouse gas reduction targets for its three offices in Xizhi, Hsinchu, and Tainan, which fall under its operational control. These targets are based on the 1.5°C scenario of the SBTi and aligned with its operational activities. Using 2022 as the baseline year, the Company's short-term (2025), medium-term (2030), and long-term (2050) targets aim for a 1% reduction in Scope 1 emissions and a 0.5% reduction in Scope 2 emissions. The Company's Scope 1 emissions include fuel consumption from company vehicles, with fuel usage varying depending on the scale of projects. The Company does not utilize carbon offsets, renewable energy certificates, or any quantity of renewable energy certificates.</p>

Item	Implementation Status
<p>9. Inventory and assurance of GHG emissions, reduction targets, strategies, and tangible action plans (details provided in Appendices 1-1 and 1-2).</p>	<p>1. Please refer to Appendix 1-1 below for details of greenhouse gas inventory and assurance. 2. Please refer to Appendix 1-2 below for details of reduction targets, strategies, and specific action plans.</p>

# Appendix 1-1 GHG Inventory and Assurance for the Last Two Years

<p>Company Profile</p> <p><input type="checkbox"/> Companies with capital of NT\$10 billion or more, or those in the steel or cement industries</p> <p><input type="checkbox"/> Companies with capital of NT\$5 billion or more but under NT\$10 billion</p> <p><input checked="" type="checkbox"/> Companies with capital under NT\$5 billion</p>	<p>According to the Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies, the minimum required disclosures are</p> <p><input checked="" type="checkbox"/> Inventory of the parent company as an individual entity</p> <p><input type="checkbox"/> Inventory of subsidiaries included in consolidated financial statements</p> <p><input type="checkbox"/> Assurance of the parent company as an individual entity</p> <p><input type="checkbox"/> Assurance of subsidiaries included in consolidated financial statements</p>
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Scope 1	Total emissions (metric tons of CO2e)	Intensity (metric tons of CO2e per NT\$ million) (Note 2)	Assurance Body	Assurance Details (Note 3)
L&K Engineering Co., Ltd.	357	0.0136	AFNOR Asia Ltd.	None
Total	357	0.0136		
Scope 2	Total emissions (metric tons of CO2e)	Intensity (metric tons of CO2e per NT\$ million) (Note 2)	Assurance Body	Assurance Details (Note 3)
L&K Engineering Co., Ltd.	353	0.0135	AFNOR Asia Ltd.	None
Total	353	0.0135		
Scope 3 (voluntary disclosure)	None	None	None	None

## Appendix 1-2 Reduction Targets, Strategies, and Specific Action Plans

- The Company's greenhouse gas reduction targets are set based on the 1.5°C scenario of the SBTi and aligned with its operational activities. Using 2022 as the baseline year, the targets are established based on the greenhouse gas inventory of its three offices in Xizhi, Hsinchu, and Tainan, which fall under its operational control. The short-term (2025), medium-term (2030), and long-term (2050) targets aim for a 1% reduction in Scope 1 emissions and a 0.5% reduction in Scope 2 emissions.

Item	Strategy	Action Plan
Scope 1 – Fuel	<ol style="list-style-type: none"> <li>1. Support government initiatives by cooperating with and advancing relevant energy reduction policies.</li> <li>2. Starting with day-to-day office habits, we aim to initiate changes in employees' behaviors that will extend to their family lives and further influence the people and things around them. This strategy is developed to reduce carbon emissions and cultivate a community of shared well-being.</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce unnecessary movement</li> <li>2. Procure or lease energy-saving vehicles</li> <li>3. Vehicle and ride sharing</li> </ol>
Scope 1 – Paper		Paperless documentation
Scope 2 – Electricity		<ol style="list-style-type: none"> <li>1. Use energy-saving products</li> <li>2. Printers and other electronic devices automatically switch to power-saving mode after a period of inactivity.</li> <li>3. Perform regular upkeep and daily maintenance on air conditioning units to ensure high-efficiency operation.</li> <li>4. Blinds are installed on office windows to minimize the amount of solar heat admitted through the glass into the room, thereby reducing the power consumed by air conditioning.</li> </ol>
Water energy		<ol style="list-style-type: none"> <li>1. Use energy-saving products</li> <li>2. Install water-saving devices</li> <li>3. Display slogans</li> </ol>
Waste		<ol style="list-style-type: none"> <li>1. Garbage classification</li> <li>2. Reduce disposable products through source reduction.</li> <li>3. Shop for eco-friendly products</li> <li>4. Create new reusable resources</li> </ol>

- 2024 reduction target achievement status:  
 Scope 1 emissions were 357 tCO<sub>2</sub>e, a reduction of 59 tCO<sub>2</sub>e compared to the baseline year, representing a 14.2% decrease in carbon emissions, successfully meeting the 2024 carbon reduction target (1%). Scope 2 emissions were 353 tCO<sub>2</sub>e, an increase of 18 tCO<sub>2</sub>e compared to the baseline year, representing a 5.4% increase in carbon emissions, which did not meet the 2024 carbon reduction target (0.5%).

Year	2022	2024
Greenhouse gas emissions – Scope 1 (tCO <sub>2</sub> e)	416	357
Greenhouse gas emissions – Scope 2 (tCO <sub>2</sub> e)	335	353
Emission intensity (tCO <sub>2</sub> e per million NT\$)	0.07	0.03
Water consumption (cubic meters)	3,791	3,498
Total waste weight (t)	11.97	20.18

- Please refer to the ESG Digital Platform for the Sustainability Report  
<https://esggenplus.twse.com.tw/inquiry/report?market=0&industry=&companyCode=6139&year=2024>

(VI) Ethical Corporate Management and Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and Reasons for Such Deviation:

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
i. Establishment of ethical corporate management policies and programs				
(I) Has the Company formulated its ethical corporate management policies approved by the Board of Directors and declared the policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?	V		The Company upholds the principles of ethical management and a well-developed corporate culture. Moreover, the Company has established the “Ethical Corporate Management Best Practice Principles”, “Code of Ethics”, “Work Rules”, “Procedures for the Management and Protection of Business Secrets”, and other relevant procedures and disciplinary guidelines, which were presented and approved at the board and shareholders’ meetings. These procedures and guidelines are used to regulate employee conduct so that all employees throughout the company are honest with each other and refrain from involvement in any improper activities (e.g.: theft, deception, coercion, bribery, etc.) for the benefit of the company or for personal gain.	No significant difference

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company explicitly states in its Ethical Corporate Management Best Practice Principles that unethical conducts, such as offering and accepting bribes and providing illegal political donations are prohibited. Violators shall be subject to disciplinary action in accordance with law.	No significant difference
(III) Does the Company specify operating procedures, behavior guidelines, disciplinary penalties and grievance system in the program to prevent dishonesty, and implement it, and regularly review and revise the aforementioned program?	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and “Code of Ethics”. Morning meetings are occasionally held to communicate and remind employees of the content of the practice principles. Furthermore, relevant principles are made publicly accessible on the company’s website.	No significant difference

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
ii. Implementation of Ethical Management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company has established the Ethical Corporate Management Best Practice Principles, which explicitly prohibit business transactions with unethical agents, suppliers, clients, or other trading counterparties. In the event a business partner or trading counterparty is found to be involved in unethical conduct, the Company shall enforce the company's corporate ethical management policy by immediately ceasing business transactions with and blacklisting the person involved.	No significant difference
(II) Does the Company establish a dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report its ethical management policies and preventive measures as well as its implementation of supervision to the Board of Directors?	V		The promotion and implementation of the Company's corporate ethical management are tasked to the President and Administration Division. Unethical conducts, handling methods, and review and improvement measures are reported to the Board of Directors.	No significant difference
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company's Ethical Corporate Management Best Practice Principles includes clauses regarding director recusal of conflict of interest. When a meeting agenda conflicts with the personal interest of a director, the principle of avoidance of conflicting interests is followed. The Company has also set up an	No significant difference



Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		“Employee Mailbox” to encourage employees to give feedback and report any violations and grievances to their direct supervisor or the Audit Office.	No significant difference
(IV) Does the Company have effective accounting and internal control systems in place to uphold business integrity? Does the internal audit unit follow the results of risk assessments for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the audits?	V		To ensure the implementation of business integrity, the Company has effective internal control and accounting systems in place, and implements them effectively. Internal auditors from the Audit Office will perform audits regularly or from time to time and present audit reports to the Audit Committee and Board of Directors.	No significant difference
(V) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		The Company’s management team keeps employees informed of relevant operational integrity regulations at monthly meetings or department meetings.	No significant difference

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
iii. Implementation of Complaint Procedures				
(I) Does the Company establish specific complaint and reward procedures, setup conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		<ol style="list-style-type: none"> <li>1. The Company has a set of “Work Rules” in place. If employees break these rules, disciplinary actions will be taken against them according to the severity of their violation.</li> <li>2. An “Employee Mailbox” has been set up in the office area of the company to encourage employees to give feedback and report any violations and grievances to their direct supervisor or the Auditing Office.</li> <li>3. Mailboxes for complaints are in place at all construction sites, providing channels for all stakeholders to whistle-blow. The engineering safety management team is authorized to accept and seal these complaints, submitting them to the head of the Auditing Office.</li> <li>4. The company has set up a whistleblowing email: <a href="mailto:whistleblower@lkeng.com.tw">whistleblower@lkeng.com.tw</a>. Emails sent to this address are automatically forwarded to the two responsible persons: the President and the Chief Auditor.</li> </ol>	No significant difference

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		<p>1. Illegal activities or unethical conduct, as well as anonymous reports, can be submitted using the Company's reporting system - "Employee Mailbox," available internally and externally on its website. The President and the independent Chief Auditor are responsible for investigating the reports and ensuring the confidentiality of the identity of the whistleblower and the content of the filed report.</p> <p>2. After accepting reports, the President and the Chief Auditor shall handle the receipt process, classification, analysis, investigation, reporting, arbitration, and follow-up on improvement results in accordance with any applicable SOP.</p> <p>3. The mechanism for protecting whistleblowers ensures that the personal information and reporting documents provided by the whistleblower are kept confidential, unless otherwise required by law. We take appropriate protective measures in accordance the law to safeguard the</p>	No significant difference

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?			<p>whistleblower from retaliation or unfair treatment.</p> <p>4. The investigation report shall be completed within two months of the case being established and submitted to the President for approval. If the investigation unit deems it necessary to extend the investigation period by the due date, it may provide justification and submit it to the President for approval.</p>	No significant difference
(III) Does the Company adopt measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	V		<p>1. Grievance procedures and confidentiality mechanisms are provided in relevant regulations. The mechanism for protecting whistleblowers ensures that the personal information and reporting documents provided by the whistleblower are kept confidential, unless otherwise required by law. We take appropriate protective measures in accordance the law to safeguard the whistleblower from retaliation or unfair treatment.</p>	No significant difference

Items Assessed	Implementation Status			Any deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviation
	Yes	No	Summary	
iv. Enhancement of Information Disclosure				
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the Market Observation Post System?	V		The Company has disclosed the implementation status of its business ethics guidelines on its website and in annual reports.	No significant difference
v. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the Ethical Corporate Management Best Practice Principles, which contain the “Purpose”, “Scope”, “Prohibited Matters”, “Avoidance of Conflicting Interests”, and “Information Disclosure”. The Principles clearly define the requirements of ethical management, have no significant difference to the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and are in line with the requirements of the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies.				
vi. Other important information to facilitate better understanding of the company’s ethical corporate management policies: (e.g., review and amend its policies):  (I) The Company has established the “Corporate Governance Principles” which is distributed internally to facilitate the Board and senior managements’ implementation of corporate governance compliance. These Principles are also made available to shareholders, investors, and stakeholders on the company’s website ( <a href="http://www.lkeng.com.tw">http://www.lkeng.com.tw</a> ) under Investors section.  (II) To prevent insider trading, the Company’s Board of Directors has approved the Procedures for Handling Material Inside Information on 2009.12.18. Every elected directors and supervisors are asked to sign a non-disclosure agreement. Employment contracts signed when an employee reports for duty also include a non-disclosure clause.				

## (VII) Implementation Status of Internal Control System

### 1. Internal Control System

#### L&K Engineering Co., Ltd. Statement of Internal Control System

Date: 2025/3/14

Based on the findings of a self-assessment, L&K Engineering Co., Ltd. states the following with regard to its internal control system during the year 2024:

1. The Company acknowledges that the establishment, implementation, and maintenance of internal control system are the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system aims to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance, and safeguarding of assets), the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws are achieved.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (herein below, the “Regulations”). The criteria adopted by the Regulations divide internal control into five components in line with the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also contains several criteria. Please refer to the "Regulations" for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that on 2024/12/31, the design and implementation of its internal control system, consisting of the effectiveness and efficiency of business operations, reporting that encompass reliability, timeliness, transparency, or other terms as set forth by regulators, and compliance with applicable laws and regulations, are effective and reasonably assure the achievement of the aforementioned goals.
6. This Statement constitutes part of the Company’s annual report and prospectus, and shall be disclosed to the public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting held on 2025/3/14 with 0 of the 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

L&K Engineering Co., Ltd.

Chairman: Chu-Shiang Yao

President: Hsiao-Ling Chiang

Relevant announcements can be accessed on the Market Observation Post System under Corporate Governance → Internal Control Section → Statement of Internal Control Announcements <https://mops.twse.com.tw/mops/web/t06sg20>

2. If the internal control policy was reviewed by an external accountant, the report of such review shall be disclosed: N/A.

(VIII) Material resolutions of a shareholders' meeting or board meetings during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report and implementation status of resolutions of shareholders' meeting

(1) Major Resolutions of the 2024 Shareholders' Meeting

Date	Name of Meeting	Major Resolutions
2024.06.26	Annual Shareholders' Meeting 2024	I. Matters for Acknowledgments i. Acknowledgment of the Company's 2023 business report and financial statements ii. Acknowledgment of the Company's 2023 proposal of distribution of earnings

(2) Implementation Status of the Major Resolutions of the 2024 Shareholders' Meeting

Items to be Resolved	Major Resolutions
1. Acknowledgment of the Company's 2023 business report, financial statements, and consolidated financial statements	This resolution has been approved at the Shareholders' Meeting and announced on the Market Observation Post System in accordance with regulations.
2. Acknowledgment of the Company's 2023 proposal of distribution of earnings	This resolution has been approved at the Shareholders' Meeting and announced on the Market Observation Post System in accordance with regulations. Distribution of NT\$2,092,868,361 in cash dividends for shareholders has been approved; the baseline date for dividend distribution was set to 2024/09/09, and distribution was completed on 2024/09/30.

(3) Major Resolutions of Board Meetings

Date	Name of Meeting	Major Resolutions	Resolution
2024.01.17	The 1st meeting of 2024	1. Discussion on the allocation of shares that managers can subscribe to in the Company's 2023 cash capital increase.	<p>◎ Independent Director: No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>



Date	Name of Meeting	Major Resolutions	Resolution
2024.03.13	The 2nd meeting of 2024	<ol style="list-style-type: none"> <li>1. The Company's 2023 business report, financial statements, and consolidated financial statements.</li> <li>2. The Company's 2023 Self-Assessment and Statement of Internal Control System.</li> <li>3. The Company's 2023 proposal for distribution of employee and director/supervisor remunerations.</li> <li>4. The Company's 2023 proposal for distribution of earnings.</li> <li>5. The Company's regular evaluation of the independence of CPAs</li> <li>6. Discussion on partial amendments to the Company's "Articles of Incorporation".</li> <li>7. Discussion on the Company's election of all directors and independent directors.</li> <li>8. Discussion on matters pertaining to the shareholder proposals and nomination of director candidates for the 2024 General Meeting.</li> <li>9. Discussion on the review of the Company's nominated director and independent director candidates and their qualifications.</li> <li>10. Discussion on the removal of the non-compete clause for the Company's newly elected directors.</li> <li>11. Discussion on the change of the Company's audit manager.</li> <li>12. The time, venue, and agenda items of the 2024 Shareholders' Meeting.</li> <li>13. Discussion on the Company's application for credit extension with Hua Nan Bank for business purpose.</li> </ol>	<p>◎ Independent Director: No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>
2024.04.09	The 3rd meeting of 2024	<ol style="list-style-type: none"> <li>1. Discussion on the proposal for the Company to participate in the follow-on public offering of common stock by its subsidiary "RSEA Engineering Corporation (privatized 2009)."</li> <li>2. Discussion on partial amendments to the Company's "Articles of Incorporation."</li> </ol>	<p>◎ Independent Director: No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>

Date	Name of Meeting	Major Resolutions	Resolution
2024.05.10	The 4th meeting of 2024	1. Discussion on the amendments to the Company's "CW100 Payroll and Personnel Cycle."	◎ Independent Director: No opinions at this meeting. ◎ Passed as proposed without objection from directors present in the meeting.
2024.06.26	The 5th meeting of 2024	1. Discussion on the nomination and election of the Company's Chairman and Vice Chairman.	◎ Independent Director: No opinions at this meeting. ◎ Passed as proposed without objection from directors present in the meeting.
2024.08.02	The 6th meeting of 2024	1. Discussion on the Company's extension of period of endorsement and guarantee provided to subsidiaries. 2. Discussion on the Company's extension of the period of endorsement and guarantee provided to the sub-subsidiary L&K Engineering Vietnam Co., Ltd. 3. Discussion on setting the base date for the issuance of new shares for the Company's fourth domestic unsecured convertible bonds converted into common stock. 4. The baseline date and date for the 2023 distribution of earnings as cash and stock. 5. Discussion on the proposed appointment of members for the Company's second-term "ESG Committee." 6. Discussion on the proposed appointment of members for the Company's fifth-term "Remuneration Committee." 7. Discussion on the Company's application for credit extension with various financial institutions for business purpose.	◎ Independent Director: No opinions at this meeting. ◎ Passed as proposed without objection from directors present in the meeting.

Date	Name of Meeting	Major Resolutions	Resolution
2024.10.04	The 7th meeting of 2024	<ol style="list-style-type: none"> <li>1. Discussion on the Company's plans to establish a limited liability partnership in Singapore, "Takenaka-L&amp;K Joint Venture LLP," through L&amp;K Engineering Co., Ltd (Singapore Branch) (hereinafter referred to as "the Company's Branch"), in collaboration with Takenaka Singapore Pte Ltd (hereinafter referred to as "Takenaka"), to expand its business in Singapore.</li> <li>2. Discussion on the remittance of overseas funds from the Company's Singapore branch, L&amp;K Engineering Co., Ltd (Singapore Branch), to the headquarters.</li> <li>3. Discussion on setting the base date for the issuance of new shares for the Company's fourth domestic unsecured convertible bonds converted into common stock.</li> <li>4. Discussion on changes to the Company's 2024 remuneration for managers.</li> <li>5. Discussion on the Company's 2023 remuneration distribution proposal for managers and employees.</li> <li>6. Discussion on the Company's application for credit extension with Taishin Bank for business purpose.</li> </ol>	<p>◎ Independent Director:No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>
2024.11.08	The 8th meeting of 2024	<ol style="list-style-type: none"> <li>1. Discussion on the establishment of the "Sustainability Information Management" system of the Company.</li> <li>2. Discussion on the Company's revision of the General Provisions of the Internal Control System, the Procedures and Methods for Self-Evaluation of the Internal Control System, and the Implementation Rules for Internal Audits under the Internal Control System – 9. Management Item Audit.</li> <li>3. Discussion on the Company's 2025 Business Plan.</li> <li>4. Discussion on the Company's 2025 Audit Plan.</li> <li>5. Discussion on the Company's extension of period of endorsement and guarantee provided to subsidiary RSEA Engineering Corporation (privatized 2009).</li> <li>6. Discussion on the Company's application for credit extension with Ta Ching Bills Finance Corporation for business purpose.</li> <li>7. Discussion on the Company's application for credit extension with Taiwan Finance Corporation for business purpose.</li> </ol>	<p>◎ Independent Director:No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>

Date	Name of Meeting	Major Resolutions	Resolution
2025.02.25	The 1st meeting of 2025	<ol style="list-style-type: none"> <li>1. Discussion on partial amendments to the Company's "Articles of Incorporation."</li> <li>2. Discussion on the Company's definition of the scope of non-executive employees.</li> <li>3. The time, venue, and agenda items of the 2025 Shareholders' Meeting.</li> </ol>	<p>◎ Independent Director: No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>
2025.03.14	The 2nd meeting of 2025	<ol style="list-style-type: none"> <li>1. The Company's 2024 business report, financial statements, and consolidated financial statements.</li> <li>2. The Company's 2024 Self-Assessment and Statement of Internal Control System.</li> <li>3. The Company's 2024 proposal for distribution of employee and director/supervisor remunerations.</li> <li>4. The Company's 2024 proposal for distribution of earnings.</li> <li>5. The Company's regular evaluation of the independence of CPAs</li> <li>6. Discussion on the Company's application for credit extension with various financial institutions for business purpose..</li> <li>7. Discussion on setting the base date for the issuance of new shares for the Company's fourth domestic unsecured convertible bonds converted into common stock.</li> <li>8. Discussion on the Proposal to Revise the Company's "Regulations Governing the Receipt and Use of Negotiable Instruments.," "Regulations Governing the Use of Company Checks," and "Internal Control System - CR100 Finance Cycle."</li> <li>9. Discussion on the Proposal to Revise the Company's "AA-006 Substitute Policy."</li> </ol>	<p>◎ Independent Director: No opinions at this meeting.</p> <p>◎ Passed as proposed without objection from directors present in the meeting.</p>

(X) Major issues of record or written statements made by any director dissenting to major resolutions passed by the board of directors during the most recent year and as of the date of this annual report: N/A.

iv. Information on CPA Professional Fees

Unit: NT\$ 1,000

Accounting Firm Name	Name of Accountant	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
L.H. Chen & Co., CPAs	Tseng-Kuo Huang	2024.01.01~2024.12.31	\$3,340	\$162	\$3,502	-
	Jung Hua Chen					

Details of Information Regarding CPA Non-Audit Fee

Unit: NT\$ 1,000

System Design	Company Registration	Human Resources	Others	Subtotal
\$40	\$87	\$35	\$-	\$162

- (II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.
- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by ten percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A.

v. Information on Replacement of CPA:

(I) Regarding the former CPA

(1) Regarding the former CPA				
Date of Replacement	June 30, 2023			
Date of and reason for replacement	The accounting firm underwent internal management adjustment, in which CPAs Tseng-Kuo Huang and Chih-Jou Tai were replaced by CPAs Tseng-Kuo Huang and Jung Hua Chen.			
Whether it was the CPA that voluntarily ended the engagement or declined further engagement	Reason for Service Termination \ Party		CPA	Principal
	Service voluntarily terminated by			
	Service no longer accepted (continued) by		V	
The opinion and reasons for issuing an audit report expressing other than an unqualified opinion in the recent two years	None			
Disagreements with the company	Yes		Accounting principles or practices	
			Disclosure of financial report	
			Auditing scope or procedure	
			Others	
	None	V		
	Description			
Other disclosures (Matters that shall be disclosed in Article 10, Subparagraph 6, Item 1, Points 4 to 7 of these Guidelines)	None			

(II) Regarding the succeeding CPA

Firm Name	L.H. Chen & Co., CPAs
Name of Accountant	Tseng-Kuo Huang, Jung Hua Chen
Date of Engagement	June 30, 2023
Inquiries and results relating to the accounting handling methods or accounting principles of certain transactions, or any opinions likely issued in the financial reports prior to engagement	None
Written disagreements from the succeeding CPA against the opinions made by the former CPA	None

- (III) The reply letters on Article 10, Subparagraph 6, Item 1, and Item 2, Point 3, of these Guidelines from the previous CPA:None.
- vi. Where the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

- vii. Any transfer of equity interests and pledge of or change in equity interests by a director, manager, and shareholder holding more than ten percent during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report:

The latest updates on equity transfers can be found at: Market Observation Post System → Basic Information → Shareholding, Pledge, and Transfer by Directors, Supervisors, and Major Shareholders --> Registration Form for Insiders to Report Ex-Post Changes in Shareholding

[https://mops.twse.com.tw/mops/web/query6\\_1](https://mops.twse.com.tw/mops/web/query6_1)

(I) Changes in Shareholding

Title	Name	2024		2025 (as of March 18, 2025)	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Shen Shen Investment Co., Ltd. Representative: Chu-Shiang Yao	592,313	-	-	-
Vice Chairman	Wei Ze Investment Co., Ltd. Representative: Bor-Jen Chen	219,344	-	-	-
Director	White Young Investment Co., Ltd. Representative: Chih-Hsun Yao	341,543	-	-	-
Director	Xun Huei Investment Co., Ltd. Representative: Chung-Cheng Lo	278,701	-	-	-
Director	Tze-Hung Wang	46,179	-	-	-
Director	Chin-Jyy Shiao(Note 1)	-	-	-	-
Independent Director	Chien-Jan Lee	-	-	-	-
Independent Director	Tung-Hao Ho	-	-	-	-
Independent Director	Cho-Lan Peng	-	-	-	-
President	Hsiao-Ling Chiang	4,273	-	-	-
Executive Vice President	Min-Kui Hsu	15,000	-	-	-



Title	Name	2024		2025 (as of March 18, 2025)	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Senior vice president and Finance Supervisor	Shu-Chen Chen	21,074	-	-	-
Vice President	Ying-Te Liu	3,273	-	-	-
Vice President	Kuei-Yao, Yeh	10,000	-	-	-
ESG officer	Shu-Ming Hsu	2,000	-	-	-
Project Division Vice Director	Chih-Hsun Yao	37,416	-	-	-
Corporate Governance Officer	Shu-Ling Ko	39	-	-	-
Accounting Supervisor	Ya-Lin Chan	1,000	-	-	-
Chief Auditor	Fang-Man Peng(Note 2)	2,000	-	-	-
Chief Auditor	Nu-Chen Feng(Note 3)	-	-	-	-

Note1. Chin-Jyy Shiao was appointed from post on 2024/6/26.

Note2. Fang-Man Peng was discharged from post on 2024/4/1.

Note3. Nu-Chen Feng was appointed from post on 2024/4/1.

(I) Information of equity transfer: None in which the counterparty in any such transfer of equity interests is a related party.

(II) Information of equity pledge: None in which the counterparty in any such pledge of equity interests is a related party.

viii. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another:

2025/3/18

Name	Shares Held by Themselves		Shares Held by Spouse & Minors		Total Shares Held Through Nominees		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shen Shen Investment Co., Ltd.	24,447,835	10.48%	-	-	-	-	White Young Investment Co., Ltd	The chairpersons are in a spousal relationship.	-
							Xun Huei Investment Co., Ltd.	The chairpersons are in a spousal relationship.	-
							Wei Ze Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Shen Huei Investment Co., Ltd.	The chairpersons are in a spousal relationship.	-
							Yu-Hua Chao	A spousal relationship of Representative of Juristic person director.	-
							Chu-Shiang Yao	Representative of Juristic person director	-
Shen Shen Investment Co., Ltd. (Representative: Chu-Shiang Yao)	6,515,877	2.79%	3,286,399	1.41%	-	-	Shen Shen Investment Co., Ltd.	Representative of Juristic person director	-
							White Young Investment Co., Ltd.	The chairpersons are in a spousal relationship.	-
							Xun Huei Investment Co., Ltd.	The chairpersons are in a spousal relationship.	-
							Wei Ze Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Shen Huei Investment Co., Ltd.	The chairpersons are in a spousal relationship.	-
							Yu-Hua Chao	Spouse.	-

Name	Shares Held by Themselves		Shares Held by Spouse & Minors		Total Shares Held Through Nominees		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
White Young Investment Co., Ltd.	14,097,244	6.04%	-	-	-	-	Shen Shen Investment Co., Ltd. Xun Huei Investment Co., Ltd. Wei Ze Investment Co., Ltd.  Shen Huei Investment Co., Ltd. Chu-Shiang Yao	The chairpersons are in a spousal relationship. Same chairperson The chairpersons are relatives within the second degree of kinship Same chairperson The chairpersons are in a spousal relationship.	- - - - -
White Young Investment Co., Ltd. (Representative: Yu-Hua Chao )	3,286,399	1.41%	6,515,877	2.79%	-	-	Shen Shen Investment Co., Ltd. Xun Huei Investment Co., Ltd. Wei Ze Investment Co., Ltd.  Shen Huei Investment Co., Ltd. Chu-Shiang Yao	The chairpersons are in a spousal relationship. Same chairperson The chairpersons are relatives within the second degree of kinship Same chairperson Spouse.	- - - - -
Xun Huei Investment Co., Ltd.	11,503,464	4.93%	-	-	-	-	Shen Shen Investment Co., Ltd. White Young Investment Co., Ltd. Wei Ze Investment Co., Ltd.  Shen Huei Investment Co., Ltd. Chu-Shiang Yao	The chairpersons are in a spousal relationship. Same chairperson The chairpersons are relatives within the second degree of kinship Same chairperson The chairpersons are in a spousal relationship.	- - - - -
Xun Huei Investment Co., Ltd. (Representative: Yu-Hua Chao )	3,286,399	1.41%	6,515,877	2.79%	-	-	Shen Shen Investment Co., Ltd. White Young Investment Co., Ltd. Wei Ze Investment Co., Ltd.  Shen Huei Investment Co., Ltd. Chu-Shiang Yao	The chairpersons are in a spousal relationship. Same chairperson The chairpersons are relatives within the second degree of kinship Same chairperson Spouse.	- - - - -

Name	Shares Held by Themselves		Shares Held by Spouse & Minors		Total Shares Held Through Nominees		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wei Ze Investment Co., Ltd.	9,053,483	3.88%	-	-	-	-	Shen Shen Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							White Young Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Xun Huei Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Shen Huei Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Yu-Hua Chao	Relatives within the second degree of kinship	-
							Chu-Shiang Yao	Relatives within the second degree of kinship	-
Wei Ze Investment Co., Ltd. (Representative: Chih-Hsun Yao)	940,256	0.40%	9,571	0.00%	587,164	0.25%	Shen Shen Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							White Young Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Xun Huei Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Shen Huei Investment Co., Ltd.	The chairpersons are relatives within the second degree of kinship	-
							Yu-Hua Chao	Relatives within the second degree of kinship	-
							Chu-Shiang Yao	Relatives within the second degree of kinship	-
Yuanta Financial Holding Co., Ltd as custodian of Capital Union Bank Ltd. Investment Account	7,168,299	3.07%	-	-	-	-	-	-	-

Name	Shares Held by Themselves		Shares Held by Spouse & Minors		Total Shares Held Through Nominees		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chu-Shiang Yao	6,515,877	2.79%	3,286,399	1.41%	-	-	Shen Shen Investment Co., Ltd. White Young Investment Co., Ltd. Xun Huei Investment Co., Ltd. Wei Ze Investment Co., Ltd.  Shen Huei Investment Co., Ltd. Yu-Hua Chao	Representative of Juristic person director The chairpersons are in a spousal relationship. The chairpersons are in a spousal relationship. The chairpersons are relatives within the second degree of kinship The chairpersons are in a spousal relationship. Spouse.	- - - -  - -
The Dunhua North Branch of Standard Chartered International Commercial Bank as custodian of KGI Capital Asia Limited Investment Account	6,085,911	2.61%	-	-	-	-	-	-	-
Shen Huei Investment Co., Ltd.	5,960,215	2.55%	-	-	-	-	Shen Shen Investment Co., Ltd. White Young Investment Co., Ltd. Xun Huei Investment Co., Ltd. Wei Ze Investment Co., Ltd.  Chu-Shiang Yao	The chairpersons are in a spousal relationship. The chairpersons are in a spousal relationship. The chairpersons are in a spousal relationship. The chairpersons are relatives within the second degree of kinship Spousal relationship.	- - - -  -

Name	Shares Held by Themselves		Shares Held by Spouse & Minors		Total Shares Held Through Nominees		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shen Huei Investment Co., Ltd. (Representative: Yu-Hua Chao )	3,286,399	1.41%	6,515,877	2.79%	-	-	Shen Shen Investment Co., Ltd. White Young Investment Co., Ltd. Xun Huei Investment Co., Ltd. Wei Ze Investment Co., Ltd. Chu-Shiang Yao	The chairpersons are in a spousal relationship. Same chairperson Same chairperson The chairpersons are relatives within the second degree of kinship Spouse.	- - - - -
Yu-Hua Chao	3,286,399	1.41%	6,515,877	2.79%	-	-	Shen Shen Investment Co., Ltd. White Young Investment Co., Ltd. Xun Huei Investment Co., Ltd. Wei Ze Investment Co., Ltd. Chu-Shiang Yao	The chairpersons are in a spousal relationship. Same chairperson Same chairperson The chairpersons are relatives within the second degree of kinship Spouse.	- - - - -
Chen-Yang Lin	2,374,000	1.02%	-	-	-	-	-	-	-

- ix. The total number of shares and total equity stake held in any single enterprise by the company, its directors managers, and any companies controlled either directly or indirectly by the company:

2024/12/31

Invested Business (Note1)	Investment by the Company		Investment by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Businesses		Total Investment	
	Shares (thousands)	%	Shares (thousands)	%	Shares (thousands)	%
L&K Engineering Co., Ltd. (BVI)	-	100.00%	-	-	-	100.00%
L&K Engineering (SUZHOU) Co., Ltd.	115,200	53.99%	1,600	0.75%	116,800	54.74%
RSEA Construction Engineering (Chongqing) Co., Ltd.	-	-	-	100.00%	-	53.99%
L&K Engineering Vietnam Co., Ltd.	-	-	-	51.00%	-	51.00%
RSEA Engineering Corporation privatized 2009	413,180	82.64%	25,630	5.13%	438,810	87.77%
Unique Grand Limited	-	51.71%	-	26.07%	-	77.78%
Formosa Medical Devices, Inc.	4,904	40.88%	-	-	4,904	40.88%
L&K Engineering Company Limited	-	-	-	100.00%	-	53.99%
Suzhou Xiang Sheng Trade Company Ltd.	-	-	-	100.00%	-	53.99%
Suzhou Xiangxin Fire- Fighting Engineering Co., Ltd.	-	-	-	100.00%	-	53.99%
Sunshine (China) Inc.	-	-	-	100.00%	-	77.78%
Sunshine Investment Co., Ltd.	-	-	-	100.00%	-	77.78%

Note1: Long-term investments recognized under the equity method.

### III. Capital Overview

#### i. Capital and Shares

##### (I) Sources of Capital

##### 1. Capitalization

Unit: Thousand shares; NT\$1,000

Year/Month/Day	Issue Price (NT\$)	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
Until 2025/3/18	10	350,000	3,500,000	233,319	2,333,191	-	-	-

##### 2. Type of Stock

Unit: Thousand shares

Unit: Thousand shares						
Share Type	Authorized Share Capital					Remarks
	Issued Shares			Un-issued Shares	Total	
	Listed	Non-listed	Total			
Registered Common Stock	233,319	—	233,319	116,681	350,000	Shares of listed company

##### 3. Shelf registration: None.

##### (II) List of Major Shareholders

Name, shareholding, and shareholding percentage of shareholders with a stake of five percent or greater, or shareholders who rank in the top ten in shareholding percentage.

2025/3/18

Name of Major Shareholder	Share	Number of shares held	%
Shen Shen Investment Co., Ltd.		24,447,835	10.48%
White Young Investment Co., Ltd.		14,097,244	6.04%
Xun Huei Investment Co., Ltd.		11,503,464	4.93%
Wei Ze Investment Co., Ltd.		9,053,483	3.88%
Yuanta Financial Holding Co., Ltd as custodian of Capital Union Bank Ltd. Investment Account.		7,168,299	3.07%
Chu-Shiang Yao		6,515,877	2.79%
The Dunhua North Branch of Standard Chartered International Commercial Bank as custodian of KGI Capital Asia Limited Investment Account.		6,085,911	2.61%
Shen Huei Investment Co., Ltd.		5,960,215	2.55%
Yu-Hua Chao		3,286,399	1.41%
Chen-Yang Lin		2,374,000	1.02%



### (III) Dividend policy and Execution

#### 1. Dividend policy established in the Articles of Incorporation

According to Article 32 of the Company's Articles of Incorporation: The Dividend policy established in the Articles of Incorporation states that in the event the Company makes a profit during the fiscal year it shall set aside three to five percent of the profits for employee remuneration, which may be distributed as cash or shares, and the remuneration for directors shall be no higher than three percent. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses.

At least 1% of the aforementioned employee remuneration allocation must be distributed to non-executive employees.

If the employee remuneration in the preceding two paragraphs is distributed in stocks or cash, the recipients may include employees of controlled or affiliated companies who meet certain conditions, which shall be determined by the Board of Directors through a resolution.

The allocation of employee remuneration and director remuneration, as well as the determination of the allocation ratio for the current year, must be approved by the Board of Directors with the attendance of at least two-thirds of the directors and the approval of more than half of the attending directors, and must be reported to the Shareholders' Meeting.

Article 32-1: If the Company reports a surplus at year end, the Company shall first pay taxes, offset accumulated losses, then set aside ten percent of the balance as the statutory surplus reserve, and set aside or reverse special surplus reserve per the provisions. After that, the balance plus the retained earnings accrued from prior years shall be reserved by the Board of Directors as distributable earnings, as needed for business purpose, and then resolved at the shareholders' meeting for distribution as dividends.

In addition, according to Article 33 of the Company's Articles of Incorporation: The Company's dividend payment policy distributes dividends on the basis of the business environment as a whole and industrial growth characteristics and after taking into consideration undistributed earnings, capital surpluses, financial structures, and operational factors. The purpose is to achieve stable business development and safeguard the interests and rights of investors. Earnings may be distributed by way of cash dividend or stock dividend, provided however, cash dividend shall not be lower than ten percent of the total dividends.

#### 2. Distribution of dividend proposed in the current shareholders' meeting

A cash dividend of NT\$3,265,939,530 is proposed in this earnings distribution proposal. The calculation is based on 233,319,058 shares outstanding as of March 14, 2025. This equates to a dividend of NT\$14 per share. If future events such as the conversion of convertible bonds into common stock, the repurchase of the Company's shares, or the transfer or cancellation of treasury stock affect the shareholders' per-share dividend payout ratio to the extent that the ratio changes, it is proposed to authorize the Chairman to adjust the payout ratio according to the actual number of shares outstanding on the ex-dividend record date.

- (VII) Impact upon Business Performance and EPS Resulting from Non-Remunerative Share Allotment Made at the Recent Shareholders' Meeting: N/A.
- (VIII) Remuneration of employees and directors:
1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation:  
For details, see Dividend policy established in the Articles of Incorporation on Page 125 of this Annual Report.
  2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:
    - (1). Basis for estimating the amount of remuneration of employees and directors:  
In accordance with the Company Act and the Jin-Guan-Zheng-Shan Letter No. 1050001900 issued by the Financial Supervisory Commission on 2016/1/30, the basis for estimating the amount of remuneration of employees and directors is the profit of the current year (i.e., pre-tax profit remaining before employee and director remunerations are deducted). Pre-tax profit takes into consideration the income tax of a profitable business and the balance after provision for 10% statutory surplus reserve and is then separately estimated according to the Articles of Incorporation.
    - (2). Basis for calculating the number of shares to be distributed as employee remuneration:  
The Company does not expect to distribute stock as employee remuneration for the current period.
    - (3). When the actual distributed amount and method of distribution as per the resolution of the Shareholders' Meeting differ from the estimated amount and method of estimation, this discrepancy is recognized as profit and loss adjustment for the year in the resolution of the Shareholders' Meeting.
  3. Remuneration proposals passed by the board of directors:
    - (1). Employee remuneration distributed in the form of cash or stock - NT\$227,137,298 in cash.
    - (2). Director remuneration distributed in the form of cash or stock - NT\$113,568,649 in cash.
    - (3). Amount of employee remuneration distributed in the form of stocks, as a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee remuneration: N/A.

4. Distribution of remuneration of employees and directors in previous year:

Item	Originally Proposed at the Board Meeting	Actually Distributed
Employee remuneration - Cash	NT\$153,169,368	NT\$153,169,368
Director remuneration	NT\$76,584,684	NT\$76,584,684

(IX) Buyback of the Company's Common Stock:

The Company did not buy back its shares in recent years and up to the publication date of this annual report.

ii. Issuance of Corporate Bonds:

(I) Outstanding corporate bonds

Corporate Bond Type	The fourth domestic unsecured convertible bond
Issue/Processing Date	January 25, 2024
Denomination	NT\$100,000 per unit (consisting of 1,000 shares)
Issuing and Trading Location	N/A
Issue Price	Issued at 100% of par value
Amount	500,000,000
Interest Rate	Coupon (annual interest rate) at 0%
Tenor	3 years; maturity date: January 25, 2027
Guarantor	N/A
Trustee	Hua Nan Commercial Bank Ltd.
Underwriter	President Securities Corporation
Certifying Lawyer	N/A
CPA	N/A
Repayment Method	In accordance with Article 6 of the Procedure for Issuing and Converting the Fourth Unsecured Convertible Bonds in 2024, as formulated by the Company, the bond's par value will be made in a bullet repayment in cash at maturity, except under the following circumstances: bondholders convert their corporate bonds into the Company's common stock under Article 10 thereof, exercise the right of resale under Article 18 thereof, the Company redeems the bonds early under Article 17 thereof, or the Company repurchases and cancels the bonds from the Taipei Exchange (TPEX).
Outstanding Principal	375,100,000
Redemption or Early Repayment Clause	Please refer to the Procedure for Issuing and Converting the Fourth Domestic Unsecured Convertible Bonds in 2024, as formulated by the Company
Restrictions	Please refer to the aforementioned procedure for bond issuance and conversion for details
Credit Rating Agency Name, Rating Date, and Corporate Bond Rating Results	N/A

Corporate Bond Type		The fourth domestic unsecured convertible bond
Other Rights of Bondholders	Amount of Converted, Exchanged, or Subscribed Common Shares, GDRs, or Other Securities as of the Date of Annual Report Publication	After the issuance of the corporate bonds, the cumulative amount of conversion rights exercised as of the Annual Report's publication date is NT\$124,900,000.
	Issuance and Conversion (Exchange or Stock Subscription) Procedure	Please refer to the Procedure for Issuing and Converting the Fourth Domestic Unsecured Convertible Bonds in 2024, as formulated by the Company
Issuance and Conversion, Exchange, or Subscription Procedures, Possibility of Dilution of Equity under the Terms and Conditions of Issuance, and Effect on Existing Shareholders' Equity		Under the current conversion price, if all outstanding corporate bonds are fully converted into common shares, the Company would need to issue an additional 2,278,858 common shares, which would result in a capital-based growth rate of 0.98%. The impact on the existing shareholders' equity would be minimal.
Custodian's Name		N/A

(II) Convertible bond issuance

Corporate Bond Type		The fourth domestic unsecured convertible bond
Year		As of February 28, 2025
Market Price of Convertible Bonds	Highest	170.09
	Lowest	143.27
	Average	155.36
Conversion price		164.60
Date of issuance (processing) and conversion price at issuance		Date of issuance: January 25, 2024 The conversion price at issuance has been: NT\$172.5 per share
Method of fulfilling conversion obligations		Issuance of new shares

(III) Exchangeable bond issuance None.

(IV) Shelf registration for corporate bond issuance None.

(V) Corporate bonds with equity warrants None.

- iii. Status of Preferred Shares: None.
- iv. Status of Global Depositary Receipts: None.
- v. Status of Employee Stock Options: None.
- vi. Status of Restricted stock awards: None.
- vii. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

#### viii. Financing Plans and Implementation:

For the latest status of the fund utilization plan, please refer to the Market Observation Post System (MOPS) by going to: Investment Section → Fund Raising Plan Implementation Section → Company Code: 6139 → Combined Plan with Two Methods (Cash Capital Increase, Convertible Corporate Bonds) approved on January 2, 2024 → Quarterly Report on Utilization Status [https://mops.twse.com.tw/mops/web/bfhtml\\_q2](https://mops.twse.com.tw/mops/web/bfhtml_q2)

##### (I) Plan details

1. Total funds required for the plan: NT\$1,305,000,000.
2. Source of funds:
  - (1) Follow-on public offering of 7,000,000 common stock shares, with a par value of NT\$10 per share and a price of NT\$115 per share. Based on this, it is expected to raise NT\$805,000,000.
  - (2) The fourth domestic unsecured convertible bond issues 5,000 units (each unit consisting of 1,000 shares), with a par value of NT\$100,000 per unit. Issued at 100% of par value, with a 0% coupon and a term of 3 years, it is expected to raise NT\$500,00,000.
  - (3) This plan intends to be financially supported by a follow-on public offering of common stock and the fourth domestic unsecured convertible bond issue. If the number of shares or the actual issue price differs from the provisional price due to market changes, leading to insufficient funds, the amount to replenish working capital will be decreased. However, if more funds are raised than planned, the excess will be used to replenish working capital.
3. Planned item and estimated fund utilization schedule:

Unit: NT\$ 1,000

Planned Item	Estimated Completion Date	Total Required Funds	Estimated Fund Utilization Schedule			
			2024			
			First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Replenishment of working capital	First Quarter of 2024	1,305,000	1,305,000	-	-	-
Total		1,305,000	1,305,000	-	-	-

##### (II) Implementation Status

1. The Company primarily generates its revenue from undertaking projects such as high-tech cleanroom and process plumbing projects, and public construction. For collections policy, considering that large projects like MRT construction can last over five years, and other projects such as cleanrooms, public projects, plant projects, and private construction projects usually last more than one year, project revenue is recognized using the percentage of completion method in line with IFRS 15 “Revenue from Contracts with Customers.” Actual collections are based on the transaction terms outlined in each project contract with the customer. There may be a small prepayment in the early stage. The remaining amount can only be requested from the owner after each stage of the project is inspected and accepted. Once the entire project is formally inspected

and accepted, the final payment can be collected, and the warranty deposit will be paid, generally within 30 to 90 days after the acceptance of the cost estimate. For the payment policy regarding materials, equipment procurement, and subcontracting for the projects undertaken by the Company, a deposit of 10% to 35% is typically paid upfront. Upon delivery, 55% to 80% is paid, and a final payment of 10% is made upon inspection and acceptance, with payments made 30 to 120 days after monthly invoicing.

In the first quarter of 2024, the projects undertaken by the Company entered a construction peak, creating a particularly dire need for working capital. To effectively address the differences in the timing of project fee collections and payment, replenishing working capital ensures the Company has sufficient liquidity to meet various funding requirements. In doing so, it not only makes up for the gap caused by the mismatch in the timing of project fee collections and payment but also provides robust financial support for smoothly advancing project progress. With sufficient funds in place, projects can progress as scheduled, meeting the planned construction timelines and quality standards.

Unit: NT\$ 1,000

Planned Item	Implementation Status		First Quarter of 2024	Progress Status: Ahead or Behind Schedule, Causes, and Improvement Plan
Replenishment of working capital	Expenditure	Estimated	1,305,000	The replenished working capital was implemented in the first quarter of 2024 to maintain operations in response to the payment schedule during the construction peak.
		Actual	1,305,000	
	Implementation progress	Estimated	100%	
		Actual	100%	

The Company raised NT\$1,305,000,000 this time to replenish its working capital. This is due to the fact that, in recent years, with the Company's growing performance, its working capital level has gradually decreased and its capital turnover has faced challenges, resulting in a dilemma despite the business growth. The project contracts signed in the past two years will further create a funding gap when investing in these projects in the future. Therefore, the current securities offering and issue are intended to replenish working capital, with the goal of increasing it and improving turnover capacity in the short term, and bridging the funding gap in a timely manner. Overall, the replenishment brings positive benefits for the Company's operational development and maintenance of industrial competitiveness, and effectively improves capital turnover in a timely manner.

#### IV. Operational Highlights

##### i. Business Activities

##### (I) Business Scope

###### 1. Main Business Activities of the Company

The Company and its subsidiaries are mainly involved in the design and construction of biochemical cleanrooms, cleanrooms for electronic industries, and relevant M&E and process plumbing systems.

###### 2. Business Distribution

Product Items	Business Distribution
Cleanroom projects	28.92%
Process plumbing projects	3.88%
M&E projects	3.93%
Others (including turnkey projects)	63.27%

###### 3. Current Products and Services

The main business activities of the Company include the design and construction of biochemical cleanrooms, cleanrooms for electronic industries, and relevant M&E and process plumbing systems, as well as old factory reconstructions with expertise in turnkey projects (the general responsibility being contracting overall system projects from design, construction, testing, to verification).

The scope of industries we serve includes: construction, optoelectronics manufacturing plants, semiconductor manufacturing plants, hospitals, biopharmaceuticals, business buildings, residential buildings, chemical plants, solar-energy materials manufacturing plants, solar power plants and improvements of energy saving. L&K Engineering Co., Ltd. provides services to all of the above.

###### 4. Products planned for development

Building Information Modelling (BIM) is applied in the whole life cycle of construction projects, from design, construction, operation to maintenance. This management concept has become the trend in the industry. With the technology of BIM, project teams are able to discover issues at an early stage through 3D modelling, which saves significant amount of time and money spent of amendments and re-construction.

The Company has introduced BIM in 2010. In addition, the Company sets an ad-hoc team for BIM development, which devotes itself to the development and application of BIM in practice.

The main benefit of applying BIM in construction sites is that it serves as an auxiliary tool in the management and progressing of construction, which helps to ensure the quality of construction, keep track of constructions and fulfill life cycle of architecture (LCA), energy control and operation.



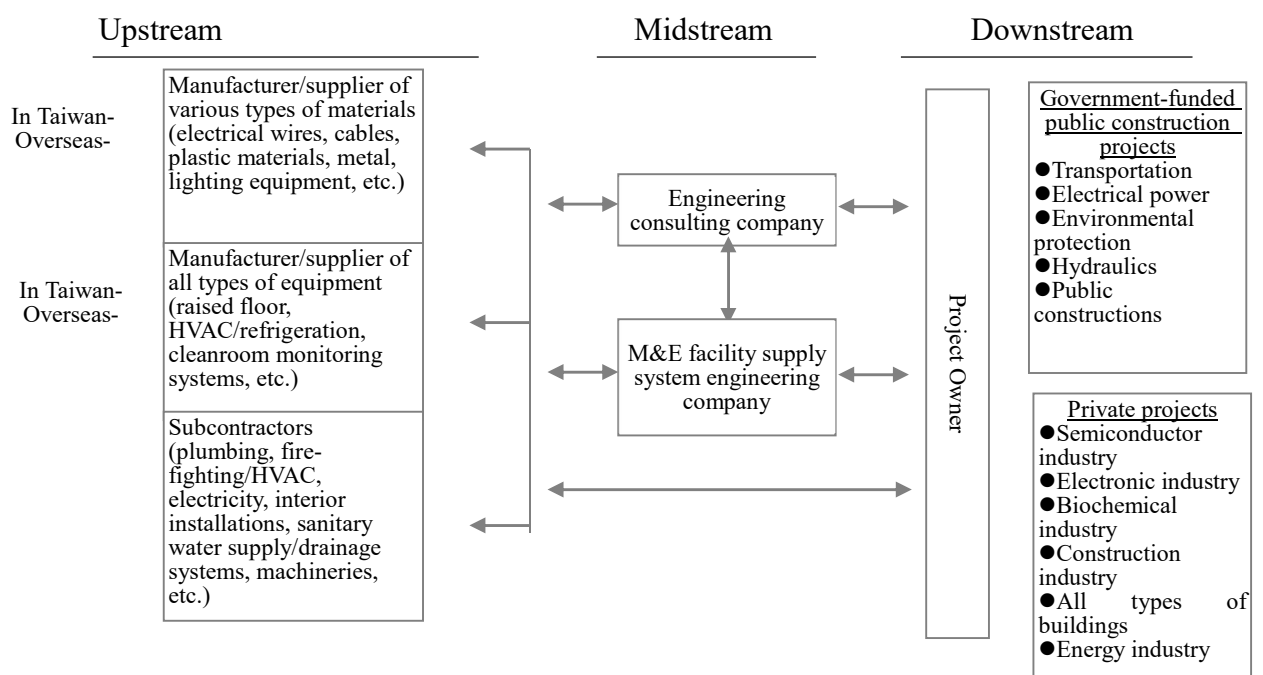
## (II) Industry Overview

### 1. Current Status and Development of the Industry

Industrial engineering is a fundamental industry involving the integrated application of civil, building, M&E, HVAC, and fire-fighting systems that is evolving rapidly in response to the development and revolution of different industries. Taiwan's economy and industries have underwent rigorous transformation and development over the past decade. Traditional industries are slowly transforming into high-tech industries, giving rise to other industries associated with them such as electronic, communications, biotechnology, and healthcare. The industrial engineering industry happened upon this opportunity and subsequently, thanks to information and Internet technologies under the growing impact of high-tech industries and global informatization, it was able to quickly access a vast range of information on the industry's supply chain, further accelerating the internationalization of the construction industry, which contributed to the prosperity in the technological development of Taiwan's industrial engineering and facilitated the global synchronization of this industry.

### 2. Relationships with suppliers in the industry's supply chain

The engineering service sector involving industrial M&E facilities integrated with supply systems, plays a role in between a project owner, manufacturers and suppliers of construction materials and equipment, project subcontractors, the labor market, and its peripheral service sectors. Specifically, this service sector combines the engineering technologies of different professional fields based on the construction requirements of project owner, to provide clients with integrated engineering services such as whole-plant M&E construction, cleanroom turnkey contracting services, or the establishment of M&E system architectures. In other words, it provides an operating environment that is fully capable of meeting a project owner's production needs. The relationship among up/mid/downstream suppliers is illustrated below.



### 3. Development trends and competition relating to products

With the trend of global informatization, high-tech industries are projected to continuously develop upward while keeping pace with the constant innovation and evolution of technologies and applications such as electric vehicles, self-driving cars, robots, Internet of Things (IoT), big data, artificial intelligence, metaverse, and 5G telecommunication networks. The society will eventually continue to promote smart living, smart manufacturing, and smart city development. This trend will drive the growth of semiconductor wafer manufacturing, memory, testing and packaging, display, and biotech and healthcare industries. In turn, these industries will continue to drive capital investments in production line upgrade and production expansion, in an effort to meet end-consumer demands for value-added and niche products and to keep up with the innovation of service models. The future development of clean room and MEP engineering is still prosperous.

Industrial engineering is the foundation facilitating human civilization and the advancement of different industries. As knowledge and intelligence continuously evolve, the industrial engineering market is ever-changing so that keeping pace with market changes and further expanding the development potential of industrial engineering are the only ways to survive and grow under a market mechanism that is defined by survival of the fittest.

Because industrial engineering companies around the world are competing fiercely against one another, the enhancement of the economies of scale and efficiency is their key success factor. The sound development of components in industrial engineering and the adoption of professional technologies are the only proper course of action for expanding engineering businesses and creating business opportunities.

Based on the types of competition within the engineering industry, the ability to quickly access raw material sources and provide clients with customized, efficient, and the most advanced engineering services is the key to establishing a leading status in the industry. In light of this phenomenon, the Company continues to engage in the development and production of new products. Additionally, we conduct extensive research on energy-saving and disaster prevention systems, with a particular focus on system compatibility, to meet the needs for whole-plane system integration.

After years of cultivation in the field of industrial engineering, L&K Engineering Co., Ltd. realized the fundamental definition of running a construction business, the attribute of which is a highly sophisticated and complex technological management service system. Reputation building and market evaluation are knowledge that best demonstrate our competitiveness and is vital to providing a comprehensive range of integrative engineering management services (i.e., planning, design, manufacturing, installation, testing, verification, and repair/maintenance), provided that excellent engineering quality and advanced technologies are ensured. Our exceptional performance in real-life practices is a testament to the industrial competitiveness of L&K Engineering Co., Ltd..

### (III) Technology and R&D Overview

#### 1. R&D expenditure in recent year and this year:

Unit: NT\$ 1,000

Item	2024
R&D Expenses	\$200,744

#### 2. Technologies or products successfully developed in recent year: See Page 6 of this Annual Report.

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

#### 1. Short-term business development plans

##### (1). Reduce construction cost, ensure cleanroom construction quality, and increase competitiveness

Project cost management has a direct influence on business profit. The planning, coordination, and monitoring of the technologies, methods, and management practices used during project implementation and of expense spending and resource utilization can effectively control the consumption of resources in construction cost. For this reason, unnecessary losses can be effectively avoided by strengthening the abilities to conduct project pre-planning and reach pre-work consensus and carrying out regular project inspection and budget control. In recent years, changes in the external environment have led to a shortage of material supply and labor forces, exerting a direct impact on project progress and construction quality, which in turn caused annual increase in project management costs. To improve this problem, a subcontracting management model, in which the design and planning operations of business partners are supervised, is adopted internally to disperse risks, thereby achieving efficient monitoring, increased efficiency, and lower cost. The Company actively develops standard operating procedures for cleanroom construction and quality inspection. The main purpose of these procedures is to check and confirm works in a construction process, and to identify problems and address them immediately. Such procedures can not only greatly shorten a project schedule but also ensure the quality of the constructed cleanroom, effectively reduce construction costs, and simultaneously improve the competitiveness of the company.

##### (2). Improve our ability to diagnose technical problems

The Company plans to leverage the project experiences of its management team, cooperate with major universities and research institutes, extensively use consulting networks and information channels in Taiwan and overseas, conduct theoretical analysis of construction or testing/verification data, and produce the most precise judgment and fastest response based on the analysis results.

##### (3). Cultivate outstanding talents who can be the best service providers in the market

In a fiercely competitive market environment, the use of human resources must be adjusted and adapted to a changing industrial structure. Talent cultivation and training programs must be redesigned and reconstructed with flexibility and adaptability. The Company hopes to implement a career blue print that provides comprehensive training, accurate evaluation mechanisms, and effective incentives, which in turn

boost teamwork, increase employee participation, and reduce employee turnover, thereby facilitating stronger organizational functionality and bolstering the company's core competitiveness.

"People" are the main pillars of industrial engineering. To secure competitive advantages in an industry, engineers must be able to learn quickly and constantly and apply knowledge and innovative technologies. Given its future business directions, the Company will actively cultivate skilled technicians who will create maximum benefit and be the best service provider in the engineering market.

(4). Construct an Engineering Intelligence Center

Data form the foundation of all applications. L&K Engineering Co., Ltd. has spent decades building up a project database in its electronic project management system (e-POMS). The Company will therefore continue to promote the integration and evaluation of project information and data, assist project developers and supervisors to keep track of the operating status and operations of various projects, and improve management efficiency and operational performance. Recently, the Company has made plans to reorganize its existing ERP systems and construct an intelligence center in line with the diverse direction of the group's business development.

(5). Strengthen price and payment collection management for clients

Being able to collect receivables as scheduled is the key to ensuring the normal and steady operation of a construction company. If payments cannot be collected quickly and as planned due to a client's malicious refusal to pay, payment extension, or bad debts, the company may fail to achieve its business goals, resulting in significant financial loss or impact on its cash flow. The Company will improve its early warning systems against client's credit risk, and cultivate and strengthen our project managers and financial personnel's sensitivity toward and their abilities to monitor, analyze, and predict account receivables. In doing so, we hope to reduce the operational risk resulting from unexpected delays in account receivables, limit unnecessary loss from bad debts, and in turn increase the company's profitability and competitiveness.

2. Mid- and long-term business development plans

(1). Seize opportunities in overseas engineering market

To increase our market share, the Company will not only continue to expand its local businesses, but also actively develop the international market by adding more business locations overseas. Given the current market competitiveness and the necessity to develop new markets, the Company will recruit talented engineers from Singapore and mainland China and invest competitive labor resources in overseas engineering markets.

(2). Develop new products and new construction methods to increase technological level and expand the scope of market applications

Customers are demanding for better engineering quality as they constantly upgrade products in response to changes in market demands. L&K Engineering Co., Ltd. is committed to producing superior quality and meeting customer needs in the shortest time possible. To fulfill this commitment, the Company will continue to invest in the development of new products and methods, train engineers, increase its engineering technology level, and subsequently create a niche market that is characterized by a broader scope of market application.

## ii. Market and Sales Overview

### (I) Market Analysis

#### 1. Locations where products (services) are mainly sold (provided):

L&K Engineering Co., Ltd. initially started off as a provider of cleanroom construction service, slowly developing into a provider of EPC services. Specifically, the Company takes into consideration a client's actual needs and devises construction plans accordingly. This customer-oriented concept of "customization" eventually became the company's main strategic approach to market management.

In recent years, customers involved in high-tech plant construction have invested most of their human resources in product manufacturing-related departments, while considering the need to lower costs on a yearly basis. Moreover, there is a growing shortage every year of system operators that support the operation of manufacturing facilities. Therefore, L&K Engineering Co., Ltd. has in recent years undertaken a number of turnkey construction projects and forged a longstanding cooperative relationship with customers in after-sales services and operations.

To strive for the promotion and communication of turnkey businesses, we must help customers to learn the benefits of a turnkey project: The prerequisite for a successful turnkey operation is to improve planning, design, and project management. Turnkey contractors must increase project personnel costs. However, customers must understand the high-quality services that turnkey contractors can provide with respect to construction schedule control, interfacial coordination, and construction quality control. Initial and operation costs proposed during the bidding process must be analyzed and compared to show project owners that the long-term operating cost and the labor cost of plant construction are considerably higher than the management cost added to a turnkey contract. With this understanding, project owners will then be willing to use the customized turnkey services provided by L&K Engineering Co., Ltd.

#### 2. Market Share Analysis:

Since 1989, L&K Engineering Co., Ltd. has invested years of robust efforts to reversing the market ecology. By integrating relevant product systems of industrially developed countries around the globe and purchasing a wide range of testing instruments and advanced equipment, the Company has achieved professional R&D and verification capabilities, becoming the most competitive company in Taiwan that partakes in the R&D and construction of cleanrooms for semiconductor and electronics industries, undertakes construction projects for high-tech and electronics industries, and has changed the local market of cleanroom constructions which was previously monopolized by foreign companies.

In 2007, the Company began extending its reach to the energy industry by investing in projects commissioned by NexPower, a company invested by UMC, and by Auria

Solar Co., Ltd., a company invested by E-Ton Solar Tech Co., Ltd. In addition, L&K Engineering Co., Ltd. leverages its years of engineering experiences and professional knowledge and integrates various systems and technologies to undertake turnkey projects that encompass a wide range of operations from design, contracting, procurement, to pilot operations. The Company has generated more than NT\$5 billion in revenue from contracts signed in 2006 and 2007, which tallies with its annual business goal.

The 2009 financial crisis struck worldwide, spreading its effect across all manners of life in Taiwan. High-tech industries exhibited negative growth, prompting L&K Engineering Co., Ltd. to completely halt its wafer and optoelectronic plant construction projects. Recognizing its responsibility to the society, the Company rejects the idea of layoffs and pay cuts, and insists on enduring hardship with all of its employees. Despite clients' continuous demand for lower construction cost, the Company remains committed to maintaining L&K's high-quality standards in the market while being an active participant in the biotech and pharmaceutical markets. In such mature market plagued by intense competitions, the Company leveraged its dual competitive edge in high quality and reasonable pricing, and successfully secured Orient Pharma's Huwei Science Park turnkey project. In 2010/3, L&K Engineering Co., Ltd. received the Outstanding Eco-Jobsite Award from the Environmental Protection Bureau of Yunlin County. Subsequently, in the beginning of the second quarter of 2010, the Company obtained PhytoHealth's Botanical Drug Materials Refining Plant Project, further verifying L&K Engineering Co., Ltd. as the leading constructor of biotech and pharmaceutical plants in Taiwan.

In addition to subsidiaries in mainland China and branches in Singapore, a subsidiary in Vietnam was also established in 2008. Meanwhile, the Company received an invite from Corning Taiwan to assist Corning Japan with plant construction matters in Japan, marking the start of our expansion across Asia. Under globalization, L&K Engineering Co., Ltd. aims to not only gain the highest market share in Taiwan but also strive toward becoming an international business competing against international vendors.

Since 2013, L&K Engineering Co., Ltd. has continued to secure a variety of engineering projects in the semiconductor, display, and biomedical industries: tsmc's Fab14 P7 construction; ASE Group's Zhongli Plant production line expansion; Innolux Corporation's LTPS6\_ARRAY and G8.6 CF cleanroom construction; Taiwan Apple's PTC production expansion; Pharmaessentia's GMP-certified pharmaceutical pilot plant construction; National Yang Ming Chiao Tung University Hospital's construction, renovation, and MEP turnkey project; United BioPharma's protein raw materials plant construction; Nanya Technology's FAB-3A-N cleanroom construction; Macronix's FAB5 System MEP Expansion; Taiwan Apple's LY3 plant construction; Winbond

Electronics' Kaohsiung plant general MEP construction; Macronix's FAB5 BAY29&30 cleanroom construction; Macronix's Bay29&30 plant system MEP expansion construction (Phase I); tsmc's F18P4/P5/P6/P7 underground piping systems and tsmc's RD center underground piping package; tsmc's F14 P8 underground piping package; UMC's P5 HPCW expansion project; Nan Ya Printed Circuit Board Corporation's Shulin plant-cleanroom & HVAC system; UMC's FAB 12A P6 cleanroom and MEP Turnkey project; PSMC's P5-cleanroom construction project phase I (20K) Project; the design and construction of PDMC's PDMC-1D Cleanroom Expansion Project, the Singapore Branch of UMC's FAB 12i P3/P4 EPC Project, LY3 L30/L40 clean room phase 1 expansion project of Taiwan Apple, LLC, Taiwan Branch (U.S.A.), UMC's 8F Cleanroom Expansion and Utility Construction project, and Taiwan Semiconductor Manufacturing's F22P1 Underground piping package In addition, the synergy resulting from a merger with RSEA Engineering Corporation (privatized 2009) slowly demonstrates our competitiveness in commercial building and public constructions, which is evident by the public construction projects we secured since the merge: the Construction of Chinatrust Commercial Bank New Headquarters Project - MEP & HVAC Subcontract; Railway Reconstruction Bureau's ACL212 Kaohsiung Railway Underground (Cut and Cover Construction); National Kaohsiung Center for the Arts' special equipment installation; Mercedes Benz Taiwan's Guandu AH500 Exhibition Center construction; Academia Sinica's National Biotechnology Research Park construction; the Taipei Performing Arts Center Theater professional equipment installation project as commissioned by the Second District Project Office, Department of Rapid Transit Systems, Taipei City Government; Taipei Dome Complex Large Indoor Stadium Development Project - MEP Construction; Railway Reconstruction Bureau's ACL212-1 Kaohsiung Station canopy (roof truss) construction; Taiwan Life Insurance's Taipei City Nangang District Jingmao Section land serial no.15 superficies construction, Taoyuan International Airport Terminal 3 Building Civil Engineering Construction Project - Road Mechanical and Electrical and T3 Temporary Electrical Engineering, the City Rezoning Development Project for the 1-1 and 1-2 Districts of Wenzizun Area across New Taipei City's Xinzhuang and Taishan Districts - Mechanical and Electrical, Lighting, and Traffic Light Engineering, Jingmei Girls High School General Building and Underground Parking Lot Project - Mechanical and Electrical Phase II and Construction Works of Civil and Track from Guanshan (Not Included) to Shanli, LOT CB05 of the Eastern Region Engineering Branch Office, Railway Bureau, Ministry of Transportation and Communications. All of these abovementioned projects have successfully facilitated the Company's expansion into the industrial service sector, laying a robust foundation for our future development.

In addition to recent projects such as the FAB Expansion Project for Taichung Photonics, the F14P8 Underground Piping System for Taiwan Semiconductor

Manufacturing Company Limited, the AP8 Facility Demolition and New Construction for Taiwan Semiconductor Manufacturing Company Limited, the Plant Building MEP Design for Tekscend Photomask Corp., and the Kaohsiung Campus Construction for Garuda Technology, the Company has leveraged its experience in group strategic integration to secure projects from United Microelectronics Corporation's Singapore branch since 2022. These include the FAB 12i P3/P4 EPC Project and the VSMC FAB Construction-GC (CSA+MEP) Project, expanding the Company's track record in high-tech manufacturing facility construction in Southeast Asia.

Facing an industrial supply and demand trend in the market that is ever-changing, L&K Engineering Co., Ltd. endeavors to maintain its leading industry status and keep up with the changes. By focusing on marketing strategies coupled with effective customer relations management, the Company constantly adjusts the outcome measures of its core client groups and target markets to market changes and proposes the following response measures:

- Maintain high share of the market: Expand the scale of our industrial services, reduce unit cost, and raise the group's business revenues and market shares by undertaking large contract works.
- Maintain customer loyalty: Keep producing works of consistent quality and providing excellent after-sales service that make customers want to continue to support us and use our products and services.
- Customer capture rate: Discover new industrial markets, and solicit new customers especially industry leaders to gain market recognition and trust.
- Customer satisfaction: Continue to develop new products based on customer needs and establish new construction techniques with our rich industry experience.
- Customer profitability: Reduce cost, shorten construction schedule, and improve production environment for increased product yield rate to show our appreciation for the customers' support, and create win-win outcomes.

### 3. Future Market Supply and Demand and Future Growth:

As the global COVID-19 pandemic subsides, industries are gradually returning to pre-pandemic conditions. The biotechnology industry is dedicated to enhancing human health and well-being while promoting sustainable ecological development. By leveraging biotechnology, it develops pharmaceuticals, health and nutrition products, nutritionally enhanced agricultural products, clean water solutions, bioenergy, and genetic sequencing, testing, and biomarkers to support precision medicine, disease prevention, and prediction. The industry aims to meet the healthcare needs of individuals of all ages, from wellness and medical treatment to elderly care. Additionally, by utilizing renewable resources and advancing various carbon reduction and carbon capture technologies, it strives to build a sustainable society that promotes health across all age groups and achieves net-zero carbon emissions. (Excerpt from the 2024 Biotechnology Industry in Taiwan)



Biotechnology is one of the emerging industries that Taiwan is actively promoting, with the vision of achieving “Good Health and Well-being for All at All Ages in Taiwan by 2030.”

The government has made relevant progress in the biomedical industry policy in recent years. Among them, the noteworthy one is “Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices” (hereinafter referred to as the “Regulations of Special Medical Techniques”) enacted in 2018, which makes people have relevant regulations of the cell therapy in the field of regenerative medicine to follow.

In addition, with the “Act for the Development of Biotech and New Pharmaceuticals Industry” revised and passed at the end of 2021, tax incentives have been extended until the end of 2031. The scope of application has also been expanded, with coverage extending from existing new drugs, high-risk medical devices, precision medicine, and regenerative medicine to new dosage forms, digital medicine, innovative technology platforms dedicated to the biotech and pharmaceutical industry, and contract development and manufacturing organizations (CDMOs). Eight authorization regulations were promulgated and implemented in January 2023. As of July 2024, a total of 211 companies and 533 products have passed the qualification review for biotech pharmaceutical companies and biotech pharmaceutical products under the “Act for the Development of Biotech and New Pharmaceuticals Industry.” Among them, 84 products have been launched in both Taiwan and international markets. By offering tax incentives, it is anticipated that manufacturers will be encouraged to invest in the development and launch of biotech and pharmaceutical products, and that the manufacturing capacity of the country’s biomedicine industry will be strengthened, thereby accelerating the growth of the biotech and pharmaceutical industry.

In Taiwan, biotech and pharmaceutical industries are equipped with strong upstream research capacity, world-class healthcare services, and a sound intellectual property protection system. Facing the advent of an aging society and the rise of demands from pharmaceutical markets in mainland China and other emerging Asian countries, Taiwan with its Chinese cultural background will have an excellent chance and the competitive advantage to develop its biotech and healthcare industries. The concerted effort of the government and various industrial communities will promote the industrial application of upstream R&D results and technologies, expedite the establishment and development of pharmaceutical and medical equipment R&D companies, give rise to biotech industry cluster, and create employment opportunities for high-caliber professionals, thus transforming Taiwan into a biotech R&D hub in the Asia Pacific region and establishing an international status for the country’s biotech industries.

In the post-pandemic era, the world is still under the influence of pandemic, so the need to develop telemedicine and AI-assisted diagnosis continuously increases, which push the industry trend of cross-domain integration between information communication technologies and biotech and pharmaceutical technologies. This cross-domain integration is also going to increase the overall output of the biotech industry in Taiwan.

The promotion of commercial buildings and public constructions is the driver of domestic economic development. Because the government struggles with raising funds for public constructions, the Executive Yuan has implemented the “Economic Power-Up Plan” in which the “Promotion of Investment for Construction Implementation” was included as a key policy implementation goal. When the government lacks the

budget for public constructions, private funds are actually abundantly available. In addition to encouraging private investments in the construction of commercial buildings, the government also directs private funds into public works and makes use of BOT and OT methods to complete a number of public construction projects. When the government enforces the Economic Power-Up Plan in the future, the projects will accelerate the investment of private funds to facilitate the promotion of public constructions.

By offering a comprehensive range of engineering management service that integrates biomedicine, pharmaceuticals, commercial buildings, and public constructions, L&K Engineering Co., Ltd. strives to construct high-tech facilities that meet schedule and quality requirements, abide by rigorous construction and quality control procedures, and introduce biomedicine, pharmaceuticals, commercial building, and public construction projects to create new-generation management models and novel outcomes for our clients.

#### 4. Competitive niche

##### (1). Excellent reputation

“Reputation” is the key factor for a company to sustain its business and gain customer trust. The Company prides itself on having forty-six years of experience in construction contracts and a long history of quality assurance, cooperation, and a determined attitude toward meeting customer requirements, which is why the Company has repeatedly won the trust of project owners in the domestic engineering market.

##### (2). Outstanding track record

The Company is the only contractor in Taiwan offering cleanroom construction and general MEP, HVAC, and fire-fighting installation services for 8”/12” semiconductor, optoelectronic, and biochemical industries.

The Company is one of the few engineering companies in Taiwan with records of success in construction contract works for different industry fields, both at home and abroad, such as optoelectronics, electronics, hospitals, biopharmaceuticals, and energy.

Since 1980, the Company has undertaken projects covering the [semiconductor industry], where it has built four 6-inch wafer fabs, ten 8-inch wafer fabs, two 8-inch memory fabs, thirteen 12-inch wafer fabs, one 12-inch silicon wafer manufacturing plant, eight 12-inch memory fabs, one advanced packaging plant, five photomask plants, five assembly and test plants, four equipment and materials plants, and two PCB substrate plants; the [optoelectronics industry], where it has built two Micro LED plants, one IMOD plant, one Mirasol plant, twenty TFT-LCD plants, one LTPS plant, four LCM plants, nine CF plants, two OLED plants, one touch panel plant, three glass substrate manufacturing plants, and one optoelectronic materials plant; the [solar cell industry], where it has built five solar cell plants; and the [biotechnology and pharmaceutical industry], where it has built one biotech park, three biotech factories, fourteen pharmaceutical plants, and four hospitals, providing cleanrooms, process systems, civil engineering, interior finishing, and general electromechanical engineering services.

In particular, including a 12-inch semiconductor wafer fab (United

Microelectronics Corporation [Singapore Branch]: UMC FAB 12i P3/P4 PROJECT [turnkey project for the entire plant]), the Company was also involved in turnkey projects: the Company was also involved in turnkey projects: One eight-inch semiconductor fab plant (ProQ Technologies Incorporated (Chongqing): an eight-inch wafer factory in Xiyong Micro-electronics Industrial Park); one generation 4.5 optoelectronic factory (Sollink Optoelectronics Co., Ltd.: Longke Plant); two semiconductor/optoelectronic equipment manufacturing facilities (Tokyo Electron Limited.: headquarters in Hsinchu Science Park; Hermes Epitek Corp.: Phase II MEP/Cleanroom Project in Tainan Science Park); one semiconductor packaging/testing plant (Tong Hsing Electronic Industries, Ltd.: Electronic Area B Whole Plant Turnkey Project); one thin-film solar cell manufacturing facility (AURIA Solar Co., Ltd.: Southern Taiwan Science Park Plant Construction Project); three photomask plant turnkey (Photronics Dnp Mask Corporation: ID Plant Phase II Construction Project Photronics Semiconductor Mask Corp.: Taichung Manufacturing Facility Turnkey Project); one national healthcare biotech R&D center (National Health Research Institutes.: Vaccine R&D Center Project); and five biopharmaceutical manufacturing facilities (Orient PHARMA Co., Ltd.: Yunlin plant in Central Taiwan Science Park; PhytoHealth Corporation: Yang Mei Plant Turnkey Project; HWANG'S Pharmaceutical Co., Ltd.: PIC/S GMP fab cleanroom expansion and renovation turnkey project; Synpac-Kingdom Pharmaceutical Co., Ltd.: Luzhu PIC/S Fab for Ophthalmic Preparations Turnkey Project; United BioPharma Inc.: Protein Plant Design, Planning, and Construction Turnkey Project).

With its engineering execution experience, the Company has reached a total cleanroom construction area reaching 4,041,189 square meters (as of December 2024). Additionally, the Company has successfully completed seven main factory buildings, achieving a total cleanroom area of 240,390 square meters. The Company has undertaken a single optoelectronics panel plant project with a contract value as high as NT\$10 billion, featuring a cleanroom area of 153,390 square meters. Furthermore, the Company has executed a turnkey project for a single 12-inch wafer fab, with a contract value reaching NT\$64.5 billion, and a cleanroom area of 25,365 square meters. The above achievements indicate that L&K Engineering Co., Ltd. has years of construction contract experiences in all types of industries, and these experiences are conducive to the development and expansion of the Company's businesses in the future.

- (3). Enhance internal organization, strengthen the group's vertical and horizontal cooperation, and increase our flexibility in different market operations

Our internal administration system is based primarily on a rigorous division of labor framework, in which the project organization allows for flexible labor allocation through the group's mutual technical support to facilitate the organization's effective use of human capital. Information systems are integrated to enable resource sharing and achieve simple operating procedures, thereby maximizing the benefits of overall applications to collectively attain business goals. Regarding the company's organizational development, we will reinforce the formation of a team of legal experts in engineering laws and strengthen their legal practices and knowledge management. In the future, we will adopt preventive measures in our engineering management to ensure a proactive legal management that would reduce the risks of legal disputes and litigations. Furthermore, documentation control will be enforced systematically on a daily basis to reserve effective resources in case of legal disputes in the future and to serve as an effective measure for safeguarding the company's interests.

The Company is proud to have a team of well-rounded, experienced engineers, led by supervisors of various core departments all of whom have more than 20 years of experience in construction contract works. Our other system designers and project managers are also characterized by years of experience in cleanroom construction. In addition, the Company has long placed emphasis on the cultivation of engineers and continued to organize training programs to hone their techniques, impart knowledge, and share experiences, thereby bolstering the company's competitiveness.

(4). Improve methodology and establish standard operating procedures

Engineering is the application of science, in which different types of knowledge are combined to form techniques through continual innovation and development. The Company constantly learns and integrates the advanced technologies of various countries, applies them to cleanroom construction, and blends and integrates the experiences gained into the essence of the Company's technology. Furthermore, the Company continues to develop new techniques and innovative technologies and establishes standard operating procedures and process systems to ensure that our engineering techniques can produce works of the highest quality and efficiency.

(5). Access to key technologies

The Company is one of the few engineering companies in Taiwan to offer a complete range of engineering services from self-planning, design, manufacturing, installation, testing, verification to repair and maintenance. A comprehensive service can fully satisfy the different engineering requirements of project owners. Because the technologies used in each process are closely linked to each other, the integration of these engineering service procedures is conducive to determining the future service trends and enables engineering services to be reviewed and developed into technologies for market management.

The Company persists in innovation and verification, conducts self-reflection and integration with international resources, provides advanced engineering services, continues to be the industry leader, and realizes its ideology.

"People" are the source of future industrial engineering structures and resources and the power of knowledge-based economy. A company and its employees form a community. The pursuit for truth, benefits, and the effective establishment of a harmonious group personality are the foundation underpinning corporate sustainable development.

L&K Engineering Co., Ltd. has learned to grow in its first 25 years of establishment and continued to ferment in the second 25 years. The Company's emphasis on employees' education and their passion for work is deep-rooted in its corporate culture. To be loyal, perceive the importance of loyalty, and survive in a fiercely competitive international market, L&K Engineering Co., Ltd. employees must recognize the inevitability of becoming an international engineer. They share the vision of learning from the best international engineers, developing ways to manage the "new" operating environment, and being fully prepared to embrace the challenges and impacts of different eras.

Since its transformation from a traditional M&E company into an EPC contractor, L&K Engineering Co., Ltd. became the force promoting the development of cleanroom industries in Taiwan, during which the Company has continuously created novel concepts, demonstrated great ambitions, and adopted

technologies. The Company envisions building a world-class engineering management company.

Industrial engineering is a technical service sector and also a fundamental industry. L&K Engineering Co., Ltd. perseveres in building a community with various industries, providing a total range of professional services, forging business partnerships with clients, creating mutually beneficial relationships of endless possibilities. Given that competition is the driver of industrial advancement, competition in the engineering industry is a war for the “value” of existence, whereas the constant creation of value by L&K Engineering Co., Ltd. employees is the longstanding commitment of L&K Engineering Co., Ltd..

## 5. Favorable and unfavorable factors for future development and response strategies

### (1).Favorable Factors

- The government is vigorously promoting high-tech, electronic, communications, and biomedical industries.
- Investments in private high-tech industries are growing continuously.
- L&K’s leading profession in cleanroom constructions, its business management capabilities, and its capacity to construct whole plants for relevant M&E industries still exhibit room for development.
- L&K Engineering Co., Ltd. has been the leader of the cleanroom markets in Taiwan for more than two years and is continuously committed to widening this gap.
- Engineering is a combination of applied science and engineering management. L&K Engineering Co., Ltd. has accumulated robust experiences in these two key aspects and translated them into tangible results.
- The Company has become an integral part of a transnational engineering network and food chain, gaining a leading status in product manufacturing, which is very competitive.
- The Company has cooperated with universities and colleges since 1999, providing scholarships to promising engineers, in order to reserve space for the expansion of the company’s business in the future.
- Our professionalism, practice, and 20 years of progressive and continuous business growth have underwent a relatively complete process, without any interruptions.
- The Company is equipped with the professional abilities to implement the improvement and management of design, construction, production R&D, testing, balancing, adjustment, diagnosis, and energy conservation.
- L&K Engineering Co., Ltd. is the only engineering company in Taiwan carrying out sophisticated and professional works for high-tech industries for the longest time and with the most extensive range of technologies.

### (2).Unfavorable Factors

- Optoelectronic industries and semiconductor wafer fabrication plants around the world are approaching a point of saturation, which leads to increased investment, greater investment risks, and rapid outward migration of Taiwan’s high-tech industries.
- Industries in the United States, Japan, and European countries are still in recession. International competitors are turning to the Taiwanese and mainland Chinese markets, which will further intensify competition especially between Taiwanese and mainland Chinese companies.
- Engineering companies are part of the service sector. Large companies are struggling financially. Apart from the need for continuous improvement of their

technological capabilities and management, factors associated with market uncertainty, economic fluctuations, the work attitude of professionals, technological development, and employee turnover and aging, are all risks that businesses must face.

- There is a gradual shortage of labor in Taiwan, and labor costs in Taiwan are higher than those in Southeast Asian countries.

### (3). Response Strategies

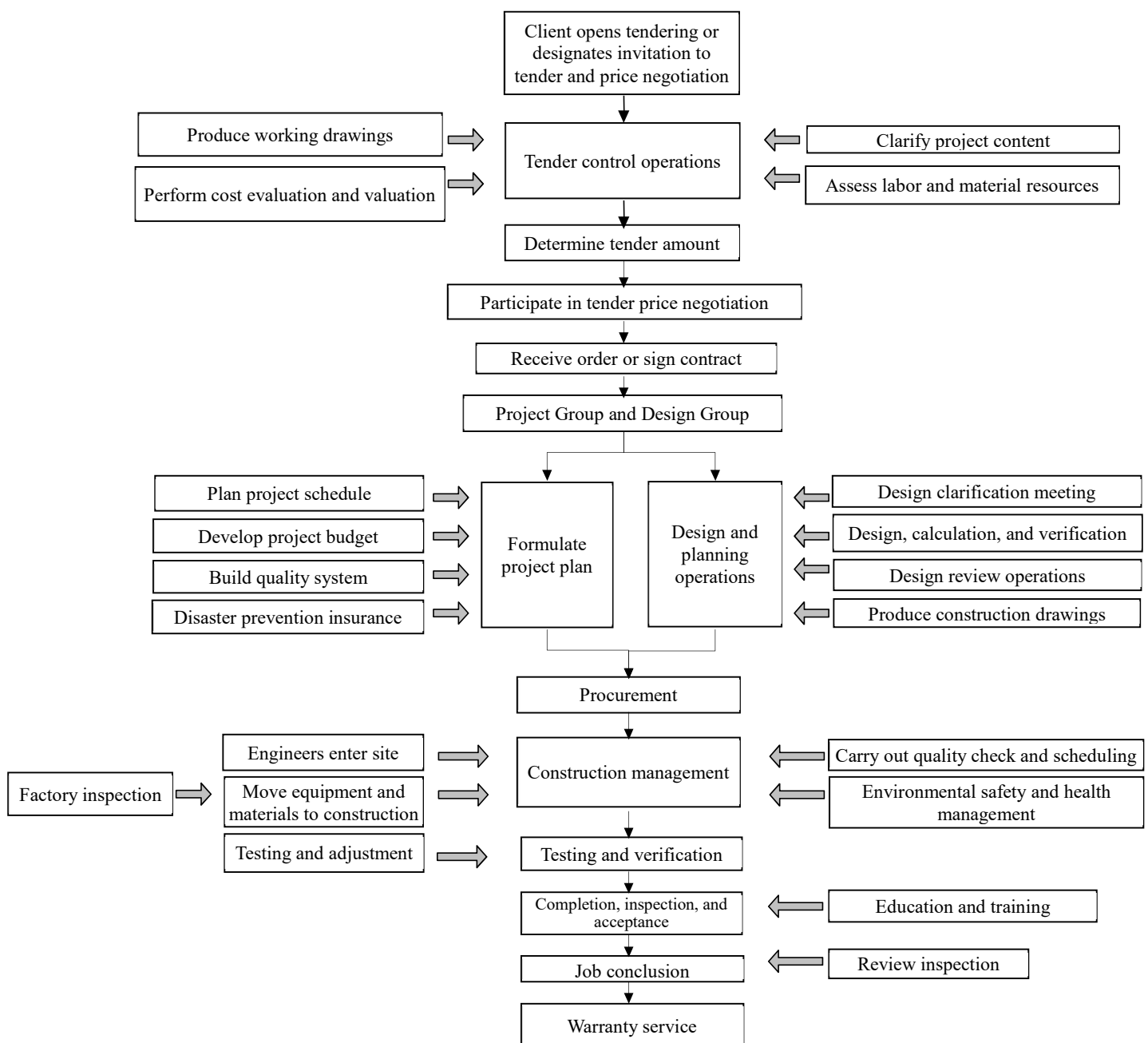
Competition in the field of industrial engineering is affected by factors relating to construction schedule, price, quality, and technological capabilities. Engineering is also a type of business involving professional technical services that focus on the quality and management of people. To ensure consistency in quality and safeguard our reputation, the Company has introduced practices and obtained certifications such as ISO 9001, ISO 14001, ISO 45001, and CNS 45001. Because the Company has already assimilated to a highly competitive environment, we strive to maintain control over our ideology and image in a competitive market, and improve our operational sensitivity and service capability in response to market failures. In response to changes in the engineering market, the Company has invariably sought to be extraordinary among the ordinary, to generate innovative ideas instead of holding onto old ones, and to pursue change. Years of practice and experience, continuous reflection, and innovative reforms are the only strategies that the Company adopts to combat market changes and competition.

## (II) Application and Production of Key Products

### 1. Major Applications of Core Products

L&K Engineering Co., Ltd. is a professional company specializing in the construction, design, installation, and verification of M&E systems. The main services we provide involve cleanroom systems, process plumbing systems, and integrated M&R systems for high-tech, electronics, and biotech and healthcare industries. These services ensure that product production and yield rate can be optimized in a clean, sterile temperature/humidity-controlled environment, which will greatly facilitate the reduction of our clients' production costs.

### 2. The product manufacturing process is shown below:



(III) Supply of Essential Raw Materials

The Company's procurement of materials and equipment varies according to contract regulations. Except for few works and materials which are outsourced, all other materials and equipment are purchased by the Company. The main materials and equipment included raised floor, FFU, air-conditioning unit, materials for interior renovation, lighting equipment, wires and cables, filters, pipes, various types of valves, and surveillance systems, etc. The Company has built a stable cooperative relationship with suppliers of these materials and equipment.

(IV) List of Key Suppliers and Clients

1. Names of suppliers accounting for more than ten percent of the total purchase in any of the previous two years:

Unit: NT\$ 1,000

Year	2023				2024			
Item	Name	Amount	% of Total Net Procurement for the Year	Relation to the Company	Name	Amount	% of Total Net Procurement for the Year	Relation to the Company
1	T1	13,277,969	25.66%	None	T1	5,583,396	9.80%	None
2	Others	38,470,456	74.34%	None	Others	51,383,156	90.20%	None
	Net Total	51,748,425	100.00%		Net Total	56,966,552	100.00%	

The Company's construction cost includes raw material procurement and single jobs which are subcontracted to partnering contractors. Supplier selection follows the management guidelines of the Company's partnering contractors and varies according to project nature, owner's requirements, construction location, and contractor's construction quality and level of cooperation. The Company did not purchase a large amount of supplies from a single supplier. The Company has forged a stable cooperative relationship with suppliers of various materials and equipment and with subcontractors. Therefore, vendor concentration risk is low.



2. Names of clients accounting for more than ten percent of the total revenue in any of the previous two years:

Unit: NT\$ 1,000

Year	2023				2024			
Item	Name	Amount	% of Total Net Revenue for the Year	Relation to the Company	Name	Amount	% of Total Net Revenue for the Year	Relation to the Company
1	Company A	29,186,394	51.29%	None	Company A	30,397,463	46.70%	None
2	Others	27,718,265	48.71%	None	Others	34,692,429	53.30%	None
	Net Total	56,904,659	100.00%		Net Total	65,089,892	100.00%	

The Company is a provider of professional system integration service, whose service relationships with project owners are handled on a project basis. Compared to the general manufacturing sector, the Company serves different clients all the time. Construction schedules are stipulated in the contracts of the projects the Company undertakes. Construction works are carried out as scheduled unless special circumstances occur. Therefore, when the Company completes a high-priced project, the service revenues for that period generate concentration of a certain client.

### iii. Employee Information

- i. Employee data for the past two years and up to the date of the annual report publication

Year		2023	2024	2025/2/28
Employee Count (Note 1)	Direct Labor	4,086	4,378	4,397
	Indirect Labor	290	289	277
	Total	4,376	4,667	4,674
Average Years of Age(Note 2)		39.63	41.63	41.00
Average Years of Service(Note 2)		5.44	6.73	6.32
Education (Note 2)	Ph.D	0.35%	0.48%	0.48%
	Master's	8.38%	8.46%	8.19%
	College degree/Bachelor's	79.12%	77.65%	78.70%
	Senior High School	9.03%	9.85%	9.05%
	Others	3.13%	3.56%	3.59%

Note 1: Include foreign workers.

Note 2: The calculation doesn't include foreign workers.

- ii. Licenses designated by the competent authority held by the Company's personnel related to transparency of financial information:

Certificate Name	Number of People
International Certified Internal Auditor License	1
Securities & Futures Institute Corporate Internal Control Basic Competency Certification	1
Advanced Certified Public Accountant License	2

#### A. Safety, Health, and Environment Policy Statement

As a design and construction enterprise in the engineering services industry, L&K Engineering Co., Ltd. upholds a people-oriented approach, recognizing that employees are the Company's greatest asset. Beyond complying with environmental protection and occupational safety and health regulations, as well as other relevant requirements, the Company continuously improves and mitigates hazards and risks in engineering projects while fulfilling its responsibility to safeguard employee rights.

**“Strive to achieve pollution control and disaster prevention, implement comprehensive safety and health management, prioritize safety, and focus on prevention. All employees shall take action and lead by example, using safety and environmental protection as guiding principles in their actions.”** This is the foundation of our environmental, safety, and health policy, which serves to establish and maintain an environmentally responsible, safety, and healthy work environment.

#### B. Safety, Health, and Environment Organization Structure

The Company has established the QA and EHS Auditing Office as a first-tier unit, responsible for formulating, planning, promoting, and supervising the Company's occupational safety, health, and environmental protection management. It provides guidance to departments and project implementation, conducts regular inspections of safety, health, and environment management performance, and oversees the effectiveness of safety, health, and environment management execution across all units. The objective is to reduce the number of occupational accidents, ensure worker safety and health, and protect environmental resources.

#### C. Safety, Health, and Environment Management System

The Company is committed to providing high-quality engineering services and adhering to its mission of meeting customer needs. It complies with government laws and regulations, has achieved certification in “ISO 45001 Occupational Health and Safety Management System” and “ISO 14001 Environmental Management Systems,” and continuously maintains a safe working environment. The Company facilitates a health management system to improve the physical and mental well-being of employees.

The Company incorporates relevant training into its routine operations. Through practical simulations of emergency situations, it builds employees' evacuation and response skills, ensuring they are well-prepared with adequate knowledge to reduce the risk of injuries. Additionally, the Company has established an Occupational Safety and Health Committee, as mandated by the Occupational Safety and Health Act, and consistently maintains certifications for the ISO 14001 Environmental Management Systems, the ISO 45001 Occupational Safety and Health Management System (valid from September 15, 2024, to September 15, 2027), and the CNS 45001 Taiwan Occupational Safety and Health Management System (valid from September 15, 2024, to September 15, 2027).



ISO 14001 Environmental Management System



ISO 45001 Occupational Safety and Health Management System



CNS 45001 Taiwan Occupational Safety and Health Management System

## D. Safety, Health, and Environment Management Operations

The Company's Occupational Safety and Health Committee is established in accordance with Article 12 of the Regulations Governing Occupational Safety and Health. It consists of 11 members, including the Chairperson (President), department heads, representatives of occupational safety and health engineering personnel, safety and health personnel representatives, and four labor representatives. The first-tier management unit, the QA and EHS Auditing Office, is responsible for overall coordination and execution. In addition, quarterly "Occupational Safety and Health Committee Meetings" are held to report on environment, safety, and health management, discuss safety and health proposals, conduct epidemic prevention measures and epidemiological investigations, and address labor representatives' improvement suggestions. These meetings facilitate discussions on various issues, including identification and assessment, review, coordination, and recommendations on safety and health matters between labor and management. They also ensure the implementation of safety, health, and environment management while jointly fostering a safe and friendly workplace environment.

## E. Safety, Health, and Environment Training Implementation

Occupational safety and health training for internal employees: 37 sessions/93 hours

Risk assessment training for internal employees: 2 sessions/120 hours

Emergency response team regular drills: 2 sessions

External training (with contractor participation)

Occupational safety card courses: 3 sessions

Occupational safety and health practical experience sharing: 6 sessions

Regular aerial work platform training: 3 sessions

L&K Engineering Co., Ltd. project occupational safety awareness meetings: 12 sessions

## F. Safety, Health, and Environment Risk Assessment

### ▀ Hazard Identification

Identification and assessment personnel can conduct on-site inspections or discussions in meetings to identify various potential hazard factors within units, projects or operational areas, equipment, and work processes that may lead to personal injury, health issues, property damage, or harm to the operational environment.

### ▀ Risk Assessment

A quantitative assessment of various hazard factors is conducted based on professional expertise and experience. This includes evaluating severity, likelihood of hazard occurrence, and the effectiveness of risk controls, as well as calculating the risk value to identify potential risk hazards.

### ▀ Risk Management

For hazards with moderate or higher risk levels, risk control measures aimed at improvement and mitigation are proposed. Additionally, management confirmation is conducted to ensure the effectiveness of risk control measures.

### ▀ Hazard Identification and Assessment

Each project site should conduct hazard identification and assessment of the work environment, including environmental factors such as air pollution, water pollution, and waste, as well as physical, chemical, biological, and ergonomic hazard factors. Additionally, specific hazard control plans and measures should be developed.

Risk Assessment and Management		
Scope of Assessment	<ul style="list-style-type: none"> <li>General: Safety, chemical, physical, biological, and ergonomic hazards</li> <li>Organizational: Workload, working hours, violence, sexual harassment, and bullying</li> </ul>	High risk: Establish operational control procedures and implement effective risk mitigation measures; review the effectiveness of control measures every six months; and prioritize as a key inspection focus and improvement item.
		Moderately high risk: Establish operational control procedures and implement effective risk mitigation measures; review the effectiveness of control measures every six months.
Assessment Frequency	<ul style="list-style-type: none"> <li>Upon project initiation</li> <li>Regular review every six months</li> <li>When construction methods, equipment, or operational procedures change</li> <li>Following improvements of safety and health anomalies and major industrial safety incidents</li> </ul>	Moderate risk: Conditionally acceptable if appropriate procedures, controls, and safety protections are in place; implement control measures as needed.
		Low risk: Acceptable as-is, no further measures required.

## G.Occupational Accident Statistics and Analysis

The Occupational Safety and Health Act now applies to employed workers across all industries, self-employed individuals, and other personnel engaged in labor under the direction or supervision of a workplace. Furthermore, according to Article 38 of the Act, employers now have a new obligation to record occupational accident details and submit reports to the inspection units for reference.

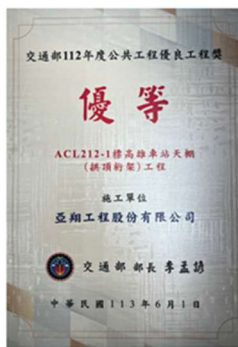
Occupational accident statistics are calculated based on the occupational accident statistical indicators published by the Ministry of Labor, using a per-million work hours standard. In 2024, the total recorded work hours amounted to 925,912 hours. The calculated disabling injury frequency rate (FR) was 2.16, and the disabling injury severity rate (SR) was 1. The total recorded work hours for contractors reached 1,061,712 hours.

Note: The above figures do not include employee commuting accidents.

In 2024, no major occupational accidents occurred. The recognition of occupational diseases requires a diagnosis certificate issued by a physician, and no such cases transpired this year.

## H.Environment, Safety, and Health Honors and Recognitions

- In June 2024, the Company received the 2023 Public Works Excellence Award (Second Class) from the Ministry of Transportation and Communications for the “Kaohsiung Station Canopy Project.”
- In June 2024, the Company received the 2023 Public Works Excellence Award (Second Class) from the Ministry of Transportation and Communications for the “Kaohsiung Railway Underground Project.”
- In May 2024, the Company was received a Certificate of Appreciation from Powerchip Semiconductor Manufacturing Corporation for the “PSMC P5 Cleanroom Construction Project.”
- In November 2024, the Company received the 2024 Happy Enterprise Silver Award from 1111 Job Bank.



公共工程優良工程獎



公共工程優良工程獎



幸福企業銀獎



感謝狀

iv. Environmental Protection Expenditure

1. List the losses suffered due to pollution of the environment in the most recent year and up to the publication date of this Annual Report (including compensation and results of environmental protection audits that violated environmental protection laws and regulations; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained:

Date of Violation	Competent Authority	Sanction Document Number	Type of Environmental Regulation Violation	Specific Article Violated	Penalty
2023/12/08	Department of Environmental Protection, Taipei City Government	2024/04/01 Yin-Zi 22-113-040007	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$6,000 and 1-hour environmental education session
2024/01/03	Environmental Protection Department, New Taipei City Government	2024/03/05 Xin-Bei-Huan-Ji-Zi 21-113-030052	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection
2024/01/03	Environmental Protection Department, New Taipei City Government	2024/03/05 Xin-Bei-Huan-Ji-Zi 21-113-030053	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection

Date of Violation	Competent Authority	Sanction Document Number	Type of Environmental Regulation Violation	Specific Article Violated	Penalty
2024/01/03	Environmental Protection Department, New Taipei City Government	2024/03/05 Xin-Bei-Huan-Ji-Zi 21-113-030054	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection
2024/01/26	Environmental Protection Department, New Taipei City Government	2024/04/15 Xin-Bei-Huan-Ji-Zi 41-113-040771	Waste Disposal Act	Article 27, Subparagraph 2	A fine of NT\$2,400
2024/03/04	Environmental Protection Department, New Taipei City Government	2024/05/27 Xin-Bei-Huan-Ji-Zi 41-113-051060	Waste Disposal Act	Article 27, Subparagraph 2	A fine of NT\$2,400
2024/05/19	Department of Environmental Protection, Taipei City Government	2024/07/17 Yin-Zi 22-113-070232	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$6,000 and 1-hour environmental education session



Date of Violation	Competent Authority	Sanction Document Number	Type of Environmental Regulation Violation	Specific Article Violated	Penalty
2024/07/11	Department of Environmental Protection, Taipei City Government	2024/09/09 Yin-Zi 22-113-090042	Noise Control Act	Article 9, Paragraph 1, Subparagraph 4 Amendment to Noise Control Standards, Article 6	A fine of NT\$18,000 and 2-hour environmental education session
2024/08/17	Department of Environmental Protection, Taipei City Government	2024/09/11 Fei-Zi 40-113-090017	Waste Disposal Act	Article 27, Subparagraph 2	A fine of NT\$4,800
2024/09/14	Environmental Protection Department, New Taipei City Government	2024/12/11 Xin-Bei-Huan-Ji-Zi 22-113-120027	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$3,000
2024/09/21	Department of Environmental Protection, Taipei City Government	2024/11/07 Yin-Zi 22-113-110125	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$6,000 and 2-hour environmental education session

Date of Violation	Competent Authority	Sanction Document Number	Type of Environmental Regulation Violation	Specific Article Violated	Penalty
2024/10/06	Department of Environmental Protection, Taipei City Government	2024/11/07 Yin-Zi 22-113-110128	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$6,000 and 2-hour environmental education session
2024/11/29	Department of Environmental Protection, Taipei City Government	2025/01/10 Yin-Zi No. 22-114-010163	Noise Control Act	Article 9, Paragraph 1, Subparagraph 4	A fine of NT\$18,000 and 4-hour environmental education session
2024/11/30	Environmental Protection Department, New Taipei City Government	2025/01/08 Xin-Bei-Huan-Ji-Zi No. 21-114-010369	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection
2024/12/27	Environmental Protection Bureau Kaohsiung City Government	2025/1/23 Gao-Shi-Huan-Ju-Zao-Chu-Zi No. 22-114-010027	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$6,000 and 4-hour environmental education session
2024/12/27	Environmental Protection Bureau Kaohsiung City Government	2025/1/23 Gao-Shi-Huan-Ju-Zao-Chu-Zi No. 22-114-010028	Noise Control Act	Article 8, Subparagraph 4	A fine of NT\$3,000

Date of Violation	Competent Authority	Sanction Document Number	Type of Environmental Regulation Violation	Specific Article Violated	Penalty
2024/12/31	Environmental Protection Department, New Taipei City Government	2025/02/14 Xin-Bei-Huan-Ji-Zi No. 21-114-021316	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection
2024/12/31	Environmental Protection Department, New Taipei City Government	2025/02/14 Xin-Bei-Huan-Ji-Zi No. 21-114-021317	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection
2024/12/31	Environmental Protection Department, New Taipei City Government	2025/02/14 Xin-Bei-Huan-Ji-Zi No. 21-114-021318	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection
2024/12/31	Environmental Protection Department, New Taipei City Government	2025/02/14 Xin-Bei-Huan-Ji-Zi No. 21-114-021319	Air Pollution Control Act	Article 44, Paragraph 1	A fine of NT\$500 for overdue motorcycle inspection

## 2. Current and future environmental protection expenses

Waste disposal and noise control treatment will be listed as major items. The estimated annual expenses for these two tasks are approximately NT\$410,000.

## 3. Response measures

1. Develop a waste reduction target each year, encouraging employees to reduce, recycle, and reuse household garbage and waste.
2. Ensure the quality of discharged wastewater complies with legal standards each year.
3. Ensure the volume of construction machinery complies with legal standards each year.

v. Labor Relations

The Company has established an Employee Welfare Committee to promote employee relationships and invigorate employee morale. The Committee oversees the organization of various employee welfare activities and contributes 0.075% of business revenue, 0.5% of employee's salary, and a certain percentage of proceeds from selling of scraps, to an employee welfare fund, which is then used to fund the various activities organized by the Employee Welfare Committee.

(I) Employee benefits, retirement system, continuing education, training, and their implementation status, as well as labor management agreements and measures for protection of employee rights

1. Employee Benefits

(1) Employee Welfare Committee:

1. Birthday, childbirth, and wedding/funeral gratuities
2. Hospitalization consolation payments and long-service employee rewards
3. Children's education subsidies, disability allowances for children, emergency assistance, and travel subsidies
4. Departmental/project activity subsidies

(2) The Company provides:

1. Group liability insurance
2. Bonuses for Dragon Boat and Moon Festivals, and year-end bonuses
3. Employee remuneration (as mandated by the Articles of Incorporation)
4. Monthly pension contributions as required by the Labor Standards Act
5. Employee health checks once every two years
6. Year-end raffle draw banquet

(3) Governmental laws and regulations:

1. Labor and health insurance coverage in accordance with laws and regulations
2. Employee compensation for occupational injury in accordance with the Labor Standards Act, and other compensations are pursuant to the Labor Standards Act
3. Others are pursuant to the Labor Standards Act and the Labor Insurance Act

## 2. Retirement System

1. In compliance with the Labor Standards Act, the Company appropriates labor pension reserve funds of 6% of employee's salary and deposits them into a designated account with Bank of Taiwan.
2. The Company has established the L&K Engineering Co., Ltd. Retirement Guidelines in accordance with the Labor Standards Act and the Labor Pension Act. The Labor Pension Act was implemented on 2005/7/1, and retirement was handled accordingly.
3. The Company has retirement guidelines in place. For employees who are applicable to the old pension system (the Labor Standards Act), the Company contributes a portion of employee salary each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in Bank of Taiwan. In compliance with regulatory requirements, the Company assesses the balance in the Funds before the end of each year and funds the difference, if any, before the end of March of the next year. In response to the implementation of the Statement of Financial Accounting Standards No. 18, the Company hires an actuary to produce an actuarial evaluation report of the labor pension reserve funds. For employees who are applicable to the new pension system (the Labor Pension Act), the Company makes monthly contributions equal to no less than 6% of employee's monthly salary to the Bureau of Labor Insurance's individual labor accounts.

## 3. Labor management agreements

The Company holds labor management meetings every three months. These meetings are chaired by the President or the designated Vice President who then coordinates HR and Level-1 supervisors to communicate with the labor representatives. An open channel of communication is ensured to effectively deliver the company's business ideals and facilitate and positive interaction between employer and employee representatives.

## 4. Continuing education and training for employees:

To strengthen the professional knowledge and skills of the Company employees so that they can produce work of greater quality more effectively and efficiently, and to meet the company's recruitment requirements, the Company encourages employees to engage in continuous innovation, and offers training programs to enhance the quality of our human resources, bolster the company's competitiveness, and cultivate every employee into a hard-working person who is talented, ethical, and competent. In 2024, the Company has organized a total of 7,997 hours of training, which costed roughly NT\$1,102,595. Training involves the following:

The "Guidelines for the Management of Employee Education and Training" cover the following:

- (1). Orientation for new employees
- (2). Departmental training (internal and external)
- (3). Training performance evaluations.

The Company requires auditors to improve their professionalism by attending internal auditing courses and relevant seminars. Finance officers are also required to attend training courses that are organized by the competent authority or relevant departments.

(II) List the losses suffered due to labor disputes in the most recent year and up to the publication date of this Annual Report (including violations of the Labor Standards Act in the results of labor inspections; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained:

(1) Engineering safety incidents

A. Engineering safety incident - National Exhibition and Convention Center Construction Project

RSEA Engineering Corporation (privatized 2009) undertook the National Exhibition and Convention Center (Taipei Nangang Exhibition Center Expansion) Construction Project when, on July 24, 2018, an occupational death by electrocution occurred during the construction of fireproof roller shutter and waterproof gate. The deceased was Cheng-Che Lin, son of Yi-Yi Lin who is in charge of a subcontractor Chun You Engineering. Family members of the deceased sued RSEA Engineering Corporation (privatized 2009), five engineers, and SUNCUE in a criminal proceeding for the offense of death caused by injury. On July 16, 2020, they also requested a compensation of NT\$11,659,781 from Taipower, RSEA Engineering Corporation (privatized 2009) and its five engineers, SUNCUE, Moh and Associates Inc., JJP Architects & Planners, and Continental Engineering Corporation. Regarding criminal proceedings, on January 8, 2021, Taiwan Shilin Prosecutors Office made the non-prosecution decision (Case No.: 2020 Chen-Zi No. 3031, 2020 Chen-Zi No. 6593, 2020 Chen-Zi No. 18209). The complainants denied this decision and filed for a reconsideration of the ruling, so Taiwan High Prosecutors Office remanded the case for further investigation. After the further investigation of Taiwan Shilin Prosecutors Office, it made the non-prosecution decision on Ming-Hsien Hung, the Manager of Office Operation. Chief Supervisor Chung-Yi Li, Deputy Chief Supervisor Chun-Pin Yu, Manager of Health and Safety Shan-Pai Li and On-site Engineer Wen-Chuang Jung are prosecuted with the offense of negligent homicide. This case is currently under adjudication by Taiwan Shilin District Court. Regarding civil proceedings, after several unsuccessful mediations, the case is currently pending before the Taiwan Shilin District Court. The judge ordered a halt to the proceedings until the results of the examination in the criminal proceeding are available. In summary, regarding this engineering safety accident, aside from the Group's engineers facing prosecution, the compensation was jointly borne by the owners and contractors involved in the case. Therefore, the accident had no material adverse effect on the L&K Group's financial and business operations.

B. Engineering safety incident - Taoyuan International Airport Terminal 3 Building Civil Engineering Construction Project

During the Taoyuan International Airport Terminal 3 Building Civil Engineering Construction Project undertaken by RSEA Engineering Corporation (privatized 2009), Shang-I Chu, an R.O.C. worker employed by Yi Chang Company—a subcontractor of RSEA Engineering Corporation (privatized 2009)—died on December 12, 2023. His death is suspected to have

been caused by being clamped by the outrigger boom of a truck-mounted concrete pump. This occurred while he was retrieving items from a basket located under the pump and entering the radius of the outrigger boom during concrete pouring operations. A settlement agreement for this engineering safety accident was reached and signed with the victim's family on January 21, 2024. The terms of the settlement include a total compensation of NT\$11 million, the establishment of a trust account, and other subsequent assistance. The criminal investigation (Case No.: 2024 Zhen-Zi No. 17502) regarding this occupational accident is still in progress at the Taoyuan District Prosecutors Office. The case has been filed against the legal representative of the subcontractor for investigation. In addition, this case is covered by comprehensive construction insurance and other relevant commercial insurance, as required by the contract. We are currently engaging an insurance notary to calculate the compensation for this engineering safety incident. This will help clarify the exact amount of reimbursement we will seek from the subcontractor later. The accident has no material adverse effect on the L&K Group's financial and business operations.

C. Engineering safety incident - Tamsui North Shore Road Widening Project

RSEA Engineering Corporation (privatized 2009), during the Tamsui North Shore Road Widening Project, encountered an incident on November 28, 2024, when a subcontractor was conducting exploratory drilling operations at the Danjin Road/Zhongzheng East Road motorcycle and slow vehicle underpass. The drilling inadvertently punctured the underpass ceiling, leading to water leakage and causing a pedestrian to slip and sustain injuries while passing through. Afterward, the construction team actively addressed the issue, and a settlement of NT\$390,660 was reached with the injured party. The Company is currently working with the insurance provider to process the claim. The incident does not have any significant adverse impact on L&K Group's financial position or business operations.

(2) Current and potential labor disputes:

Occupational hazards or other work-related reasons that cause illness, injury, disability, or death to project colleagues and service providers.

It is not possible to reasonably estimate the financial losses. The Company conducts its business in accordance with the Labor Standards Act. However, it should be noted that losses due to the dynamic nature of business operations are not foreseeable in advance. Moreover, the amount of losses may not be immediately known or reasonably estimated at the time of occurrence. Labor disputes arising from business changes are adjusted on a case-by-case basis in accordance with the law and included in the agenda of internal reviews.

(3) Response measures: Establish a comprehensive safety and health management system; strengthen and implement safety and health supervision at project sites; enhance safety education and training; improve the working environment; develop an emergency response management mechanism.

## vi. Information security management:

- (I) Cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management.

### Part (1):

#### 1.0 Management framework

The Company's IT department is responsible for the maintenance and management of information security. They will draw up information security policies and operational regulations, promote the implementation of information security policies, implement information security management plans, raise employees' awareness on information security, continue to strengthen protection measures to reduce information security risks, and ensure the confidentiality, integrity and availability of the company's important information and data.

Internal audits are conducted on the company's information security by following the internal control system and management rules set forth in the company's audit plans. The audit results provide management with the operation status of internal control functions so that management understand the existing or underlying issues and implement improvements or optimization accordingly.

#### 2.0 Cyber Security Policies

##### 2.1 Purpose

The Company establishes Information Security Policy as the basis for adopting various information security measures, in order to implement information security management, strengthen the security of the company's computer and network equipment communications, reduce the risks of theft, inappropriate use, leaks, alteration, or damage of IT assets as a result of human error, sabotage, or natural disasters, and ensure the confidentiality, integrity and availability of information assets.

##### 2.2 Applicable Scope

Full-time employees and contract employees of the Company, consultants (or advisers) to the Company, and companies and clients that have business dealings with the Company.

##### 2.3 Information Security Objective

To achieve the following objectives with the concerted efforts of all employees, thereby ensuring the confidentiality, integrity, and availability of information assets and information security operations and safeguarding user data privacy:

- 2.3.1 Continue to fortify and improve the company's information security management system and capability as a whole.
- 2.3.2 Improve the company's information security management and technology literacy, as well as relevant tools, in a timely manner as deemed fit.
- 2.3.3 Protect information on the Company's business activities, avoid unauthorized access and modification, and ensure the correctness and integrity of such information.
- 2.3.4 Comply with the requirements of relevant laws or regulations to achieve business continuity.



### 3.0 Specific Management Plans

Type	Management Plans	Management Measures
Network Management	Set up firewall	Separate internal and external networks, and defend against external attacks.
	Control network services	Control internal-to-external / external-to-internal connections, and ban connections to unauthorized networks.
	Remote sign in	Use remote desktop to sign in remotely to reduce concerns about the security of taking a work computer outside the office.
	Reverse proxy	Through the mechanism of reverse proxy, the real IP address will be concealed to reduce the risks for the servers to be attacked.
Information Equipment Management	Server room management	Set up access control and CCTV to monitor who accessed the server room.
	Asset management	Compile a list of information computer equipment and regularly maintain and take an inventory of it.
	Record storage	Keep records of storage system sign-in events and server file access for future reference.
	Endpoint protection	Install anti-virus software on personal computer and scan for virus at least once a week, update anti-virus software regularly, and install file encryption software to encrypt internal documents, which reduce the chance of confidential information leak.
	Equipment monitoring	Monitor the operation status of network equipment and servers and notify admin if connection fails.
Account Access Management	System admin account	Set up different admin account for different systems and change password regularly to prevent password leak, which will otherwise compromise the entire system.
	User account	Establish operating procedures, such as applying for an account, changing account privileges, and deleting an account; passwords must meet complexity requirements and mandatory password changes.
	User access	Set default for user account privileges as low as possible and set a maturity date for user accounts (users may apply for changes if needed).
Change Management	Backup management	Important information systems and files must be backed up, and important data stored in different places.
	Recovery exercises	Backup data must be regularly verified and recovered to check backup availability.
	Social engineering drills	Employees are regularly trained and tested on their vigilance against phishing emails; those who fail the test are required to undergo awareness courses to enhance their information security concept.

Type	Management Plans	Management Measures
Change Management	Backup power for server rooms	Server rooms are equipped with UPS and a standby generator in case of emergency power outage.
Audit and Awareness	Information security awareness	Regularly promulgate ways to prevent phishing emails and information security concepts.

#### 4.0 Invested Resources

Currently, the Information Security Department has tasked six of its staff members with the management of information security.

The budget for the maintenance and enhancement of information security is also planned every year, and information security-related tasks are reported and discussed in every manager meeting.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

vii. Important Contracts

The Company's important contracts that are still effective:

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	Southern Region Engineering Office, Railway Reconstruction Bureau, Ministry of Transportation and Communications	From 2011.11.21 as per owner requirement	ACL212 Kaohsiung Railway Underground (Cut and Cover Construction) Project	—
Construction Contract	Preparatory Office, National Kaohsiung Center for the Arts	From 2012.05.08 as per owner requirement	National Kaohsiung Center for the Arts Special Equipment Project	—
Construction Contract	National Yang Ming Chiao Tung University Hospital	From 2012.11.27 as per owner requirement	National Yang Ming Chiao Tung University Hospital Construction, Renovation, and MEP Turnkey Project	—
Construction Contract	Academia Sinica	From 2013.08.01 as per owner requirement	National Biotechnology Research Park Project (Turnkey)	—
Construction Contract	East District Project Office, Department of Rapid Transit Systems, Taipei City Government	From 2013.12.24 as per owner requirement	Taipei Performing Arts Center Theater Equipment Phase One (TP4) Project	—
Construction Contract	Farglory Construction	As per owner requirement	Taipei Dome Complex Large Indoor Stadium Development Project - MEP Construction	—
Construction Contract	Southern Region Engineering Office, Railway Reconstruction Bureau, Ministry of Transportation and Communications	As per owner requirement	ACL212-1 Kaohsiung Station Canopy (Roof Truss) Project	—
Construction Contract	Taiwan Apple, LLC, Taiwan Branch (U.S.A.)	As per owner requirement	LY3 Plant Construction Project	—
Construction Contract	Winbond Electronics Corp.	As per owner requirement	Kaohsiung Plant General MEP Phase I Construction Project	—
Construction Contract	Macronix International Co., Ltd.	As per owner requirement	Bay29/30 Plant System MEP Expansion Construction (Phase I) Project	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	tsmc F18P4P5P6 UNDERGROUND PIPING SYSTEMS	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	tsmc RD FAB Outer Piping Construction Project	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	Nan Ya PCB Co., Ltd	As per owner requirement	Cleanroom Air-Conditioning System for Nan Ya PCB Shulin Factory	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	tsmc F18P7 UNDERGROUND PIPING SYSTEMS	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	tsmc F14P8 UNDERGROUND PIPING SYSTEMS	—
Construction Contract	United Microelectronics Corp.	As per owner requirement	12A P6 Cleanroom + MEP Turnkey Project	—
Construction Contract	Powerchip Semiconductor Manufacturing Corp.	As per owner requirement	PSMC P5 Plant Phase 1 Cleanroom System New Construction Project (20K)	—
Construction Contract	Samsung C&T corporation Taiwan Branch-Korea	As per owner requirement	Taoyuan International Airport Terminal 3 Building Civil Engineering Construction Project - Road Mechanical and Electrical and T3 Temporary Electrical Engineering	—
Construction Contract	Photronics Dnp Mask Corp.	As per owner requirement	PDMC-1D Cleanroom Expansion Project	—
Construction Contract	Allis Electric Co., Ltd.	As per owner requirement	Macronix Fab5 5B Substation AHU Setting Project	—
Construction Contract	Taiwan Apple, LLC, Taiwan Branch (U.S.A.)	As per owner requirement	APPLE LY3 L30/L40 clean room phase 1 expansion project	—
Construction Contract	United Microelectronics Corp.	As per owner requirement	UMC 8F Cleanroom Expansion and Utility Construction Project	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	tsmc F22P1 Underground piping package	—
Construction Contract	Taichung Photronics Photomask Co., Ltd.	As per owner requirement	FAB Expansion Design Fee Project	—
Construction Contract	Taichung Photronics Photomask Co., Ltd.	As per owner requirement	FAB Expansion Project	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	tsmc F22P1 Underground piping package	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	AP8 MEP-M Long-lead Time Item	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	AP8 PCW Package – Long Lead Time	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	AP8 System Dismantling Project Stage 1	—
Construction Contract	Taiwan Semiconductor Manufacturing Co., Ltd.	As per owner requirement	Kaohsiung Campus Construction for Garuda Technology	—
Construction Contract	KIMLY-SHIMIZU JOINT VENTURE (Changi Hospital)	From 2015.04.28 as per owner requirement	CONSTRUCTION SERVICES	—
Construction Contract	United Microelectronics Corporation (Singapore Branch)	As per owner requirement	UMC 12i P3/P4 EPC C&S Partial	—
Construction Contract	United Microelectronics Corporation (Singapore Branch)	As per owner requirement	UMC 12i P3 M&E Equipment Systems	—
Construction Contract	VisionPower Semiconductor Manufacturing Company Pte. Ltd.	As per owner requirement	VSMC FAB Construction – CSA	—
Construction Contract	VisionPower Semiconductor Manufacturing Company Pte. Ltd.	As per owner requirement	VSMC FAB Construction – MEP	—
Loan Agreement	Hua Nan Commercial Bank	2024.12.13~2025.12.13	General credit limit	—
Loan Agreement	Chinatrust Commercial Bank	2024.08.31~2025.08.31	General credit limit	—
Loan Agreement	Taishin International Bank	2024.09.30~2025.09.30	General credit limit	—
Loan Agreement	Yuanta Commercial Bank	2024.06.29~2025.06.29	General credit limit	—
Loan Agreement	Shanghai Commercial and Savings Bank	2024.10.18~2025.10.18	General credit limit	—
Loan Agreement	Mega International Commercial Bank	2024.05.24~2025.05.23	General credit limit	—
Loan Agreement	Mega International Commercial Bank	2017.05.10~2025.05.09	Project Financing	—
Loan Agreement	Mega International Commercial Bank	2011.12.28~2025.12.31	Project Financing	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Loan Agreement	Taichung Commercial Bank Co., Ltd.	2024.08.16~2025.08.16	General credit limit	—
Loan Agreement	Land Bank Of Taiwan	2024.11.21~2025.11.21	General credit limit	—
Loan Agreement	First Commercial Bank	2024.07.12-2025.07.12	General credit limit	—
Loan Agreement	First Commercial Bank	2024.07.12~2025.07.12	Project Financing	—
Loan Agreement	Mega Bills Finance Co., Ltd.	2024.10.17~2025.10.16	Appointment to guarantee issuance of commercial papers	—
Loan Agreement	International Bills Finance Corporation	2024.03.27~2025.03.26	Appointment to guarantee issuance of commercial papers	—
Loan Agreement	Taiwan Cooperative Bills Finance Corporation	2024.12.23~2025.12.23	Appointment to guarantee issuance of commercial papers	—
Loan Agreement	Taiwan Finance Corporation	2024.10.31~2025.10.30	Appointment to guarantee issuance of commercial papers	—
Loan Agreement	Ta Ching Bills Finance Corporation	2024.10.22~2025.10.22	Appointment to guarantee issuance of commercial papers	—
Loan Agreement	Taiwan Shin Kong Commercial Bank Co., Ltd.	2025.02.10~2026.02.10	General credit limit	—
Loan Agreement	United Overseas Bank	2024.04.09~2025.04.08	Project Financing	—
Construction Contract	Railway Reconstruction Bureau, Ministry of Transportation and Communications	From 2011.9 as per owner requirement	ACL212 Kaohsiung Railway Underground (Cut and Cover Construction) Project	—
Construction Contract	Taiwan Power Company	From 2012.9 as per owner requirement	Talin Power Plant Cylinder Coal Storage System Turnkey Procurement Project	—
Construction Contract	Academia Sinica	From 2013.12 as per owner requirement	Academia Sinica Research Center for Environmental Challenges Construction Project	—
Construction Contract	South District Project Office, Department of Rapid Transit Systems, Taipei City Government	From 2016.1 as per owner requirement	Taipei Metro Wanda–Zhonghe–Shulin line (Phase I) CQ850 Construction Project	—
Construction Contract	Department of Rapid Transit Systems, New Taipei City Government	From 2016.6 as per owner requirement	Sanying Line Metro System Turnkey Project	—
Construction Contract	Railway Reconstruction Bureau, Ministry of Transportation and Communications	From 2017.8 as per owner requirement	ACL212-1 Kaohsiung Station Canopy (Roof Truss) Project	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	New Construction Office, Public Works Department, Taipei City Government	From 2019.7 as per owner requirement	General Building and Underground Parking Lot Project, Taipei Jingmei Girls High School	—
Construction Contract	Taiwan Life Insurance Co., Ltd.	From 2019.4 as per owner requirement	Main Contractor Project Of Taipei City Nangang District Jingmao Section Land serial no.15 Superficies	—
Construction Contract	Southern Region Engineering Office, Railway Bureau, Ministry of Transportation and Communications	From 2019.5 as per owner requirement	CE02 Civil Engineering of Railway Technology Research and Verification Center	—
Construction Contract	Southern Region Engineering Office, Railway Bureau, Ministry of Transportation and Communications	From 2020.7 as per owner requirement	CE02-1 Railway Technology Research and Verification Center C1.C2 Equipment Inspection and Verification	—
Construction Contract	Land Administration Department ,New Taipei City Government	From 2021.6 as per owner requirement	The City Rezoning Development Project for the 1-2 District of Wenzizun Area across New Taipei City's Xinzhuang and Taishan Districts	—
Construction Contract	Land Administration Department ,New Taipei City Government	From 2021.6 as per owner requirement	The City Rezoning Development Project for the 1-1 District of Wenzizun Area across New Taipei City's Xinzhuang and Taishan Districts	—
Construction Contract	Taoyuan International Airport Corporation Ltd.	From 2021.6 as per owner requirement	Taoyuan International Airport Terminal 3 Building Civil Engineering Construction Contract	—
Construction Contract	Mitsui Fudosan Taiwan Co., Ltd. Nangang Branch	From 2021.8 as per owner requirement	EPC Project for Taipei City Nangang District Jingmao Section Land serial no.15 Superficies - Management Contract	—
Construction Contract	LNG Engineering Division, CPC Corporation, Taiwan	From 2022.7 as per owner requirement	Taichung Plant Phase III Gasification Facilities and Integrated Pipeline Turnkey Project	—
Construction Contract	POTENS SEMICONDUCTOR CORP.	From 2022.6 as per owner requirement	Construction Project at Land Serial No. 941, Donghua Segment, Zhubei City - Architectural Design Commission and Construction Contracting	—
Construction Contract	Construction Office, New Taipei City Government	From 2024.1 as per owner requirement	Tamsui North Shore Road Project	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	Mass Rapid Transit Bureau, Kaohsiung City Government	From 2023.11 as per owner requirement	Kaohsiung Metropolitan MRT Siaogang-Linyuan Line LOT RLC01 Civil Engineering and Facility M&E Turnkey Project	—
Construction Contract	Eastern Region Engineering Branch Office, Railway Reconstruction Bureau, Ministry of Transportation and Communications	From 2023.12 as per owner requirement	Railway Dual-track Electrification Plan in Hualien and Taitung Area Construction Works of Civil and Track from Guanshan (Not Included) to Shanli, LOT CB05	—
Construction Contract	Railway Reconstruction Bureau, Ministry of Transportation and Communications	From 2024.6 as per owner requirement	Taiwan Railway Metropolitan MRT Transformation Underground Construction Plan for Taoyuan Segment LOT CJ16 Underground Railway Engineering Project at Zhongyuan Station Section	—
Construction Contract	Southern Region Construction Office, Department of Transmission Line and Substation Projects, Taiwan Power Company	From 2024.8 as per owner requirement	Renwu–Xiongjiwu–Xiongjizi Line Civil Engineering Turnkey Project	—
Loan Agreement	First Commercial Bank	2025.02.05-2026.02.05	General credit limit	—
Loan Agreement	First Commercial Bank	2015.12.08-2026.06.29	Project Financing	—
Loan Agreement	First Commercial Bank	2016.06.27-2025.05.30	Project Financing	—
Loan Agreement	First Commercial Bank	2019.05.17-2025.12.31	Project Financing	—
Loan Agreement	Hua Nan Commercial Bank	2025.01.10-2026.01.10	General credit limit	—
Loan Agreement	Export-Import Bank of the Republic of China	2024.08.16-2026.08.15	General credit limit	—
Loan Agreement	Mega International Commercial Bank	2024.08.30-2025.08.29	General credit limit	—
Loan Agreement	Mega International Commercial Bank	2017.07.05-2025.05.09	Project Financing	—
Loan Agreement	Mega International Commercial Bank	2011.09.01-2026.03.31	Project Financing	—
Loan Agreement	Mega International Commercial Bank	2016.12.29-2027.12.28	Project Financing	—
Loan Agreement	Mega International Commercial Bank	2021.12.22-2026.08.29	Project Financing	—
Loan Agreement	Sunny Bank	2024.08.27-2025.08.27	General credit limit	—



Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Loan Agreement	Chang Hwa Bank	2024.05.31-2025.05.31	General credit limit	—
Loan Agreement	Chinatrust Commercial Bank	2024.08.31-2025.08.31	General credit limit	—
Loan Agreement	Hua Nan Commercial Bank	2023.08.25-2029.08.24	Project Financing	—
Loan Agreement	First Commercial Bank	2024.06.25-2033.06.24	Project Financing	—
Loan Agreement	Taishin Bank	2023.12.28-2029.10.31	Project Financing	—
Loan Agreement	CTBC Bank	2024.08.31-2030.08.31	Project Financing	—
Loan Agreement	Hua Nan Commercial Bank	2024.12.12-2031.12.11	Project Financing	—
Construction Contract	Semiconductor Manufacturing International (Beijing) Corp.	From 2021.12.27 as per owner requirement	2021 BJ Fab2 P1 VCB Replacement Project	—
Construction Contract	Semiconductor Manufacturing International (Beijing) Corp.	From 2022.01.17 as per owner requirement	2021 BJ Fab2-P1 Risk Improvement - Dry Type Transformer Overload Improvement Project	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2022.03.01 as per owner requirement	Fujian Jinhua Integrated Circuit Co., Ltd. First +20K Production Capacity Hookup Procurement Project - Electrical Power, Air Conditioning, Water Supply Hookup Distribution	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2022.03.08 as per owner requirement	P-projectNewtool (6 Units) Hookup (Mechanical and Electrical Hookup Project)	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2022.03.17 as per owner requirement	32K Hookup	—
Construction Contract	United Microelectronics Corporation (Singapore Branch)	From 2022.03.24 as per owner requirement	Singapore UMC 12iP3/4PilingWork	—
Equipment and materials	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2022.03.30 as per owner requirement	32K ACS/WTS Variable-Frequency Drive & DC BANK Equipment	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2022.03.31 as per owner requirement	32K Water Cooling and Heating System Expansion Project	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2022.03.31 as per owner requirement	32K Cleanroom Expansion Project	—
Equipment and materials	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2022.03.31 as per owner requirement	Material Procurement of 32K Water Cooling and Heating System Expansion Project	—
Construction Contract	HuiZhou China Star Optpelectronics Display Co.,Ltd.	From 2022.04.07 as per owner requirement	Hookup Project of Fuichiu Model Phase I InlineDemura Renovation	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2022.04.20 as per owner requirement	32K PCW Hookup Process Water Cooling Hookup Project	—
Construction Contract	ChangXin Xinqiao Memory Technologies,Inc.	From 2022.04.25 as per owner requirement	Phase II Project of 12-in Wafer Fab, Cleanroom MEP B	—
Construction Contract	Qing Ding Precision Electronics (HuaiAn) Co., Ltd.	From 2022.04.30 as per owner requirement	Phase I M&E Installation Project of Qing Ding's High-end High-intensity Printed Circuit Board	—
Construction Contract	Qing Ding Precision Electronics (HuaiAn) Co., Ltd.	From 2022.04.30 as per owner requirement	Phase I M&E Supply Project of Qing Ding's High-end High-intensity Printed Circuit Board	—
Construction Contract	TCL Huaxing Photoelectric Technology Co., Ltd.	From 2022.05.11 as per owner requirement	T2 Super-Large 50KPH1-M1B Clean Package Project	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2022.05.23 as per owner requirement	P-project New tool (9 Units) Hookup (Mechanical and Electrical Hookup Project)	—
Construction Contract	HuiZhou China Star Optpelectronics Display Co.,Ltd.	From 2022.07.15 as per owner requirement	Hookup of the Tianchi Project in the Fuichiu Model	—
Construction Contract	Semiconductor Manufacturing. South China Corporation.	From 2022.08.26 as per owner requirement	Plant Reconstruction and Expansion of the 2022SHFab8-P2 Expansion Project (P1) - Cleanroom General MEP Systems Project	—
Construction Contract	Semiconductor Manufacturing. South China Corporation.	From 2022.08.26 as per owner requirement	Plant Reconstruction and Expansion of the 2022SHFab8-P2 Expansion Project (P1) - Cleanroom General MEP Systems Project	—
Construction Contract	Semiconductor Manufacturing. South China Corporation.	From 2022.09.16 as per owner requirement	Plant Reconstruction and Expansion of the 2022SHFab8-P2 Expansion Project (P1) - Electrical Power System Project	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	Semiconductor Manufacturing. South China Corporation.	From 2022.09.16 as per owner requirement	Plant Reconstruction and Expansion of the 2022SHFab8-P2 Expansion Project (P1) - Electrical Power System Project	—
Construction Contract	TCL Huaxing Photoelectric Technology Co., Ltd.	From 2022.10.10 as per owner requirement	T2 Super-Large 50KPH2PHL Reconstruction Clean Package	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2022.11.04 as per owner requirement	P-project (5th) Hookup of 4 Tools (M&E Hookup Project)	—
Construction Contract	tsmc Nanjing Company Limited	From 2022.12.26 as per owner requirement	TSMC Nanjing - IE_TXM_Personnel_TMMService (2023)	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2023.02.02 as per owner requirement	Phoenix 2K - 3 Units Hookup (MEP Hookup Project)	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2023.02.09 as per owner requirement	DR Dormitory Fire Safety Strengthening Project	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Cleanroom Package (Materials)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Cleanroom Package (Materials)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	HVAC System (Material)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	HVAC System (Material)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Fire Protection System (Material)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Fire Protection System (Material)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Electrical Engineering (Material)	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Electrical Engineering (Material)	—
Construction Contract	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Process Piping System (Labor)	—
Equipment and materials	United Microelectronics Corporation (Singapore Branch)	From 2023.02.14 as per owner requirement	Process Piping System (Material)	—
Construction Contract	PXW Semiconductor Manufactory Co., Ltd.	From 2023.03.03 as per owner requirement	Pxw Semiconductor Manufactory Co., Ltd, IC Manufacturing Line Hookup Project - Installation	—
Equipment and materials	PXW Semiconductor Manufactory Co., Ltd.	From 2023.03.03 as per owner requirement	Pxw Semiconductor Manufactory Co., Ltd, IC Manufacturing Line Hookup Project - Material Supply Contract	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2023.03.07 as per owner requirement	MEP Hookup Project	—
Construction Contract	tsmc Nanjing Company Limited	From 2023.04.11 as per owner requirement	Nanjing TSMC - F16P1 MEP - N4 Circuits * 4, U2 Circuits * 3, and PPB * 6	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2023.05.10 as per owner requirement	MEP Hookup Project	—
Construction Contract	HeJian Technology (Suzhou) Co., Ltd.	From 2023.05.30 as per owner requirement	Ice Machine Expansion Project Phase 2	—
Construction Contract	Shenzhen Pensun Technology Co., Ltd.	From 2023.06.09 as per owner requirement	20K Hookup Installation	—
Construction Contract	Semiconductor Manufacturing. South China Corporation.	From 2023.07.10 as per owner requirement	Plant Reconstruction and Expansion of the 2023 SH Fab8-P1 Takeover of P3 Project-CR	—
Construction Contract	Leading Interconnect Semiconductor Tecgbikigy (Shenzhen) Co.,Ltd.	From 2023.08.08 as per owner requirement	SL01 Phase 2 M&E Interior Primary Distribution	—
Construction Contract	Leading Interconnect Semiconductor Tecgbikigy (Shenzhen) Co.,Ltd.	From 2023.08.08 as per owner requirement	SL01 Phase 2 M&E Interior Primary Distribution	—
Construction Contract	Semiconductor Manufacturing International (Shenzhen) Corp.	From 2023.09.18 as per owner requirement	Addition of Emergency Ventilation System for 2023SZ Fab Risk Improvement in HPM7	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Equipment and materials	Fujian Jinhua Integrated Circuit Co., LTD	From 2023.10.12 as per owner requirement	L28 Power Expansion Project (Materials)	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2023.10.24 as per owner requirement	Underground Piping Enhancement with Additional Septic Tank Installation	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2023.10.27 as per owner requirement	G1 Upgrade and Renovation Project	—
Construction Contract	Yangtze Memory Technologies Co.,Ltd	From 2023.11.22 as per owner requirement	National Memory Base Project (Phase I) - FAB2 and Supporting Facilities EPC Project - FAB2b Cleanroom Project	—
Construction Contract	Semiconductor Manufacturing International (Tianjin) Corp.	From 2023.12.04 as per owner requirement	2023 TJ Fab7 P3 IGBT Process Equipment Cleanroom Auxiliary Project	—
Construction Contract	Semiconductor Manufacturing. South China Corporation.	From 2023.12.13 as per owner requirement	Plant Renovation of the 2023 SH Fab8-P1B 3F - Power Systems	—
Construction Contract	Yangtze Memory Technologies Co.,Ltd	From 2023.12.16 as per owner requirement	National Memory Base Project (Phase I) - FAB2 and Supporting Facilities EPC Project - FAB2b Universal Power Distribution	—
Construction Contract	tsmc Nanjing Company Limited	From 2024.01.03 as per owner requirement	TSMC Nanjing - IE_LV_Project_H40E Substation Relocation	—
Construction Contract	Shenzhen Chengke Equipment Technology Co., Ltd.	From 2024.01.11 as per owner requirement	Cleanroom Construction for the Pinghu Intelligent Manufacturing Park Project	—
Construction Contract	SMIC Jingcheng Integrated Circuit Manufacturing (Beijing) Co., Ltd.	From 2024.01.19 as per owner requirement	Power System Installation Package Expansion for the 2023 BJ Fab3 P1 Plant Construction Project	—
Construction Contract	SMIC Jingcheng Integrated Circuit Manufacturing (Beijing) Co., Ltd.	From 2024.01.19 as per owner requirement	Expansion Procurement for the Power System Installation Package for the 2023 BJ Fab3 P1 Plant Construction Project	—
Construction Contract	Semiconductor Manufacturing International (Shanghai) Corp.	From 2024.01.26 as per owner requirement	Power Equipment Online Partial Discharge System Project - Fab8-P1	—
Construction Contract	ChangXin Xinqiao Memory Technologies,Inc.	From 2024.01.29 as per owner requirement	Phase II Project of 12-in Wafer Fab, FAB A2B Facility M&E	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
			Engineering and Cleanroom Construction	
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2024.02.07 as per owner requirement	P1 Power and HVAC Systems Expansion Project (HVAC Package A)	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2024.02.07 as per owner requirement	Procurement Project for P1 Power and HVAC Systems Expansion (HVAC Package A)	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2024.03.12 as per owner requirement	Addition of Integrated Manual-Automatic Shut-off Valve Monitoring for Rainwater Well	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2024.04.08 as per owner requirement	Parking Lot Photovoltaic Canopy Fire Protection Phase II Project	—
Construction Contract	tsmc Nanjing Company Limited	From 2024.04.09 as per owner requirement	Nanjing TSMC - F16_2401_SP1_WT PCW Expansion Loop5_24012505	—
Construction Contract	Fujian Jinhua Integrated Circuit Co., LTD	From 2024.04.24 as per owner requirement	Second-Hand Equipment MEP Hookup Project	—
Construction Contract	United Microchip Corporation Integrated Circuit Manufacture (Xiamen) Co., Ltd.	From 2024.06.19 as per owner requirement	HCl Partition Renovation Project	—
Construction Contract	Semiconductor Manufacturing International (Shanghai) Corp.	From 2024.06.25 as per owner requirement	Lingang Headquarters IT Data Center Construction Project - Power Expansion Engineering	—
Construction Contract	Semiconductor Manufacturing International (Shanghai) Corp.	From 2024.08.05 as per owner requirement	2024 SH SMIC Photomask Lingang Phase II Project - Facility Power System Engineering	—
Construction Contract	VISIONPOWER SEMICONDUCTOR MANUFACTURING COMPANY PTE. LTD	From 2024.09.20 as per owner requirement	Singapore Vanguard International Semiconductor Corporation General MEP Engineering	—
Construction Contract	VISIONPOWER SEMICONDUCTOR MANUFACTURING COMPANY PTE. LTD	From 2024.09.20 as per owner requirement	Singapore Vanguard International Semiconductor Corporation General MEP Engineering	—
Construction Contract	PXW Semiconductor Manufactory Co., Ltd.	From 2024.09.30 as per owner requirement	PXW Micro IC Manufacturing Line Hookup Project (Phase II) - Installation Section	—

Contract Type	Counteracting Party	Term of Agreement	Summary	Restrictions
Construction Contract	PXW Semiconductor Manufactory Co., Ltd.	From 2024.09.30 as per owner requirement	PXW Micro IC Manufacturing Line Hookup Project (Phase II) - Supply Section	—
Construction Contract	tsmc Nanjing Company Limited	From 2024.10.11 as per owner requirement	Nanjing TSMC - Engineering_F16P1_ME_Warm Water System Expansion	—

## V. Review and Analysis of Financial Status and Financial Performance and Risk Management

- I. Main causes and impact of any material change in assets, liabilities, and equity during the most recent two fiscal years and a description of the measures to be taken in response if the impact is of material significance.

### i. Comparative Analysis of Financial Status

Unit: NT\$ 1,000

Item \ Year	End of 2024	End of 2023	Difference	
			Amount	%
Total assets	60,497,028	54,357,765	6,139,263	11.29%
Total liabilities	39,956,410	38,794,098	1,162,312	3.00%
Total equity	20,540,618	15,563,667	4,976,951	31.98%

Total equity increased over the previous period, mainly due to the increase in profits.

- II. Main reasons for any material change in operating revenues, operating income, or income before tax during the most recent two fiscal years, and a sales volume forecast and the basis therefor, and the impact upon the company's financial operations as well as measures to be taken in response.

### ii. Comparative Analysis of Financial Performance

Unit: NT\$ 1,000

Item \ Year	2024	2023	Change	%
Operating revenue	65,089,892	56,904,659	8,185,233	14.38%
Net Operating Income	6,625,132	4,013,315	2,611,817	65.08%
Income before Income Tax	7,270,807	4,537,297	2,733,510	60.25%

- (I) A year-over-year increase in operating income and income before tax is mainly due to the effective cost control on projects and efforts to actively take on high gross profit-margin engineering projects.



(II) Effect of projected sales volume and basis on the Company's financial operations, and measures to be taken in response:

In the future, high-tech industries around the world will continue to evolve and grow. L&K Engineering Co., Ltd will adapt to changes in the international economic situations while staying attuned to business opportunities in cross-strait development. In addition to our strength in the division of professional labor, L&K Engineering Co., Ltd has established a strong capital market foundation in mainland China. On the one hand, the strategic funds from mainland China will be steadily invested in the development of high-tech industries. On the other hand, the global supply chain will undergo regional restructuring in response to U.S.-China trade frictions, consequently prompting more relocation of fixed asset investments in the supply chain and an increase in overseas Taiwanese businesses moving their production base back to Taiwan. The Taiwan government will keep increasing investments in public constructions to boost the country's economy. Cross-strait business opportunities created by this trend merit our continuous commitment and engagement. Therefore, despite concerns of economic uncertainty, we expect that our business performance in 2025 will continue to grow moderately and steadily. As this trend develops further, we can extend our presence further in ASEAN countries and the international market by making use of opportunities created by stock listing resources in Taiwan and China.

iii. Cash Flow

(I).Analysis of changes in cash flow of the current year:

1. Operating activities: Net cash inflow from operating activities amounting to NT\$12,538,810 thousand is mainly due to an increase in operating profit.
2. Investing activities: Net cash outflow from investing activities amounting to NT\$678,792 thousand is mainly due to an increase in other financial assets.
3. Financing activities: Net cash outflow from financing activities amounting to NT\$2,228,085 thousand is mainly due to the distribution of cash dividends.

(II).Improvement plans for insufficient liquidity: N/A.

(III).Cash flow analysis for the coming year:

The quantity and quality of construction projects for the coming year can be well managed under the current scale; therefore, the cash flow is expected to remain the same as that of the previous years.

iv. Effect of major capital expenditures on financial operations in the most recent year: None.

- v. Reinvestment policy for the most recent year, main reasons for profits/losses generated, improvement plans, and investment plans for the coming year:

(I) Reinvestment policy in the most recent year:

The Company's reinvestment policy is based on the development trends of industries and adopts a conservative and robust approach. Each of our subsidiaries exhibit an excellent financial status and their investments are as effective as the Company expects, thanks to the Company's effective management.

(II) The main reason for profit or loss and improvement plan for reinvestment profitability:

Unit: NT\$ 1,000

Name of Company Reinvested	Profit (Loss)	Reason	Improvement Plans
L&K Engineering Co., Ltd. (BVI)	32,665	Normal Operation	-
L&K Engineering (SUZHOU) Co., Ltd.	2,716,679	Normal Operation	-
RSEA Construction Engineering (Chongqing) Co., Ltd.	50,050	Normal Operation	-
L&K Engineering Vietnam Co., Ltd.	(12,349)	Decline in operating revenues	-
RSEA Engineering Corporation (privatized 2009).	508,920	Normal Operation	-
Unique Grand Limited	(82,408)	Investment incubation period	-
L&K Engineering Company Limited	4,748	Normal Operation	-
Suzhou Xiang Sheng Trade Company Ltd.	13,970	Normal Operation	-
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	321	Business development in progress	-
Sunshine (China) Inc.	(59,672)	New field expansion	-
Sunshine Investment Co., Ltd.	(40,330)	New field expansion	-

(III) Reinvestment plan for the coming year: None.

vi. Risk analysis and assessment of the following items during the most recent fiscal year and as they stood on the date of publication of the annual report:

- (I) The effects of interest and exchange rate fluctuations and changes in the inflation rate on the company's profits (losses), and response measures to be taken in the future:
1. The Company controls interest and exchange rate fluctuation risks by making advanced planning of the amount of capitals needed and when they are needed. In addition, relevant capital allocation and investment strategies are established to ensure stable generation of non-operating revenues and to reduce any potential losses on currency exchange.
  2. Regarding increase in inflation rate, the Company's purchasing unit regularly checks the inflation and deflation of goods that concern us and makes orders in advance to reduce profit erosions when inflation occurs. The Company also upholds the principle of "waste reduction" as part of our business ideals and reduces errors and resource abuse in order to generate stable profits.

- (II) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company provides endorsements and guarantees to assist its subsidiaries in obtaining loans from banks and conducting business activities. Matters relating to endorsements and guarantees are handled in accordance with applicable laws and regulations as well as the Company's Guidelines for the Management of Endorsements and Guarantees.

- (III) R&D work to be carried out in the future, and further expenditures expected for R&D work:

Based on the group's development as a whole, the following R&D works will be carried out in the future:

Unit: NT\$10,000

Future R&D Plans	Description	Expected R&D Spending
Development of hookup process technology for high-tech plants	Carry out application verification with actual clients, building on the achievements of 2023	800
Development of micro-vibration online monitoring technology	Online monitoring of mechanical equipment vibrations to predict potential abnormalities in advance	860
Development of clean environment monitoring and control program modules	In response to the critical environmental impact factors of advanced semiconductor plant construction, such as micro-vibrations and airborne molecular contamination (AMC), we are developing online vibration testing software and online AMC testing to enhance the Company's competitiveness	1000

- (IV) Effect of important policies adopted and regulatory changes at home and abroad on the company's financial operations, and measures to be taken in response: None.

(V) Effect of developments in science and technology as well as industrial change on the company's financial operations, and measures to be taken in response:

Impacts on the company's finances include the following areas:

1. Data leak and recovery costs:  
In the event of leaking sensitive data, such as customer information, project design documents, and financial data, the company will incur high costs for data recovery, customer notification, and legal compliance.
2. Business interruption and loss of revenue:  
Cyber security incidents can cause system failures or service interruptions, directly affecting project timelines and leading to revenue loss.
3. Legal liability and fines:  
Improper protection of customer information will lead to legal liability and penalties, resulting in huge losses for the company.
4. Loss of reputation and decline in customer trust:  
Security incidents will tarnish the company's reputation, reducing customer trust and thereby affecting potential business growth and customer relationships.
5. Impact on investor confidence:  
Cyber security incidents will reduce investor confidence in us, affecting the company's stock price and financing capability.

The company has been taking the following actions to address cyber security risks:

1. Risk assessment and management:
  - Devising a risk management strategy: Risk management mechanisms are aligned with the company's overall operating policy. Within an acceptable risk range, the company continuously adjusts and improves best practices for risk management in response to changes in the internal and external environment, protecting the interests of employees, shareholders, partners, and customers, increasing company value, and achieving optimal allocation of the company's resources.
  - Periodically conducting cyber security health checks and evaluations: Periodically conduct information security health checks and evaluations to identify potential security vulnerabilities and threats, assessing their financial impact.
2. Enhanced security measures:
  - Apply security technologies: Employ firewalls, intrusion detection systems, and data encryption.
  - Continuous updates: Periodically update systems and software to patch known security vulnerabilities.
3. Staff training:
  - Improve employees' safety awareness: Improve employees' awareness of risks such as phishing attacks and social engineering through regular social engineering drills and awareness campaigns.
  - Develop a clear security policy: Ensure that employees understand the company's cyber security policy and their responsibilities.
4. Incident response plan:
  - Develop and test the incident response plan: Ensure that in the event of a security incident, the company can promptly and effectively respond and recover.
  - Establish an incident response team: Information security personnel are responsible for addressing and investigating cyber security incidents.

5. Legal compliance management:
  - Comply with relevant laws and standards: The company complies with all cybersecurity standards, including the “Information Security Management and Control Guidelines for the Exchange-Listed & OTC-Listed Companies” and the “Regulations Governing Establishment of Internal Control Systems by Public Companies.”
  - Regular audits and inspections: Ensure that security measures and compliance continue to meet requirements.
- (VI) Effect of changes in the company's corporate image on the company's crisis management, and measures to be taken in response: None.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and response measures: None.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and response measures: None.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and response measures:
 

The Company’s service relationships with project owners are handled on a project basis. Compared to the general manufacturing sector, the Company serves different clients all the time. Construction schedules are stipulated in the contracts of the projects the Company undertakes. Construction works are carried out as scheduled unless special circumstances occur. Therefore, when the Company completes a high-priced project, the service revenues for that period generate concentration of a certain client. However, the Company is able to disperse any risks of industry concentration because of its simultaneous involvement in general construction, biotech pharmaceutical, optoelectronics, semiconductors, and solar energy industries.

The Company leverages its expertise in overseeing and managing engineering works and in using technologies, as well as years of practical experience to provide major companies with engineering services, which enabled us to not only establish an excellent word of mouth and forge a longstanding cooperative relationship, but also build a strong database of knowledge on professional engineering services.
- (X) Effects on company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a ten percent stake in the company has been transferred or has otherwise changed hands, the risks involved, and response measures: None.
- (XI) The effect of any change in governance personnel or top management on the company, the risks involved, and response measures: None.

(XII) Litigious and non-litigious matters:

1. Litigious and non-litigious matters. List major litigious, non-litigious, or administrative disputes that: (1) involve the company, its directors, supervisors, general manager, de facto responsible persons, major shareholders holding more than 10% of shares, or its subsidiaries; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

- (1). When Feng-Tian Construction Engineering Co., Ltd. undertook L&K Engineering Co., Ltd's "National Yang Ming Chiao Tung University Hospital Construction, Renovation, and MEP Turnkey Project (Dry Wall Ceiling and Dry Wall Installation)", it had a dispute over the final payment amount of the project. On March 7, 2017, Feng-Tian requested L&K Engineering Co., Ltd to pay NT\$24,887,471 for the project by filing a complaint to Taipei District Court. On January 2, 2020, Feng-Tian filed for a payment order with Shilin District Court over the aforementioned retention fee, and the case was considered to be in litigation after L&K Engineering Co., Ltd made the objection. The case of payment order was also moved to Taipei District Court, under the judgment of the same judges from the same court of the previous case. In both cases, the court deemed an analysis necessary and requested Taipei Association of Civil Engineering Technician to perform analysis. However, results of the analysis is unfavorable to L&K Engineering Co., Ltd, so L&K Engineering Co., Ltd intends to dispute its content. In a court session on October 27, 2022, the court advised both parties to settle the case. After both parties reported that there was still the chance of settlement, the case was moved to the mediation proceeding on December 27 of the same year. On March 17, 2023, the judge of the mediation courts advised L&K Engineering Co., Ltd to provide proof of distinction between the construction scope of substitute workers and Feng-Tian's construction scope. After mediation failed on May 19 of the same year, the case was sent back to the original court for further trial and evidence investigation. The case was returned to the original court for a continuation of the trial proceedings on July 31, 2023. The court concurred that the case required additional evaluation and thus transferred the case for supplementary expert examination. During the court session on November 6, 2023, the judge inquired whether both parties were open to engaging in mediation while awaiting the results of the supplementary expert examination. Both parties agreed, and the mediation date was scheduled for February 19, 2024. At the mediation on February 19, 2024, Feng-Tian, the opposing company, did not actively participate in discussions. Furthermore, the settlement terms proposed by Feng-Tian's representative were deemed unacceptable to L&K Engineering Co., Ltd. Consequently, the mediation was not successful. The case was returned to the original court to continue the trial proceedings on February 22, 2024. The judge decided that once the supplementary expert examination report is ready, he/she intends to consolidate the two cases for a joint conclusion of arguments. The next court session has been scheduled for December 12, 2024. During the court session on December 12, 2024, the judge inquired whether both parties were open to engaging in mediation. Both parties agreed, and the mediation date was scheduled for February 10, 2025. On February 10, 2025, mediation was unsuccessful as the claims of both parties were too far apart, and neither side was willing to make concessions. The mediation committee directly ruled that the mediation was not established. The next court session will be held on February 20, 2025. On February 20, 2025, the court session was held, and the judge ruled that the oral arguments had concluded. The verdict is scheduled to be announced on April 11, 2025.

- (2). Royal Family Construction Engineering Co., Ltd. (hereinafter as “RF Construction”) was commissioned to undertake a project of RSEA Engineering Corporation (privatized 2009), the “Taishan-Linkou Section of National Freeway No. 1 from Wugu to Yangmei C903 Widening Project: RC Pier-Type Rebar Processing, Erection and Tying, System Module Assembly and Disassembly (A)”. RSEA Engineering Corporation (privatized 2009) terminated its contract with RF Construction due to breach of contract. However, RF Construction did not return the extra rebars it had collected and still failed to do so despite two attempts, in which RSEA Engineering Corporation (privatized 2009) sent two letters urging RF Construction to return the rebars. Therefore, RSEA Engineering Corporation (privatized 2009) filed a lawsuit on July 25, 2013 requesting RF Construction and its material collectors to return the aforementioned rebars. If payment cannot be made, the plaintiff shall be paid NT\$5,690 thousand plus the statutory interest for default. This amount has been revised to NT\$4,877 thousand. The main disputes involved in this case were whether the contract was terminated by mutual or unilateral agreement and whether the quantity of rebar scraps to be returned and the amount claimed by RF Construction to offset the unpaid project cost are reasonable. This case is currently under adjudication by Taipei District Court in accordance with 2013 Jian-Zi No. 288.

Taipei District Court ruled on April 23, 2015 that RF Construction shall pay RSEA Engineering Corporation (privatized 2009) NT\$3,090 thousand. RF Construction denied the ruling and filed an appeal. RSEA Engineering Corporation (privatized 2009) responded by filing an incidental appeal against RF Construction for the loss of NT\$1,787 thousand. RF Construction applied for an analysis. This case is currently adjudicated by the High Court in accordance with 2015 Chien-Shang-Zi No. 55. A ruling of this case was made on December 7, 2021, achieving a partial victory and a partial defeat. RF Construction is required to pay RSEA Engineering Corporation (privatized 2009) NT\$3,186,145 for the rebars and NT\$568,997 for the rebar management fee received in excess of 10%, plus interests on both payment, which shall be calculated from August 2, 2013. However, the request for the return of overtime wages paid of NT\$304,400 which was granted in the original judgment, and for the return of salary expense of NT\$ 817,830 paid for June and July which was appealed for in the court of second instance, was denied. The court of second instance ruled that RF Construction shall pay NT\$3,755,142, which was NT\$664,840 more than the amount granted in the court of first instance. RF Construction petitioned for an appeal to the court of third instance on January 5, 2022, and the judgment of the High Court was reversed and remanded by the Supreme Court. The case is currently adjudicated by the High Court in accordance with 2022 Chien-Shang-Geng(1)-Zi No. 19. On January 29, 2024, the Supreme Court issued a ruling dismissing the CK Royal Construction’s appeal. The decision was received on February 15 of the same year, finalizing the case. The reissuance of the credit certificate is currently being processed under non-litigious procedures.

- (3). RSEA Engineering Corporation (privatized 2009) undertook the “Port of Taipei Waterway Turning Basin Deepening Project – Subsequent Works” and asked the TIPC Taipei Port Branch Office to request Party A to calculate the cost and reasonably extend the construction schedule according to the actual quantity of dredged content or change in construction methods, and to calculate the cost and reasonably extend the construction schedule according to the quantity of dredging works which cannot be avoided in practice but the designed water depth is 50 cm less than that handled in accordance with the contract. On August 14, 2019, RSEA Engineering Corporation (privatized 2009) received the letter of second mediation and recommendation from the Public Construction Commission, obtaining a 58-day construction period extension, and conciliation was reached at NT\$48,622,655 after converting the default penalty.

Regarding the rest of the invalid parties and request for penalty reduction, a civil lawsuit was filed with Taipei District Court, requesting a payment of NT\$168,803,322. Currently, both parties have not yet conciliated (Case No.: 2020 Jian-Zi No. 151). In accordance with the court's letter of instruction and content of evidence from investigation, L&K Engineering Co., Ltd submitted a pleading in preparation of civil lawsuit, clarifying why the principle of ne bis in idem does not apply and the original request should be maintained. A ruling was announced on October 31, 2022, stating that the plaintiff (RSEA Engineering Corporation (privatized 2009) won the case, and the defendant is required to pay the plaintiff a sum of NT\$50,754,513, plus interests accruing at 5% per annum from October 29, 2019 until the day the payment is made. Three-tenth of the litigation costs shall be borne by the defendant, and the remaining is to be borne by the plaintiff. Other claims of the plaintiff are dismissed. On December 5, 2022, the defendant petitioned for an appeal. The court session for this case was held on March 14, 2023, and a request for an analysis was submitted for certain claims. The case currently being adjudicated by Taiwan High Court.

- (4). RSEA Engineering Corporation (privatized 2009) filed a lawsuit against Taidevelop ID Tech Co., Ltd., a contractor of Linkou Power Plant, requesting for a refund of NT\$49,481,353. Later, because the enforcement on that company's property failed, RSEA Engineering Corporation (privatized 2009) filed for the court auctioning of the mortgaged property of the mortgagee Nai-Kai Wang (the former president of Taidevelop ID Tech Co., Ltd.). Wang filed an interlocutory appeal against this ruling. This appeal was denied by the Kaohsiung District Court and the High Court Kaohsiung Branch Court. Wang denied this ruling and then filed another lawsuit to confirm that the mortgage creditor's rights is nonexistent and another lawsuit to subrogate request for remuneration for hire of work. The Qiaotou District Court indicated that a ruling for confirmation of nonexistent mortgage right (Case No. 2017 Zhong-Su No. 9) can only be made after a ruling is made for the remuneration for hire of work; therefore, the court ruled that the litigation for confirmation of nonexistent mortgage right shall be temporarily suspended. With regard to the subrogate request for remuneration for hire of work, Qiaotou District Court deemed it as outside of its jurisdiction and moved the case to New Taipei District Court (Case No. 2018 Jian-Zi No. 112) for further adjudication. A stay of litigation proceeding is currently in effect.
- (5). With respect to the "Linkou Power Plant Renewal & Extension Project Basin Dredging and Reclamation of Taipei Port South Pier Zone Z" which was undertaken by RSEA Engineering Corporation (privatized 2009), following mediation and recommendation by the Public Construction Commission, both parties mutually agreed to terminate the contract (Diao No. 1050040). The following cases were filed to address the disputes between both parties:
  - (5.1). A civil case was filed for the cost of the Linkou Power Plant Renewal & Extension Project Basin Dredging and Reclamation of Taipei Port South Pier Zone Z (Case No.: 2017 Jian-Zi No. 87), requesting Taiwan Power to pay a total of NT\$1,338,838,942 for works carried out from 2014/5/29 to the termination of the contract on 2017/8/8. This case is currently under adjudication by Shilin District Court. After the third meeting of forensic accounting on September 23, 2020, the analysis center submitted an analysis report on January 18, 2022. Court proceedings for the case resumed. The court of this case ordered both parties to provide their opinions on the analysis report in writing. The next court session was scheduled for May 22, 2025.
  - (5.2). With regards to caisson dredging and cost of waiting to start work on the Linkou Power Plant Renewal & Extension Project Basin Dredging and Reclamation of Taipei Port South Pier Zone Z, civil litigation was filed (so to avoid the passing



of a claim's prescription), requesting Taiwan Power to pay a total of NT\$29,047,333 for works carried out. This case was Case No. 2018 Jian-Zi No. 102 and was lost in the trial of the first instance. Currently an appeal has been made with Taiwan High Court; the Case No. was 2019 Min-Di-Gu-Jian-Shang-Zi No. 15. On December 24, 2020, Taiwan Power replied the High Court that it disagreed with the solution. Oral argument for this case was initiated multiple times at the court's command. RSEA Engineering Corporation (privatized 2009) was defeated in the court of second instance. RSEA Engineering Corporation (privatized 2009) petitioned for an appeal to the court of third instance on September 14, with the correction procedure to take place on October 4. After being remanded for further adjudication by the Supreme Court as a third instance court, the case is now pending before the Civil Division of the High Court.

- (6). Whereas, on June 19, 2018, L&K Engineering Co., Ltd's subcontractor Cheng-Lian Technology Co., Ltd. transferred its contractual rights and duties with L&K Engineering Co., Ltd to Xi-Hui Machinery Co., Ltd. In January of 2019, the creditor of Cheng-Lian, Tung-Mao Hsu, filed a motion with Taipei District court, requesting for confirmation of the existence of Cheng-Lian's NT\$4,044,361 rights to L&K Engineering Co., Ltd. Shihlin District Court, in its first-instance judgment on August 12, 2019, ruled in favor of Tung-Mao Hsu, stating that the judicial act of transferring such rights between Cheng-Lian and Xi-Hui is void and that Cheng-Lian's aforementioned rights to L&K Engineering Co., Ltd exists. L&K Engineering Co., Ltd filed an appeal to Taiwan High Court on August 26, 2019. The High Court ruled in favor of L&K Engineering Co., Ltd on April 22, 2020, confirming that the judicial act of transferring such rights between Cheng-Lian and Xi-Hui is valid. Tung-Mao Hsu filed an appeal to the Supreme Court on May, 21, 2020. On March 31, 2021, the Supreme Court ruled that the original second-instance judgment shall be reversed and remanded to the High Court for further adjudication. On February 1, 2023, in the court session, the opposing party called Shao-Yu Hsu, the responsible person of Cheng-Lian Company, and the accountant of Cheng-Lian Company to provide testimonies. L&K Engineering Co., Ltd was also allowed to call two witnesses to confront Shao-Yu Hsu. During the court session on March 17, the judge instructed that the preliminary proceeding would conclude following the organization of the contentious issues. During the court session on May 12, the judge requested both parties to express their opinions on the submitted petition and also asked them to submit a summary of contentious issues and main defense points before the next session. Once these issues and points were clarified in the next session, both parties were required to submit a comprehensive import of oral argument statement expressing their intent. The next court session was scheduled for July 14. On July 14, the judge sorted out the contentious and non-contentious issues between the parties and ordered them to submit a comprehensive import of oral argument statement expressing their intent within one month. The court session on November 2 was presided over by a newly appointed judge assigned to conduct the evidence investigation process. After once again sorting out the contentious and non-contentious issues between the parties, the judge concluded the preliminary proceeding. During the court session on January 3, 2024, oral arguments were presented. After confirming the contentious issues, the judge concluded the oral arguments and scheduled the sentencing for January 24, 2024. On February 15, 2024, the judgment for the first remand for further adjudication was rendered and received. It ruled that the transfer of creditor's rights between Cheng-Lian and Xi-Hui was void, and that L&K Engineering Co., Ltd was deemed a bona fide third party. Therefore, the project payment made by L&K Engineering Co., Ltd to Xi-Hui prior to the filing of this lawsuit were valid. Only the outstanding portion of the retention fee amounting to NT\$3,120,487, which has not yet been paid to Xi-Hui, is required to be paid to Cheng-Lian. However, the court did not acknowledge L&K Engineering Co., Ltd's claim to

offset NT\$1,325,888 in deductions for substitute workers against the retention money. The appointed attorney believes that appealing this aspect of the offset still holds substantial merit. Therefore, an appeal was filed with the third instance court on February 29, 2024. On July 2, 2024, L&K Engineering Co., Ltd received the judgment from the Supreme Court in its favor, remanding the claim—regarding the offset of NT\$1,325,888 in deductions for substitute workers against the retention money—to the High Court for further trial. On September 2, 2024, L&K Engineering Co., Ltd was notified by the High Court, which inquired whether the company was willing to mediate the case. After discussions with the appointed attorney, L&K Engineering Co., Ltd concluded that there were technical difficulties in establishing mediation for this case. Therefore, L&K Engineering Co., Ltd informed the court that it would not proceed with mediation for the time being. The next court session was scheduled for March 14, 2025. On March 14, 2025, the preparatory procedure for the second retrial was conducted, during which the judge sorted out the contentious and non-contentious issues between the parties. The next court session was scheduled for May 14, 2025. The case is currently pending before the Supreme Court of the R.O.C. (Taiwan).

- (7). Asia Star Engineering Co., Ltd. undertook RSEA Engineering Corporation (privatized 2009)'s project "ACL212 Kaohsiung Railway Underground (Cut and Cover Construction) Project - Taiwan Railway Station Power Trunk Line and Cable Tray Installation". Investigations revealed that RSEA Engineering Corporation (privatized 2009) overpaid Asia Star and Asia Star stopped the construction before it was completed. RSEA Engineering Corporation (privatized 2009) filed a lawsuit on December 4, 2019 with Taipei District Court, requesting Asia Star to refund the excess of NT\$26,659,532. On March 18, 2022, the court of first stance ruled that L&K Engineering Co., Ltd prevailed this case, and the defendant Asia Star shall pay L&K Engineering Co., Ltd NT\$23,811,601 and interests. Afterwards, Asia Star filed an appeal on April 8, 2022 to the High Court. On March 14, 2023, the court announced that the oral argument of the second instance was finished. The ruling of the court of second instance was scheduled to be announced on April 18. After Asia Star filed an appeal for a third instance trial on May 12, 2023, the case was pending before the Supreme Court. On December 5, the Supreme Court attempted to arrange another mediation session for the two parties. However, due to significant differences in their petitions, a successful mediation seemed unlikely. On February 15, 2024, the attorney representing Asia Star called the court to express their unwillingness to continue mediation. On April 15, 2024, the Supreme Court dismissed Asia Star's third-instance appeal, upholding the first-instance ruling in favor of RSEA Engineering Corporation (privatized 2009)/ L&K Engineering Co., Ltd. The case was confirmed as a victory. On June 14, 2024, the final judgment certificate was received. Currently, compulsory enforcement has been applied for against Asia Star's existing debt, and since enforcement was unsuccessful, a new credit certificate is being issued.
- (8). L&K Engineering Co., Ltd undertook the "National Kaohsiung Center for the Arts Special Equipment Project" which was commissioned by the Ministry of Culture of Taiwan. L&K Engineering Co., Ltd filed for arbitration with the Taiwan Arbitration Association on September 22, 2020, because the Ministry of Culture improperly deducted the delay penalty of NT\$236 million. The Company requested the confirmation of no event of delay in this project and the Ministry of Culture's obligation to return the aforementioned amount of money. On August 31, 2022, the Taiwan Arbitration Associate made the arbitration award, ruling that there was no even of delay in this project, and the Ministry of Culture shall pay liquidated damages for delay, totaling NT\$237,796,839 plus the interests to L&K Engineering Co., Ltd. The Ministry of Culture claimed that the arbitration award was against the parties' agreement, so it

filed a litigation to annul the arbitration award with the Shilin District Court on October 11, 2022. On December 12, 2022, the court moved the case to the mediation proceeding. However, neither L&K Engineering Co., Ltd nor the Ministry of Culture accepted the proposed solution from the other party. Following the Chairman's instructions, our appointed lawyer submitted a document to the court to state our position. Consequently, the scheduled mediation was canceled, and the case was returned to the court for trial proceedings. During the court session on June 5, 2023, both parties presented their opinions as requested by the judge. The judge publicly disclosed the evaluation of evidence, clarifying that the court was only addressing procedural matters, thereby concluding the oral argument phase. On July 5, 2023, the court dismissed the lawsuit filed by the plaintiff, which petitioned for the annulment of the arbitration award. On September 6, 2023, we received notification from the Taiwan High Court that the Ministry of Culture had filed an appeal, which was then pending before the Taiwan High Court. During the court session on October 8, 2023, the Ministry of Culture raised objections regarding the judgment on the arbitration award and the scope of the supplementary agreement on dispute settlement. The judge then ordered both parties to provide written clarifications and scheduled the next court session for December 27, 2023. On November 29, 2023, the New Taipei District Court ruled in L&K Engineering Co., Ltd's favor, authorizing compulsory execution against the Ministry of Culture as stipulated in the arbitration. The ruling was pending for the Ministry of Culture's decision on whether to comply with the payment as ordered or to file an appeal within 10 days. On December 18, 2023, we received a civil appeal petition from the Ministry of Culture. On December 26, 2023, we received a statement from the lawyer appointed by the Ministry of Culture, indicating that the Ministry of Culture is willing to first pay the full arbitrated amount of NT\$237,313,390 along with accrued interest. However, considering that this amount will be retained by the National Treasury for the Ministry of Culture only until December 31, 2023, in principle, if we agree to execute the agreement, the funds will be wired to L&K Engineering Co., Ltd's account within two weeks following such execution. The Ministry of Culture hopes that following their completion of the payment, we will agree to withdraw the petition for compulsory execution from the court, thereby concluding the arbitration case concerning the liquidated damages of NT\$238 million charged for project delays. In response, both parties plan to sign an agreement, currently pending funding from the National Treasury Agency of the Ministry of Culture. During the court session on December 27, 2023, both parties expressed their willingness to settle the case to the judge, who then ordered that after settling the case out of court, both parties should report back to the court to withdraw the petition. Regarding the agreement, upon discussions on December 27 and 28, 2023, both parties confirmed the terms of the agreement, payment details, receipt issuance, and other specifics, and entered into the agreement with seals on December 29, 2023. We will then wait for the Ministry of Culture to make the payment by January 15, 2024, in accordance with the agreement. Once the payment is made, the two parties will work on the withdrawal of the case and other related formalities. The Ministry of Culture paid the arbitration fee and interest, totaling NT\$250,963,963, on January 10, 2024. Therefore, according to the agreement, L&K Engineering Co., Ltd filed a motion with the court on January 12, 2024, to withdraw the compulsory execution of this case. On the same day, the Ministry of Culture also withdrew the appeal against the compulsory enforcement of the arbitration case and the second-instance lawsuit for the annulment of the arbitral award. The case was now closed.

- (9). L&K Engineering Co., Ltd undertook the "National Kaohsiung Center for the Arts Special Equipment Project" which was commissioned by the Ministry of Culture of Taiwan. The Company filed a lawsuit with the New Taipei District Court on December 1, 2021, requesting a payment of NT\$94,619,600 (which was later expanded to

NT\$128,714,372) from the Ministry of Culture for additional expenses such as management fees arising from extension of construction period. In this case, the proceeding was agreed by both parties to halt for 4 months from July 15, 2022 because the parties intended to wait for the arbitration result of case (8). On July 5, 2023, we received a notification from the New Taipei District Court informing us of the continuation of the trial. Oral argument proceedings were held on August 9, 2023 and October 16, 2024. The next court session was scheduled for March 19, 2025. On March 19, 2025, due to a rotation in the court, a new judge was appointed to hear the case. The judge sorted out the contentious and non-contentious issues between the parties. The next court session was scheduled for July 16, 2025. The case is currently pending before the Taiwan New Taipei District Court.

- (10). L&K Engineering Co., Ltd undertook the “National Kaohsiung Center for the Arts Special Equipment Project” which was commissioned by the Ministry of Culture of Taiwan. The Company filed a lawsuit with New Taipei District Court on December 1, 2021 to request a payment of NT\$629,459,715 (which was later expanded to NT\$922,653,026) from the Ministry of Culture for return of improper deductions, unpaid additional costs of changes and other damages. New Taipei District Court ruled on February 7, 2022 to have the case moved to Kaohsiung District Court. After each of L&K Engineering Co., Ltd and the opposing party filed an appeal respectively, on March 25, 2022, the High Court ruled the reversal of the original ruling. The case therefore remains under the jurisdiction of New Taipei District Court. During the first court session on November 17, 2022, the court decided that the proceeding shall start with the deductions due to environmental factors. Afterwards, each of the PCM and the supervision unit filed a letter respectively to express their intention to participate in this case. On July 27, 2023, the judge sorted out the contentious and non-contentious issues between the parties and ordered them to submit a letter of complaint addressing the identified contentious issues. The next court session was scheduled for January 24, 2024. During the court session on January 24, 2024, a new judge was assigned to the case due to court rotation. The opposing party continued to argue that L&K Engineering Co., Ltd was not authorized to sue on behalf of all suppliers involved in the joint tendering. They requested that the judge send an inquiry letter to WB to confirm whether WB was willing to allow L&K Engineering Co., Ltd to file the lawsuit on its behalf. The judge stated that they would further consider the defendant’s request. A court session was held on November 1, 2024, during which the judge requested L&K Engineering Co., Ltd to supplement the external evidence supporting the relevant data. The next court session was scheduled for February 26, 2025. At the February 26, 2025, hearing, the judge announced that the next session would summarize the preliminary evidence regarding the design revision data. The next court session was scheduled for May 28, 2025. The case is currently pending before the Taiwan New Taipei District Court.
- (11). CTCI Smart Engineering Corp. undertook the plumbing and environmental control EPC works in the Company’s Sanying Line Metro System Turnkey Project. Later, CTCI requested for contract termination due to construction delays. CTCI asked us to return two performance bonds with total face value of NT\$117,890,000 and filed a motion for provisional injunction. After we petitioned to file a lawsuit within a time limit, we filed a lawsuit with the Taipei District Court to return the performance bonds. During the litigation process, CTCI moved out of the Sanying Line construction site. We sent a notice of termination on May 20, 2020, and a letter to Mega Bank on 2020/5/25, notifying the bank to exercise CTCI’s advance payment bond. On May 26, 2020, Mega Bank remitted the advance payment bond and interest, totaling NT\$136,564,264 to us. A ruling was announced on December 31, 2020 at the court of

first instance, stating that RSEA Engineering Corporation (privatized 2009) shall return CTCI's performance bonds. After judgment was received on January 13, 2021, an appeal was filed on January 29, 2021, and reason for appeal was submitted on May 12, 2021 (Case No. 2021 Chong-Shang-Zi No. 262). The court of second instance, High Court, ruled that the judgment of the court of instance, ruling that we shall return the bonds, shall be dismissed. We won the case. The judgment letter was received on November 8, 2022. The Supreme Court of the R.O.C. (Taiwan) dismissed the opposing party's appeal, making the case final. On June 15, 2024, a written agreement was reached to exchange a valid check for the performance bonds. After presenting a check of the same amount as the original performance bonds and confirming that the related payments, including delayed interest and associated business taxes, were credited, approval was given on June 27, 2024, to assist CTCI in retrieving the performance bonds it had submitted due to the litigation process. The case is now closed.

- (12). CTCI Smart Engineering Corp. undertook the plumbing and environmental control EPC works in the Company's Sanying Line Metro System Turnkey Project. CTCI claimed that the scope of the contract does not include "pipe embedment operations" and "CSD/SEM drawings". Therefore, CTCI filed a lawsuit requesting for a payment of NT\$58,762,728. This case has entered Taipei District Court (Case No.: 2021 Jian-Zi No. 12). The next court session is scheduled for November 10, 2021. The court instructed both parties to submit a pleading summarizing their arguments two weeks before the court session. Because plaintiff CTCI indicated that they are still putting together the relevant expenditure receipts, the court stayed the case pending further review. There is still a dispute on the amount of construction remuneration proposed by CTCI in this case, so both parties agree to submit it to Taiwan Professional Electrical Engineers Associate R.O.C. for analysis. The pre-analysis quotation meeting was held on November 1, 2022. CTCI had to submit documents relevant to the scope being analyzed to facilitate the analysis. If an on-site examination is necessary, the time of the examination will be scheduled after confirmation. In this case, CTCI initially requested a change of examiner after the first pre-examination quotation meeting. Following the court's approval, the examiner was changed again to the CONSTRUCTION MANAGEMENT ASSOCIATION OF THE REPUBLIC OF CHINA on May 22, 2023, to discuss the scope of the examination. After both parties reached an agreement on the examiner, CTCI submitted the necessary materials for examination on September 28, 2023. As of now, we have not received any further notifications.
- (13). In the Taipei Metro Wanda-Zhonghe-Shulin line (Phase I) CQ850 Construction Project, Kortec International Co., Ltd. is the distributor of tunnel boring machines. Initially, we signed a contract for the transport, assembly, and installation of the tunnel boring machines. Later, Kortec was unable to perform the contract and signed a termination agreement on March 29, 2019. Kortec agreed to pay us NT\$868,585 (tax incl.), which was 10% of the contracted amount, and then later after receiving the service fee from China Railway Construction Heavy Industry Co., Ltd., Kortec will pay us another NT\$2,214,000 (tax incl.) and NT\$2,438,065 (tax incl.) to compensate for our losses. Kortec has paid us NT\$868,585 (tax incl.), but not the NT\$2,214,000 (tax incl.) even after receiving a notice of payment from us and having received payment from China Railway Construction Heavy Industry on May 25, 2020. Following negotiations between both parties, Kortec indicated that it no longer intends to make payment in accordance with the termination agreement. Current negotiations yielded no outcome. We plan to seek dispute resolution with Taipei District Court as per agreement. After court coordination was unsuccessful, an attorney was appointed to submit a letter of civil complaint to Taipei District Court. Despite a mediation

arranged by the court, consensus was not reached, and litigation proceeding was initiated for resolution. At present, both parties have presented disputed and non-disputed matters which are awaiting confirmation. Oral argument shall be concluded if no more investigational evidence is required. RSEA Engineering Corporation (privatized 2009) won the lawsuit according to first-instance result. Kortec has filed an appeal (Case No.: 2021 Jian-Zi No. 244). On January 11, 2023, the court of second instance notified that Kortec's appeal was dismissed. Kortec filed an appeal with the third-instance court within the statutory period, which the Supreme Court subsequently dismissed, thereby finalizing the case. For subsequent compensation and enforcement actions, negotiations will be conducted with the non-party, China Railway Construction Heavy Industry. Jinwei Xu, a Chinese Lawyer, has been commissioned to send a letter to China Railway Construction Heavy Industry requesting these negotiations. The negotiations were held to address the matter within the repurchase agreement when China Railway Construction Heavy Industry repurchased the tunnel boring machine, but the company refused. Subsequent enforcement will be carried out in China in accordance with the law, based on the progress and outcome of the negotiations between both parties. On November 4, 2024, an internal negotiation meeting was held with Kortec and China Railway Construction Heavy Industry regarding this case. Discussions are ongoing concerning the judgment's compensation amount and the process of obtaining the compensation payment. Each party must independently confirm the feasibility of the compensation payment details with their respective companies.

- (14). L&K Engineering Co., Ltd, RSEA Engineering Corporation (privatized 2009) and Ricky Liu & Associates Architects+Planners jointly undertook the "National Biotechnology Research Park Construction Project (EPC)", which was commissioned by the ACADEMIA SINICA. Regarding the delay penalties improperly deducted by the ACADEMIA SINICA, totaling NT\$1,802 million, the contractors filed a lawsuit with Shilin District Court on July 12, 2021. The contractors claimed that ACADEMIA SINICA did not provide facilities that it shall provide, so there was no event of delay and that the ACADEMIA SINICA shall refund the aforementioned penalty (which was later expanded to NT\$2,148.88 million after adding the force majeure expenses and additional costs of changes). In addition, the contractors claimed that the construction period shall be extend for 515 days due to various reasons. The court sessions were held on June 6 and 7, 2022. The judge instructed that the case shall be moved to Tamkang University for analysis. On March 13, 2023, Tamkang University called the first analysis meeting. During the meeting, the examination unit requested both parties to provide proof relevant to issues coordination. On May 11, 2023, Tamkang University held the second analysis meeting. Both parties presented their opinions on the reasons for the extension of the construction period and responded to questions raised by the members of the analysis committee during the first analysis meeting. The analysis unit reported to the court that an analysis report was expected to be submitted by January 20, 2024. The next court session was scheduled for March 4, 2024. Tamkang University conducted the third analysis meeting on December 18, 2023. The analysis unit required both parties to address questions regarding the extension of the construction period, as well as other related questions, and to provide relevant information. The date for the fourth analysis presentation meeting is pending, awaiting notification from Tamkang University. The fourth analysis meeting was held on July 17, 2024. On September 2, 2024, the court session was convened to provide explanations, with the proceedings also awaiting the analysis results. It was noted in court that the first analysis results might be submitted in January 2025. The next court session was scheduled for February 24, 2025. At the February 24, 2025, hearing, the judge stated that Tamkang University is expected to submit the analysis report to both

parties by March 15, 2025. The judge also requested that both parties' attorneys inquire with Tamkang University about the possibility of holding an explanatory meeting. The next court session was scheduled for May 19, 2025. The case is currently pending before the Taiwan Shilin District Court.

- (15). RSEA Engineering Corporation (privatized 2009) and Taiwan Power Company undertook the "National Exhibition and Convention Center (Taipei Nangang Exhibition Center Expansion) Construction Project". Taiwan Power claimed that RSEA Engineering Corporation (privatized 2009) completed constructions later than the scheduled date. RSEA Engineering Corporation (privatized 2009) claimed that the delay is not attributable to RSEA Engineering Corporation (privatized 2009) and that reasons for such delay have been provided. Therefore, RSEA Engineering Corporation (privatized 2009) requested Taiwan Power to refund the penalty of NT\$807,495,949 (tax incl.) for the delay and to pay the additional expense of NT\$165,940,042 (tax incl.) incurred from the extension of the construction period, for a total of NT\$975,199,411 (tax incl.). This case, 2020 Jian-Zi No. 16, is currently pending in Shilin District Court. Following the court's adjudication, it was moved to Research Development Center of Construction Law for analysis. A second meeting of analysis and statement of opinion was held on October 20, 2021. Both parties exchanged pleadings in writing on the analysis matters, and the examination unit held a meeting to explain the analysis result on November 25, 2022. After the meeting, the examination unit sent the analysis result to the court. The court has instructed the examination unit to conduct a supplementary examination. We have not yet received any notification regarding the outcome of this supplementary examination. The next court session was scheduled for May 20, 2025. The case is currently pending before the Taiwan Shilin District Court.
- (16). RSEA Engineering Corporation (privatized 2009) and L&K Engineering Co., Ltd jointly undertook ACL212 Kaohsiung Railway Underground Project. RSEA Engineering Corporation (privatized 2009) had a dispute with its subcontractor, Yangmen Development Co., Ltd., over the final project payment, and that the amount of payment received by Yangmen exceeded the amount that it entitled to receive. RSEA Engineering Corporation (privatized 2009) filed a lawsuit on April 19, 2019 with Taipei District Court, requesting Yangmen to refund the project payment of NT\$4,719,128. On July 29, 2022, the court of first stance ruled that Yangmen shall pay RSEA Engineering Corporation (privatized 2009) NT\$2,792,626. Because of the consideration of compulsory enforcement, RSEA Engineering Corporation (privatized 2009) didn't appeal, and neither did Yangmen appeal. The certificate of final ruling of first instance for this case was issued on September 14, 2022. RSEA Engineering Corporation (privatized 2009) immediately file for the compulsory enforcement on Yangmen. On February 3, 2023, the court indicated that Yangmen's property is now in the process of being appraised and auctioned. In this case, following receipt of a court notification asking if a reduction in the auction price was acceptable, we have submitted a response agreeing to proceed with the auction at a reduced price. Despite this, the auction did not yield any results, and a credit certificate has been obtained. We will follow up regularly.
- (17). RSEA Engineering Corporation (privatized 2009) and L&K Engineering Co., Ltd jointly undertook the ACL212 Kaohsiung Railway Underground Project. Their subcontractor, PROJET TECHNOLOGY CO., LTD., had a dispute over the final project payment and additional costs of changes. On August 29, 2022, PROJET TECHNOLOGY filed a lawsuit with Kaohsiung District Court, requesting RSEA Engineering Corporation (privatized 2009) to pay the project payment of NT\$10,199,744. RSEA Engineering

Corporation (privatized 2009) filed for a jurisdiction transfer because it claimed that this case shall be under Taipei District Court's jurisdiction according to their contract. On January 9, 2023, Kaohsiung District Court ruled that the case shall be transferred to Taipei District Court. Project Technology filed an appeal against the case transfer, which the Kaohsiung District Court dismissed on March 6, 2023. Subsequently, the case was transferred to the Taipei District Court. This court has summoned relevant witnesses to clarify the contentious issues between the two parties. The next court session was scheduled for February 1, 2024. During the court session on February 1, 2024, although both parties agreed that an expert examination was not necessary for this case, the judge shared his evaluation of the evidence. He indicated that he was unable to make a judgment based on the current situation. On April 25, 2024, the judge declared the conclusion of oral arguments. On May 24, 2024, the court ruled that RSEA Engineering Corporation (privatized 2009) must pay PROJET TECHNOLOGY NT\$6,638,911. An appeal was filed for the second instance on June 17, 2024. On November 5, 2024, a court notification was received regarding the preparatory procedure, scheduling a hearing for December 18, 2024. The mediation committee proposed a settlement of NT\$6.5 million. The next mediation session was scheduled for February 13, 2025. After internal discussions with company executives, the decision was made to proceed with the appeal. As a result, the mediation scheduled for February 13, 2025, was canceled. The case is currently pending before the Taiwan High Court.

- (18). Whereas, Hung Bao Engineering Co., Ltd. undertook L&K Engineering Co., Ltd's project "TSMC F15 P7 MEP Package-Fire House Environmental Management System Engineering" and "TSMC F15P7 FAB B3G-B1F Fire Hydrant Pipeline (including Hydrant Box) Construction." There were events of default such as insufficient numbers of workers and early termination of the construction without any reason, causing damage to L&K Engineering Co., Ltd. For example, L&K Engineering Co., Ltd had to hire substitute workers for the project. Therefore, L&K Engineering Co., Ltd deducted the damages from payments for the works Hung Bao completed and the right to Hung Bao in the Kaohsiung Station project assigned from RSEA Engineering Corporation (privatized 2009). Afterwards, on March 18, 2021, Hung Bao filed a lawsuit with Taiwan Shilin District Court, requesting L&K Engineering Co., Ltd to pay the project payment of NT\$5 million. However, because Hung Bao's affiliated company is currently contracting L&K Engineering Co., Ltd's Kaohsiung Station project, there is still possibility for both parties to settle. Currently, L&K Engineering Co., Ltd's director is negotiating with Hung Bao's responsible person. The court also ruled that the case shall be moved to the mediation proceeding. During the mediation meeting on March 28, 2023, the judge instructed that before judging on the topic of substitute workers, both parties shall confirm the precise construction scope of Hung Bao first. This case is consolidated with case (19) in the same proceeding. If no consensus is reached between the two parties after mediation, the case will go to trial again. During the court session on September 19, the judge requested that the plaintiff, Hung Bao, submit a breakdown of the project payments received by L&K Engineering Co., Ltd as soon as possible, including dates and amounts. Additionally, the judge informed the parties that witnesses Sung-Po Lin and Shih-Chun Yeh would be summoned for the next court session, which was scheduled for December 19, 2023. During the court session on December 19, both parties and the court respectively interrogated witnesses Sung-Po Lin and Shih-Chun Yeh. Hongbao's advocate stated that they wanted to file a separate petition to summon the owner's personnel to testify. The judge informed both parties that those who wish to investigate evidence need to submit a petition. On July 17, 2024, a court notification was received stating that the case would be reassigned to a new judge due to judicial rotation. The next court session was pending scheduling. A subsequent court notification confirmed that the hearing



was set for January 8, 2025. At the January 8, 2025, hearing, Hung Bao proposed a settlement with RSEA Engineering Corporation (privatized 2009)/ L&K Engineering Co., Ltd. However, after internal discussions with executives, the decision was made to reject mediation and proceed with litigation. The case is currently pending before the Taiwan Taipei District Court.

- (19). RSEA Engineering Corporation (privatized 2009) and L&K Engineering Co., Ltd jointly undertook the ACL212 Kaohsiung Railway Underground Project. Payments to Hung Bao Engineering Co., Ltd. for contracting this project have been finalized. However, the project payment had been deducted with Hung Bao's debt against L&K Engineering Co., Ltd in another case (case (18)), so there is no remaining amount to be paid to Hung Bao. On December 15, 2021, Hung Bao filed a lawsuit with Taipei District Court, requesting RSEA Engineering Corporation (privatized 2009) to pay the final project payment. Because Hung Bao's affiliated company is currently contracting L&K Engineering Co., Ltd's Kaohsiung Station project, there is still possibility for both parties to settle. The judge ruled that the case shall be consolidated with case 22 in the same mediation proceeding. If no consensus is reached between the two parties after mediation, the case will go to trial again. During the court session on January 18, 2024, both parties stated that there was no need to investigate the evidence. Oral arguments took place on March 14, 2024. However, given that the opposing party did not appear in court, the judge ordered that the verdict be announced on April 19, 2024. On April 19, 2024, the court ruled to dismiss the plaintiff's claims in the first instance, resulting in a victory for RSEA Engineering Corporation (privatized 2009)/ L&K Engineering Co., Ltd. On May 29, 2024, a second-instance appeal statement from Hung Bao was received. At the November 29, 2024, hearing, the judge requested L&K Engineering Co., Ltd to provide the full content of the project owner's settlement details. The next court session is pending scheduling. The case is currently pending before the Taiwan High Court.
- (20). RSEA Engineering Corporation (privatized 2009), in undertaking the Nanhua Dam Sediment Sluiceway Tunnel Construction Project, encountered an incident in which wear-resistant coating was destroyed during a water test. In light of this incident, RSEA Engineering Corporation (privatized 2009) requested a payment of NT\$194 million (before tax) for restoration works from the main insurer (along with other insurance companies), and sent a letter to the employer of the project, South Region Water Resources Office, requesting intervention with respect to the requested payment for restoration. Letter of civil complaint for this case was submitted to Taiwan Taipei District Court on September 22, 2021 (Case No.: 2021 Insurance-Zi No. 103). The case is currently being adjudicated by Taipei District Court. On January 4, 2023, it was confirmed that the examination unit for this case is tentatively decided to be the Hydraulic Laboratory of Cheng Kung University. The next court session was not scheduled yet. Later, Cheng Kung University responded in writing to the Taipei District Court, stating that it was unable to conduct an examination. Therefore, the court convened a session on April 27, during which it instructed both parties to each propose their designated examination agencies. These agencies should access the case records provided by the court and communicate with their respective parties to arrange the examination. On June 27, 2024, a letter was received from the opposing party to its designated examination institution (Taiwan Association of Hydraulic Engineer) requesting the inclusion of additional analysis materials. The examination process is still ongoing, and thus the outcome of the case remains unknown.

- (21). RSEA Engineering Corporation (privatized 2009) undertook the National Exhibition and Convention Center (Taipei Nangang Exhibition Center Expansion) Construction Project. On July 24, 2018, an occupational death by electrocution occurred during the construction of fireproof roller shutter and waterproof gate. The deceased was Cheng-Che Lin, son of Yi-Yi Lin who is the person in charge of Chun You Engineering, which is the subcontractor of re-contractor SUNCUE Co., Ltd. Yi-Yi Lin and three other family members of the deceased sued RSEA Engineering Corporation (privatized 2009), five engineers, and SUNCUE in a criminal proceeding for the offense of death caused by injury. On July 16, 2020, they also requested a compensation of NT\$11,659,781 from Taipower, RSEA Engineering Corporation (privatized 2009) and its five engineers, SUNCUE, Moh and Associates Inc., JJP Architects & Planners, and Continental Engineering Corporation.

Criminal aspect: On January 8, 2021, Taiwan Shilin Prosecutors Office made the non-prosecution decision (Case No.: 2020 Chen-Zi No. 3031, 2020 Chen-Zi No. 6593, 2020 Chen-Zi No. 18209). The complainants denied this decision and filed for a reconsideration of the ruling, so Taiwan High Prosecutors Office remanded the case for further investigation. After the further investigation of Taiwan Shilin Prosecutors Office, it made the non-prosecution decision on Ming-Hsien Hung, the Manager of Office Operation. Chief Supervisor Chung-Yi Li, Deputy Chief Supervisor Chun-Pin Yu, Manager of Health and Safety Shan-Pai Li and On-site Engineer Wen-Chuang Jung are prosecuted with the offense of negligent homicide. On August 30, 2024, the first-instance criminal verdict was announced: Chung-Yi Li, Chun-Pin Yu, Shan-Pai Li, and Wen-Chuang Jung were all found not guilty. On October 9, 2024, an inquiry was made with the court clerk, confirming that the prosecutor had filed an appeal. Further proceedings will await court notification. (Case No.: 2022-Year-Shen-Su-Zi No. 322)

Civil aspect: After several unsuccessful mediations, the case is currently pending adjudication by Taiwan Shilin District Court. The judge ordered that the case will await before the result of examination in the criminal proceeding comes out. (Case No.: 2021 Chong-Su-Zi No. 92)

- (22). In 2019, RSEA Engineering Corporation (privatized 2009) and Mitsubishi Heavy Industries jointly contracted the third-phase construction project for Taichung Liquefied Natural Gas Storage Tank. On April 7, 2022, Taiwan Power sent a letter to terminate the contract, claiming that it was unable to perform the obligations due to force majeure events. Several negotiations between RSEA Engineering Corporation (privatized 2009), Mitsubishi Heavy Industries, Mitsubishi, and Taiwan Power regarding the compensation for termination of the contract yielded no outcome, so it shall be handled according to the dispute resolution procedure. Mitsubishi plans to file for mediation with the Public Construction Commission. We will participate in the proceeding if the Public Construction Commission considers it necessary for the joint contractor to file for mediation together. On November 9, 2022, after a meeting with Mitsubishi, we sent an amended agreement to them for their opinions. We have already prepared the application letter. During the second mediation meeting called by the Public Construction Commission on March 27, 2023, the member from the Public Construction Commission's mediation committee orally requested applicants Mitsubishi Heavy Industries and RSEA Engineering Corporation (privatized 2009) to supplement their claims. The opinions that each party intends to supplement must be provided in writing and delivered to the Public Construction Commission by June 30. In principle, no mediation meeting will be held unless the Public Construction Commission member(s) assigned to conduct the preliminary review have any

opinions. On October 2, 2023, we were notified by the Public Construction Commission to submit an additional written supplement. We submitted the document on October 11, along with a joint written statement of change with Mitsubishi, requesting an amount of NT\$142,740,144 (tax included). On April 8, 2024, the Public Construction Commission ruled that RSEA Engineering Corporation (privatized 2009) should be paid NT\$25,782,778. It has been confirmed that the project owner has made the relevant payments to L&K Engineering Co., Ltd.

- (23). After RSEA Engineering Corporation (privatized 2009)'s subcontractor, Longcheng Company, was unable to continue the performance of its obligations, Longcheng and its subcontractors (including Jieyang Company) signed right transfer agreements for the transfer of the ownerships of steel materials purchased or processed by Longcheng to keep these materials. After transportation, examination revealed that there was 250 tons of shortfall for steel materials. It mostly took place when the steel material was tentatively stored at Jieyang Company's material processing area. Regarding the shortfall of steel materials, L&K Engineering filed a criminal complaint for the offense of business embezzlement with Kaohsiung District Court, Prosecution Office. During the inquiry session on September 22, 2023, the prosecutor investigator requested L&K Engineering Co., Ltd to provide proof regarding the amount of the embezzled steel material and transporting bills of lading. The Company has already informed the Southern Administration Center to immediately collect relevant information and provide it as the proof for the aforementioned case according to the prosecutor investigator's request. If it doesn't provide in time, the case will be closed by ways of signing off. The case is currently adjudicated by Kaohsiung District Prosecutors Office, which ruled non-indictment due to insufficient evidence. After verification, no additional documentary evidence could be provided. On April 9, 2024, the non-indictment ruling was received. Following internal approval, it was decided not to file a reconsideration, and the case is now closed.
- (24). In the Nanhua Dam Sediment Sluiceway Tunnel Construction Project that RSEA Engineering Corporation (privatized 2009) undertook, the subcontractor undertaking the polyurea wear-resistant coating, Integral Technology, refused to return L&K Engineering Co., Ltd's performance bond and pay the final project payment after Integral Technology used substitute material (EPOXY) to mend the damaged wear-resistant coating. Regarding this event, the Company submitted a letter of complaint on April 11, and the case is currently under adjudication by Taipei District Court. The first court session was on May 13. After both parties stating their opinions during the first session, the judge indicated that it would not stay the case by ruling, but it requested both parties to state whether they were willing to stay the case by consent. On June 17, 2022, each of the two parties stated its willingness to stay the case by consent respectively. On November 19, 2022, the appointed law firm notified that the judge had arranged the mediation session. After four mediation sessions, no significant progress was made, and the opposing party refused further mediation, leading the case back to litigation proceedings. On October 30, 2024, the case was formally reinstated into litigation, and the first court hearing was held. Currently, both parties are organizing key issues based on their respective claims. On February 7, 2025, an application was submitted requesting an agreed suspension of proceedings. The case is currently pending before the Taiwan Taipei District Court.

- (25). Regarding the dispute over the construction period of the Nanhua Dam Sediment Sluiceway Tunnel Construction Project that RSEA Engineering Corporation (privatized 2009) undertook, a complaint was sent to the Public Construction Commission, Executive Yuan after failed attempts of internal coordination and the mediation procedure of Ministry of Economic Affairs. Claims:
- I. This project shall be extended for an extra period as following:
    - (I) Extension of 307 days due to the construction hurdle in cofferdams.
    - (II) Extension of 137 days due to leaking of cofferdams, which influenced dredging construction in the blasthole of the sediment sluiceway tunnel.
    - (III) Extension of 116 days, the period when the sediment sluiceway tunnel was damaged and repaired.
    - (IV) Extension of 122 days due to the demolitions of obstacles in cofferdams.
    - (V) An additional 30-days of construction period for the enhancement of the height of the wear-resistant coating in the sediment sluiceway tunnel.
    - (VI) An additional 291-days of construction period for additional constructions of cross heading excavation and lining.
    - (VII) Extension of 204 days, the period when the wear-resistant coating was damaged and repaired due to the water test of the sediment sluiceway tunnel.
    - (VIII) According to Item 9(2) of Exhibit 6 of the Construction Contract, any non-working days within the period of the extended construction days shall be added to the above permitted extension days. Management fees for the extension of construction period shall be NT\$43,660,364.
  - II. The opposing party shall return applicants the delay penalty of NT\$669,183,025 (tax incl.) plus interest accruing at 5% per annum from one day after the opposing party was served with the copy of the mediation application letter till the payment date.
  - III. The opposing party shall pay applicants the management fees for the extension of construction period of NT\$41,964,066 (tax incl.) plus interest accruing at 5% per annum from one day after the opposing party was served with the copy of the mediation application letter till the payment date.
  - IV. The opposing party shall pay applicants the additional costs of changes of NT\$38,602,445 (tax incl.) plus interest accruing at 5% per annum from one day after the opposing party was served with the copy of the mediation application letter till the payment date.
- (1) The application was sent to the Public Construction Commission on June 20, 2022, and now the case is pending at the mediation proceeding of the Public Construction Commission, Executive Yuan. The Public Construction Commission proposed its recommendation for mediation, and both parties haven't reply to the recommendation for mediation yet.
  - (2) The Public Construction Commission proposed mediation in March 2023, which was agreed to by the South Region Water Resources Office (the other party involved) in April. However, L&K Engineering Co., Ltd disagreed with the proposal and proceeded to file a lawsuit in the Tainan District Court. This case is currently pending before the Tainan District Court (Case No.: 2023 Jian-Zi No. 34). On February 16, 2024, the Tainan District Court issued a letter designating the Tainan City Professional Civil Engineers Association as the examination agency. After the examination fee was paid, the Tainan City Professional Civil Engineers Association scheduled a second examination meeting, instructing that additional materials be submitted to supplement the examination scope. Regarding the requested extension of the construction period, it was determined that the examination scope should be expanded. In response to the examination institution's instructions, L&K Engineering Co., Ltd

submitted a request to the court for additional examination questions. On November 6, 2024, the court issued a notification approving the additional examination questions. The examination process is still in progress, and the outcome remains unknown.

- (26). During the Taiwan Life C3 Construction Project undertaken by RSEA Engineering Corporation (privatized 2009), a foreign migrant worker died in an occupational accident on September 19, 2022. A settlement agreement for this engineering safety accident was reached and signed through an intermediary and the Thailand Trade and Economic Office in Taiwan (appointed by the victim's family) on September 28, 2022. Compensation has been paid in accordance with the terms of the agreement. Regarding the criminal investigation into the occupational accident (Case No.: 2023 Zhen-Zi No. 9058), four individuals received subpoenas (Chairman Yao, Director Chin-Sheng Lin, foreign migrant worker Somchai, and Engineering Deputy Supervisor Yuan-Hsia Ma). Following the investigation, the Taipei Shilin District Prosecutors Office indicted Engineering Deputy Supervisor Yuan-Hsia Ma and foreign migrant worker Somchai for negligent homicide in the course of duty. After consulting with their appointed attorney, the two employees expressed their willingness to plead guilty and requested probation from the prosecutors' office. The crane truck driver involved in the accident, Ching-Chin Chang, pleaded guilty on September 7, 2024. On September 17, 2024, the court (Case No.: 2024 Su-Zi No. 393) sentenced: Yuan-Hsia Ma to eight months in prison, with a three-year probation period, and a payment of NT\$90,000 to the public treasury within one year of the verdict's finalization; Foreign migrant worker Somchai to ten months in prison, with a three-year probation period, and a payment of NT\$40,000 to the public treasury within one year of the verdict's finalization; and subcontractor employee Ching-Chin Chang to one year in prison. The case was approved for payment of a total of NT\$130,000 to the public treasury (on behalf of the employees for the judgment ruling on an injury case resulting from the performance of their job duties). Payment was scheduled according to the execution notice on November 21, 2024, marking the case's closure.

In the civil proceedings of the case, RSEA Engineering Corporation (privatized 2009) filed a lawsuit (2023 Jian-Zi No. 169) against the subcontractor Rongjun Engineering, which was responsible for towing and transporting trucks on the construction site, to recover damages for losses incurred due to their actions. Additionally, RSEA Engineering Corporation (privatized 2009) withheld the project payment owed to Rongjun Engineering. Rongjun Engineering filed a civil countersuit against RSEA Engineering Corporation (privatized 2009) (2023 Jian-Zi No. 188) to demand the release of the aforementioned project payment.

The next court session for case 2023 Jian-Zi No. 169 was scheduled for March 7, 2024, while the session for case 2023 Jian-Zi No. 188 was scheduled for January 9, 2024. During the court session on March 7, 2024, the judge confirmed that both parties were open to mediation and subsequently merged the case with case 2023 Jian-Zi No. 188 into one unified mediation process. Due to the significant difference in the mediation amounts proposed by both parties, cases 2023 Jian-Zi No. 169 and 2023 Jian-Zi No. 188 are still awaiting their respective court hearing notifications. Currently, in the first-instance ruling of case 2023 Jian-Zi No. 169, Rongjun Engineering has been ordered to pay NT\$1.16 million to L&K Engineering Co., Ltd. An appeal has been filed within the deadline for the second-instance trial.

- (27). RSEA Engineering Corporation (privatized 2009) undertook the Talin Power Plant coal storage turnkey project and filed a lawsuit against its subcontractor Chern Feng Engineering for project payment concerning the Phase X steel structure construction, which included the rooftop of the second coal bunker, the roller belt conveyor tower,

and the stair tower. The Taipei District Court adjudicated the case and, on February 10, 2023, rendered the judgment, ordering RSEA Engineering Corporation (privatized 2009) to pay NT\$12,982,702 along with interest accruing at an annual rate of 5% from August 25, 2020, until the payment is settled. The litigation costs were ordered to be equally shared by both parties. RSEA Engineering Corporation (privatized 2009) filed an appeal with the court on March 8, 2023. The preliminary proceeding began on July 6, 2023. The Taipei High Court dismissed the appeal on March 7, 2024. The case is currently before the Supreme Court, which has annulled the second-instance ruling and remanded it for retrial. It is now pending at the Taiwan High Court.

- (28). RSEA Engineering Corporation (privatized 2009), contracted for the Sanying Line Metro Turnkey Project, was served with a complaint from Taipower in September 2023, petitioning for damages for the destruction of their cable lines. The New Taipei District Court tried this case. The first court session was held on November 21, 2023. Taipower later expanded its claim to include operating losses. On March 15, 2024, RSEA Engineering Corporation (privatized 2009) received the first-instance judgment, which was rendered in its favor. On April 1, 2024, Taipower filed an appeal, and L&K Engineering Co., Ltd filed an incidental appeal. The case currently being adjudicated by Taiwan High Court.
- (29). RSEA Engineering Corporation (privatized 2009), contracted for the Sanying Line Metro Turnkey Project, was served with a civil complaint by Xiucheng Engineering Company, a subcontractor of Shulong Company, petitioning for the project payment of NT\$574,800. On July 4, 2024, the court ruled to dismiss both the plaintiff's claim and the request for provisional execution in the first-instance trial, ruling in favor of RSEA Engineering Corporation (privatized 2009). Xiucheng Engineering Company has filed an appeal, and the case currently being adjudicated by Taiwan High Court.
- (30). RSEA Engineering Corporation (privatized 2009) undertook the Taoyuan International Airport Terminal 3 Building Civil Engineering Construction Turnkey Project, and on December 26, 2023, provided a security of NT\$3,625,000 for its subcontractor, Kuntai Company, which had purchased concrete mixer trucks from the third party, Chung Sheeng Co., Ltd. This provision of security demonstrated RSEA Engineering Corporation (privatized 2009)'s agreement to suspend enforcement actions by Chung Sheeng Co., Ltd. concerning the alleged outstanding debt of NT\$14.5 million for truck purchases. On December 26, 2023, a third-party objection lawsuit was filed against Chung Sheeng Co., Ltd. The case was adjudicated on May 31, 2024, and a first-instance ruling in favor of the plaintiff was received, determining that the enforcement proceedings between the defendant, Chung Sheeng Co., Ltd., and Kuntai Company should be revoked. Chung Sheeng Co., Ltd. was dissatisfied with the ruling and filed an appeal. Subsequently, after filing the appeal, Chung Sheeng Co., Ltd. submitted a formal statement to withdraw it and, under the pretext of claiming construction payments, filed a separate claim against Samsung and RSEA Engineering Corporation (privatized 2009) for the assigned construction payment debt of Kuntai Company, totaling NT\$16,287,553 (Case No.: 2024 Bei-Si-Diao-Zi No. 843). The first mediation session was held on November 7, 2024. Following an internal assessment by the joint contracting team, it was decided that the case would proceed to litigation. The case was later dismissed by the court and subsequently closed because the plaintiff failed to pay the judgment.
- (31). RSEA Engineering Corporation (privatized 2009) and L&K Engineering Co., Ltd jointly undertook the ACL212 Kaohsiung Railway Underground Project and intended to claim the costs of hiring substitute workers to repair a TV wall from its

subcontractor, Unitel High Technology Corporation (later renamed to JC INC). On March 21, 2024, L&K Engineering Co., Ltd filed a complaint with the Taiwan Taipei District Court. On June 26, 2024, the court attempted mediation; however, the other party failed to appear in court and did not accept the notification. As a result, it was decided that the case would not proceed to mediation but instead return to litigation proceedings. The next court session was scheduled for March 10, 2025. On March 10, 2025, the court session was held, but the other party again failed to appear. The judge ruled to conclude the oral argument session and scheduled March 31, 2025, for rendering judgment. On March 21, 2025, the court notified the appointed attorney that the legal representative of Unitel High Technology Corporation had changed. L&K Engineering Co., Ltd was therefore requested to declare its assumption of the lawsuit in accordance with the law, and litigation proceedings will be reopened after the declaration. The case is currently awaiting approval and pending before the Taiwan Taipei District Court.

- (32). RSEA Engineering Corporation (privatized 2009) undertook the CONTRACT CE02, Civil Engineering of Railway Technology Research and Verification Center, and had subcontracted part of the work to Longcheng Company. However, as Longcheng Company was unable to continue fulfilling the contract, the remaining work was handed over to Chern Feng. However, disputes arose regarding the payment for the sixth phase of the project related to the continued work, the final settlement of construction quantities, and the subsequent subcontracting of tasks. As a result, Chern Feng filed a civil lawsuit on February 3, 2025. The first court hearing was originally scheduled for March 24, 2025, but it was requested to be rescheduled due to a court date conflict. The next court session has now been rescheduled for April 21, 2025. The case is currently pending before the Taiwan Taipei District Court.
- (33). RSEA Engineering Corporation (privatized 2009), which undertook the Talin Power Plant coal storage turnkey project, had a dispute with the Southern Construction Office of the Department of Nuclear and Fossil Power Projects of Taiwan Power Company regarding the extension of the construction period, belt conveyor load design, and time-related management fees. On December 24, 2024, RSEA Engineering Corporation (privatized 2009) filed a civil complaint requesting Taipower to pay management fees and other expenses. This case is pending at the Taiwan Taipei District Court.
- (34). In November 2022, the Shenzhen Longgang People's Court accepted two cases filed by L&K ENGINEERING (SUZHOU) CO, LTD. against Shenzhen Royole Display Technologies Co., Ltd. (hereinafter referred to as "Royole Display"), Shanghai Baoye Group Corp., Ltd. (hereinafter referred to as "Baoye"), and Shenzhen Royole Technologies Co., Ltd. (hereinafter referred to as "Royole Co.") over construction contract disputes. L&K ENGINEERING (SUZHOU) CO., LTD asserted that on July 4, 2017, it had entered into the "Clean Package 1 Construction Contract for the Royole Display Technologies Co., Ltd. Quasi-G6 Flexible Display Production Line Project" (hereinafter referred to as the "Clean Package 1 Construction Contract"), "Clean Package 2 Construction Contract for the Royole Display Technologies Co., Ltd. Quasi-G6 Flexible Display Production Line Project" (hereinafter referred to as the "Clean Package 2 Construction Contract") with Royole Display, Baoye, and Royole Co. Under the contracts, Royole Display contracted the project to Baoye, which then subcontracted the Clean Package 1 and Clean Package 2 construction projects to L&K ENGINEERING (SUZHOU) CO., LTD. L&K ENGINEERING (SUZHOU) CO., LTD fulfilled its contractual obligations by completing the construction, whereas Royole Display and Baoye failed to comply with the contract by not making the required

payments for the engineering fees. L&K ENGINEERING (SUZHOU) CO., LTD. petitioned the court to recover from Royole Display and Baoye RMB 7,557,173.35 with corresponding interest for the Clean Package 1 construction, and RMB 6,532,704.60 with corresponding interest for the Clean Package 2 construction. Additionally, L&K ENGINEERING (SUZHOU) CO., LTD requested that Royole Co. be held jointly and severally liable for the debts of Royole Display. On June 12, 2023, L&K ENGINEERING (SUZHOU) CO., LTD received the first-instance judgments from the Longgang Court. The court ruled that Royole Display must pay engineering fees of RMB 7,557,173.35 and RMB 6,532,704.60, along with their corresponding interest for the two construction contracts. The judgments also confirmed L&K ENGINEERING (SUZHOU) CO., LTD's priority rights to these payments and ordered Royole Co. to assume joint and several liability for Royole Display's debts. After the aforementioned judgments were rendered, none of the parties appealed and the judgments are now in effect. However, Royole Co. failed to comply with the terms of the judgment as promised. Therefore, L&K ENGINEERING (SUZHOU) CO., LTD has submitted an application to the court for compulsory execution. On May 15, 2024, the Shenzhen Intermediate People's Court ruled to accept the bankruptcy liquidation of Royole Display and appointed China Commercial Law Firm as the bankruptcy administrator. L&K ENGINEERING (SUZHOU) CO., LTD has filed a claim for the aforementioned debt with the bankruptcy administrator, and the case is still in the bankruptcy proceedings.

- (35). In April 2023, L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit against Tripod (Hubei) Electronic Co., Ltd. (hereinafter referred to as "Tripod Electronic") at the People's Court in Xiantao City, Hubei Province, over a construction contract dispute. L&K ENGINEERING (SUZHOU) CO., LTD asserted that the two parties had entered into a construction contract on August 13, 2020, under which Tripod Electronic contracted the M&E project (MEP construction) to L&K ENGINEERING (SUZHOU) CO., LTD. L&K ENGINEERING (SUZHOU) CO., LTD fulfilled its contractual obligations by completing the construction, whereas Tripod Electronic failed to comply with the contract by not making the required payments for project acceptance and for the engineering fees incurred due to additional work. In response, L&K ENGINEERING (SUZHOU) CO., LTD has filed a lawsuit petitioning the court for payment from Tripod Electronic for a total of RMB 20,405,725.77, covering engineering fees, accrued interest, and lawyer's fee. Upon the court's mediation, L&K ENGINEERING (SUZHOU) CO., LTD and Tripod Electronic entered into a civil mediation agreement. Under this agreement, Tripod Electronic shall pay the outstanding engineering fees to L&K ENGINEERING (SUZHOU) CO., LTD in installments and cover L&K ENGINEERING (SUZHOU) CO., LTD's lawyer fee, security fee, and other associated costs.
- (36). On October 18, 2023, the Jinan Arbitration Commission accepted a construction contract arbitration case filed by L&K ENGINEERING (SUZHOU) CO., LTD against the First Company of China Eighth Engineering Bureau Ltd. (hereinafter referred to as "the First Company of China Eighth Engineering Bureau"). L&K ENGINEERING (SUZHOU) CO., LTD asserted that the two parties had entered into a "Construction Engineering Subcontract (Clean Package 2A (Main Plant Building L10/20))." Under the contract, it was agreed that the First Company of China Eighth Engineering Bureau would subcontract the applicant, L&K ENGINEERING (SUZHOU) CO., LTD, to handle the design, equipment, materials manufacturing and procurement, transportation, on-site installation, commissioning, inspection and acceptance, and maintenance of systems related to interiors, ventilation, HVAC water, electric, plumbing process pipes, fire protection, and automation within the L10/20 scope of the main plant building,



which is part of the First Company of China Eighth Engineering Bureau's contracted project. The total contract price, including taxes, was RMB 420 million. As of March 2022, L&K ENGINEERING (SUZHOU) CO., LTD had completed work verified by the respondent totaling RMB 414,979,148.24. Except for a few spare parts yet to be handed over, all other construction tasks were finished. The subcontracted work was ready for acceptance and handover. However, on April 22, 2022, all construction tasks were unexpectedly put to a halt as notified by the construction unit, and the power supply for the construction was suspended. This situation led to the inability to conduct necessary testing, acceptance, and handover of the subcontracted project, with no signs of resumption to date. L&K ENGINEERING (SUZHOU) CO., LTD had completed work worth more than RMB 414,979,148.24, but the First Company of China Eighth Engineering Bureau had only paid RMB 261,888,271.57. Consequently, L&K ENGINEERING (SUZHOU) CO., LTD filed for arbitration in accordance with applicable laws, regulations, and judicial interpretations. Through mediation by the arbitration tribunal, both parties entered into a mediated agreement, stipulating that the First Company of China Eighth Engineering Bureau would make scheduled payments totaling RMB 134,280,000 to L&K ENGINEERING (SUZHOU) CO., LTD. Currently, the First Company of China Eighth Engineering Bureau is still in the process of fulfilling its contractual obligations under the arbitration mediation agreement.

- (37). In February 2023, L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit against Shenzhen Mingjiang System Technology Co., Ltd. (hereinafter referred to as Mingjiang) at the Donghu New Technology Development Area People's Court of Wuhan City over a construction contract dispute. L&K ENGINEERING (SUZHOU) CO., LTD asserts that Mingjiang, which had undertaken a subcontract from L&K ENGINEERING (SUZHOU) CO., LTD, failed to execute the construction according to the agreed schedule and withdrew from the project midway. L&K ENGINEERING (SUZHOU) CO., LTD is petitioning the court to recover RMB 923,080.08 from Mingjiang, arguing that the payments made to Mingjiang exceed the value of the work actually completed on the project. The first-instance court rendered its judgment in March 2024. L&K ENGINEERING (SUZHOU) CO., LTD was dissatisfied with the decision and has subsequently filed an appeal. The second-instance court revised the judgment: Mingjiang must return the excess payment of RMB 1,061,284.54 to L&K ENGINEERING (SUZHOU) CO., LTD within ten days from the date the judgment takes effect. Since Mingjiang failed to comply with the effective judgment, L&K Engineering has applied for compulsory enforcement with the court. The case is currently still in the enforcement process.
- (38). In August 2023, L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit against United BioPharma Inc. (Yangzhou) (hereinafter referred to as United BioPharma) at the People's Court of Hanjiang District of Yangzhou City over a construction contract dispute. L&K ENGINEERING (SUZHOU) CO., LTD asserts that on September 18, 2018, the two parties entered into a "Construction Contract for the Mechanical, Electrical, and Cleanroom Installation at the Biopharmaceutical R&D and Production Base." Under the contract, it was agreed that United BioPharma would contract the mechanical, electrical, and cleanroom installation to L&K ENGINEERING (SUZHOU) CO., LTD. L&K ENGINEERING (SUZHOU) CO., LTD fulfilled its contractual obligations by completing the construction, whereas United BioPharma failed to comply with the contract by not making the required payments for project acceptance and for the engineering fees incurred due to additional work. In response, L&K ENGINEERING (SUZHOU) CO., LTD has filed a lawsuit petitioning the court for payment from United BioPharma for the engineering fees and accrued interest, totaling RMB 16,210,403.21. The court, in its first-instance judgment, ruled that United

BioPharma must pay over RMB 8.2 million in construction fees. Following the court's ruling, United BioPharma made the payment to L&K ENGINEERING (SUZHOU) CO., LTD as agreed.

- (39). In October 2023, L&K ENGINEERING (SUZHOU) CO., LTD filed an arbitration proceeding against Royole Display Technologies Co., Ltd. (hereinafter referred to as "Royole Display") at the Shenzhen Court of International Arbitration over a construction contract dispute. In February 2019, L&K ENGINEERING (SUZHOU) CO., LTD, as the contractor, and Royole Display, as the employer, entered into the "General Electric Engineering Contract for the Royole Display Technologies Co., Ltd. Quasi-G6 Flexible Display Production Line Project" (hereinafter referred to as the "General Electric Engineering Contract"). Under this contract, Royole Display would contract the general electric engineering works for the Quasi-G6 Flexible Display Production Line Project to L&K ENGINEERING (SUZHOU) CO., LTD, setting the total contract price for the works at RMB 26.5 million. The pricing was established using a fixed all-in unit rate algorithm, settled based on actual spending. The payment method agreed upon by both parties is as follows: 85% of the payments would be made as progress payment, 97% of the balance would be paid upon settlement, following the completion and successful acceptance, and the remaining 3% would serve as retention money for a warranty period of two years. L&K ENGINEERING (SUZHOU) CO., LTD executed the construction according to the agreed schedule. Upon completion, the works were formally inspected and accepted by Royole Display, and have since been put into use. Upon settlement at the completion of the construction, the total cost was determined to be RMB 27,889,622.57. To date, Royole Display has only paid RMB 22,817,443.62, resulting in an outstanding balance of RMB 5,072,178.95. Despite multiple demands for payment, this balance remains unpaid. Consequently, L&K ENGINEERING (SUZHOU) CO., LTD initiated the arbitration proceeding. As of now, the court proceedings have yet to begin. On May 15, 2024, the Shenzhen Intermediate People's Court ruled to accept the bankruptcy liquidation of Royole Display and appointed China Commercial Law Firm as the bankruptcy administrator. L&K ENGINEERING (SUZHOU) CO., LTD has filed a claim for the aforementioned debt with the bankruptcy administrator. However, due to the involvement of the arbitration matter, the bankruptcy administrator has temporarily suspended the confirmation of the claim and will process it after the arbitration ruling is issued.
- (40). In January 2024, L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit against Unicompond Semiconductor Corporation (hereinafter referred to as "Unicompond") and S.Y. Technology, Engineering & Construction Co., Ltd. (hereinafter referred to as "S.Y.") at the People's Court of Hanjiang District of Putian City over a construction contract dispute. In August 2016, Unicompond entered into an EPC contract with S.Y. for the construction of a gallium arsenide (GaAs) and gallium nitride (GaN) project (i.e., the Phase 1 6-inch GaAs IC Chip Production Line). Unicompond later subcontracted the M&E engineering, steel structure reinforcement, and other relevant tasks to L&K ENGINEERING (SUZHOU) CO., LTD as part of this EPC project. L&K ENGINEERING (SUZHOU) CO., LTD executed the construction according to the agreed schedule. Upon completion, the works were formally inspected and accepted by Unicompond, and have since been put into use. Upon settlement at the completion of the construction, it was determined that L&K ENGINEERING (SUZHOU) CO., LTD incurred a total cost of over RMB 178,610,000. To date, the two defendants have only paid RMB 151,220,000, resulting in an outstanding balance of RMB 27,392,519.43. Despite multiple demands for payment, this balance remains unpaid. Consequently, L&K ENGINEERING (SUZHOU) CO., LTD filed this lawsuit. Currently, the court has organized multiple evidence exchanges between both parties. However, due to disagreements over the construction cost settlement, the court has appointed an appraisal

agency to conduct a cost appraisal for the disputed project. The appraisal process is still ongoing.

- (41). In February 2023, L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit in the Wuhan Intermediate People's Court regarding a construction contract dispute with Wuhan Tianma Micro-Electronics Co., Ltd. (hereinafter referred to as "Tianma"). On July 15, 2016, L&K ENGINEERING (SUZHOU) CO., LTD and Tianma entered into the "Wuhan Tianma Gen 6 LTPS TFT-LCD and CF Production Project: Cleanroom Bid Lot 1 - M1 (ARRAY) Installation and Construction Contract," setting the contract price at RMB 181,319,000. To further clarify their respective rights, obligations, and responsibilities, L&K ENGINEERING (SUZHOU) CO., LTD and Tianma signed a "Supplementary Agreement to the 'Wuhan Tianma Gen 6 LTPS TFT-LCD and CF Production Project: Cleanroom Bid Lot 1 - M1 (ARRAY) Installation and Construction Contract'" on January 26, 2018. This supplementary agreement increased the contract price by an additional RMB 17,190,000, maintaining the same payment terms as the initial "Installation and Construction Contract." Moreover, multiple "Site Instruction (Negotiation) Forms" were executed between L&K ENGINEERING (SUZHOU) CO., LTD and Tianma, each confirmed through signatures and seals by both parties. Following Tianma's requirements, L&K ENGINEERING (SUZHOU) CO., LTD conducted additional work on the project in question, including reinforcement and upgrades, resulting in additional construction costs of RMB 7,290,824.97. L&K ENGINEERING (SUZHOU) CO., LTD completed the installation and construction on time, and the work has since been handed over to Tianma and is now in operation. Despite this, Tianma has failed to settle the outstanding construction costs without providing any justification. Multiple attempts by L&K ENGINEERING (SUZHOU) CO., LTD to recover the debts have yielded no results. As of the lawsuit filing date, Tianma still owed L&K ENGINEERING (SUZHOU) CO., LTD a total of RMB 66,871,602.10 in construction costs, including amounts specified under both the "Wuhan Tianma Gen 6 LTPS TFT-LCD and CF Production Project: Cleanroom Bid Lot 1 - M1 (ARRAY) Installation and Construction Contract" and the "Supplementary Agreement," totaling RMB 59,580,777.13, and RMB 3,682,028.28 incurred by additional work for the project under the multiple "Site Instruction (Negotiation) Forms." L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit to protect its legitimate rights and interests. At the same time, Tianma filed a counterclaim at the Wuhan Intermediate People's Court, requesting the court to order L&K ENGINEERING (SUZHOU) CO., LTD to compensate Tianma for losses incurred, including liquidated damages and lawyer's fee, totaling RMB 78,528,659.9.

On February 1, 2024, the Wuhan Intermediate People's Court made a first-instance judgment with the following decisions: 1. The defendant (counterclaim plaintiff), Tianma, is ordered to pay L&K ENGINEERING (SUZHOU) CO., LTD (counterclaim defendant) an engineering fee of RMB 63,237,805.41 and the accrued interest; 2. The plaintiff (counterclaim defendant), L&K ENGINEERING (SUZHOU) CO., LTD, is ordered to pay the defendant (counterclaim plaintiff), Tianma, liquidated damages of RMB 2,000,000; 3. All other claims filed by the plaintiff (counterclaim defendant), L&K ENGINEERING (SUZHOU) CO., LTD, are dismissed. 4. All other claims filed by the defendant (counterclaim plaintiff), Tianma, are dismissed.

Both L&K ENGINEERING (SUZHOU) CO., LTD and Tianma were dissatisfied with the first-instance judgment and filed an appeal. During the second instance of trial, Tianma paid RMB 38,385,459.31 in engineering fees. After the trial, the Hubei High People's Court made a final judgment on March 18, 2025, ordering: 1. The Civil Judgment E-01-Min-Chu No. 113 (2023) of the Wuhan Intermediate People's Court of

Hubei Province is revoked; 2. Tianma shall pay RMB 24,852,346.1 in engineering fees plus interest to L&K ENGINEERING (SUZHOU) CO., LTD (calculated from April 2021); 3. L&K ENGINEERING (SUZHOU) CO., LTD shall pay Tianma liquidated damages of RMB 2,000,000; 4. All other claims filed by L&K ENGINEERING (SUZHOU) CO., LTD are dismissed. 5. All other claims filed by Tianma are dismissed. The second-instance judgment has come into effect.

- (42). In April 2024, Suzhou Xiang Sheng Trade Company Ltd filed a lawsuit in the People's Court of Siming District, Xiamen City, regarding a sales contract dispute with Sanan Optoelectronics (hereinafter referred to as "Sanan"). In 2015, Suzhou Xiang Sheng Trade Company Ltd and Sanan had entered into a "Commercial Contract for the Procurement of Equipment and Materials for the M&E Turnkey Project" for the Xiamen Sanan Optoelectronics Communication Microelectronic Devices (Phase 1) Project: M&E Turnkey Project (hereinafter referred to as the M&E Turnkey Project). Under the contract, it was mutually agreed that BB Company was contracted to supply all necessary equipment and materials for the M&E Turnkey Project to AA Company. The total fixed price for the equipment and materials under the contract, including 17% VAT, is RMB 84,700,000. After the aforementioned contract was signed, Suzhou Xiang Sheng Trade Company Ltd supplied the equipment and materials according to the agreed terms. Upon installation, the equipment was formally inspected and accepted by Sanan, and has since been put into use. However, upon the expiration of the warranty period, Sanan has not settled the remaining payment to Suzhou Xiang Sheng Trade Company Ltd, leaving an outstanding balance of RMB 4,235,000.00. After negotiations, both parties reached a settlement, and Sanan paid the remaining payment in full to Suzhou Xiang Sheng Trade Company Ltd on July 15, 2024. Upon receiving the payment, Suzhou Xiang Sheng Trade Company Ltd applied to the court for case withdrawal.
- (43). In April 2024, L&K ENGINEERING (SUZHOU) CO., LTD filed a lawsuit in the People's Court of Tong'an District, Xiamen City, regarding a construction contract dispute with Sanan Optoelectronics (hereinafter referred to as "Sanan"). In January 2015, L&K ENGINEERING (SUZHOU) CO., LTD and Sanan had entered into a "Construction Contract for an M&E Turnkey Project" for the Xiamen Sanan Optoelectronics Communication Microelectronic Devices (Phase 1) Project: M&E Turnkey Project (hereinafter referred to as the "M&E Project"). Under the contract, it was mutually agreed that Sanan would contract the M&E Project to L&K ENGINEERING (SUZHOU) CO., LTD, with a tax-inclusive total price of RMB 58,860,000. The contract stipulates a fixed total price. The payment method agreed upon by both parties includes a 30% advance payment, 35% in progress payments to be made monthly, 30% upon completion and formal acceptance, and 5% as retention money with a warranty period of two years. After the aforementioned contract was signed, L&K ENGINEERING (SUZHOU) CO., LTD executed the construction according to the agreed terms. Upon completion, the works were formally inspected and accepted by Sanan, and have since been put into use. During the construction process, Sanan expanded the scope of the works by adding some construction elements. Upon calculation, these additions incurred additional engineering costs of RMB 7,880,100 outside the original contract, bringing the total final cost of the project to RMB 66,740,100. However, upon the expiration of the warranty period, Sanan only paid RMB 54,135,900.38. After deducting an electricity fee of RMB 42,970.5 incurred during construction, which was advanced by the defendant for L&K ENGINEERING (SUZHOU) CO., LTD, the remaining project payment remains unsettled, leaving an outstanding balance of RMB 6,405,509.12. After negotiations, both parties reached a settlement, and Sanan paid the remaining project payment in full to L&K ENGINEERING (SUZHOU) CO., LTD on July 15, 2024. Upon receiving the project

payment, L&K ENGINEERING (SUZHOU) CO., LTD applied to the court for case withdrawal.

2. List major litigious, non-litigious or administrative disputes that involve any company director, supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and its affiliates and that have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other Major Risks and Response Measures:

Information Security Risk Assessment, Analysis, Description and Response Measures:

The Company has established a dedicated IT Department and Document Management Department to oversee the management of information security matters, including network firewall setup, regular information risk drills, training, and awareness campaigns, confidentiality of clients' and employees' information, and information backup.

- vii. Other Important Matters: None.

VI. Special Disclosure

i. Information related to the company's affiliates

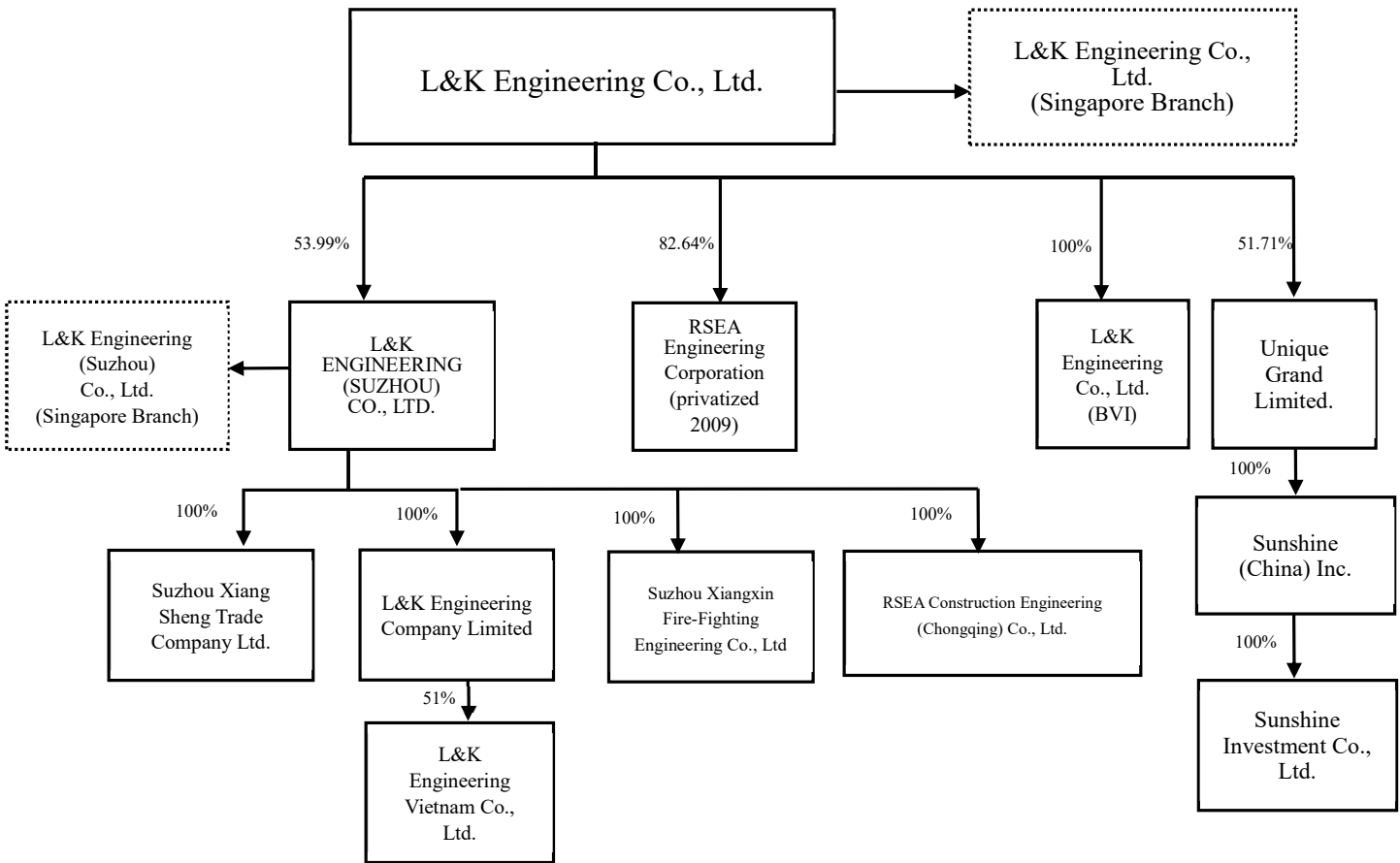
(I) Consolidated financial statements of affiliates

According to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies required to be included in the consolidated financial statements of affiliates under these Criteria are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, for the year 2024 (2024/1/1 to 2024/12/31) the Company shall no longer prepare separate consolidated financial statements of affiliates.

(II) Consolidated Business Report of Affiliates

1. Organization Chart of Affiliates

2024/12/31



## 2. Basic information

Unit: NT\$ 1,000

Company Name	Date of Establishment	Address	Paid-in capital	Scope of business
L&K Engineering Co., Ltd. (BVI)	1998.04.30	Tortola, British Virgin Islands	1,615	Import, export, purchase, sale.
L&K Engineering (SUZHOU) Co., Ltd.	2002.09.02	Suzhou Industrial Park	955,213	Cleanroom/germ-free room system accessories, and provision of architectural installations and decorations of clean/germ-free room, and other labor services.
RSEA Construction Engineering (Chongqing) Co., Ltd.	2007.03.13	Xiyongzhen, Shapingba District, Chongqing City	605,894	Cleanroom/germ-free room system accessories, and provision of architectural installations and decorations of clean/germ-free room, and other labor services.
L&K Engineering Vietnam Co., Ltd.	2008.05.22	Bình Thạnh, Ho Chi Minh City	163,950	Engineering management, procurement, construction, and all relevant business activities.
RSEA Engineering Corporation (privatized 2009)	2009.11.01	13F, No. 175, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	5,000,000	Metal structures and building component manufacturing, machine equipment manufacturing, automated control equipment engineering, machine installation, general constructions, investment in public constructions, and businesses that are not prohibited or restricted by laws and regulations, in addition to permitted businesses.
Unique Grand Limited.	2007.05.02	Wanchai HK	3,760,587	Import, export, purchase, sale.
Suzhou Xiang Sheng Trade Company Ltd.	2008.07.08	Suzhou Industrial Park	89,540	Cleanroom and germ-free room purification systems, equipment and peripheral M&E systems, sale of instrumentation and control products, commission agency (except for auctions), import and export and related supporting services.
L&K Engineering Company Limited.	2008.07.04	Wanchai HK	163,950	Import and export trading, client development, after-sales service.
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	2018.04.27	Suzhou Industrial Park	89,540	Fire-fighting constructions, maintenance, and sale of fire-fighting equipment.
Sunshine (China) Inc.	2010.02.24	Xingyizhen, Xinjin County, Chengdu	3,272,442	Land consolidation, development and construction of tourism and supporting service facilities, environmental sanitation and pollution prevention services and leisure services, construction and engineering technological services, and management consulting services.
Sunshine Investment Co., Ltd.	2012.11.26	Xingyizhen, Xinjin County, Chengdu	2,363,856	Investment in eco-travel and tourism; property and engineering management and consultation.

3. Those who are presumed to have control and subordinate relationships pursuant to Article 369-3 of the Company Act shall disclose the following:
- (I) The presumed cause, legal person name, shareholding details, establishment date, address, paid-in capital, and main business scope if the legal person shareholders involved are the same: None.
  - (II) The presumed cause, name, and shareholding details if the natural person shareholders involved are the same: None.
4. Industries covered by the business operations of affiliated companies. Explain the division of labor and interactions if the business operations of affiliated companies are related:
- The Company and its affiliated companies mainly engage in the design and construction of biochemical cleanrooms, cleanrooms for electronic industries, and relevant M&E and process plumbing systems.



5. Information on directors, supervisors, and presidents of affiliated companies

Unit: NT\$ 1,000 ; shares ; %

Company Name	Title (Note 1)	Name/ Representative	Shareholding (Note 2) (Note 3)	
			Shares (Investment Amount)	Shares (Investment Amount)
L&K Engineering Co., Ltd.(BVI)	Chairman	Chu-Shiang Yao	—	—
	49,999 shares held by L&K Engineering Co., Ltd.		100%	
L&K Engineering (SUZHOU) Co., Ltd.	Chairman /Director	Chu-Shiang Yao	—	—
	CEO / Director	Chih-Hui Mao	—	—
	Director	Shu-Chen Chen	—	—
	Board Secretary/ Director	Fan-Chun Lee	—	—
	COO/ Director	Hsin-Hung Lu	—	—
	CSO/ Director	Chih-Huai Yao	—	—
	Independent Director	Yu-Fang Bai	—	—
	Independent Director	Fu-Qian Fang	—	—
	Independent Director	Lien-Hsing Lin	—	—
	Chairperson of the Supervisory Board/Senior Commercial Contracts Manager	Fu-Ling Wang	—	—
	Executive Director of Operations and Intelligence Center/Supervisor	Shi-Jun Wang	—	—
	Supervisor	Feng-Wei Lang	—	—
	115,200,000 shares held by L&K Engineering Co., Ltd.		53.99%	
RSEA Construction Engineering (Chongqing) Co., Ltd.	Executive Director and President	Chung-Chieh Chin	—	—
	Supervisor	Li-Piao Pei	—	—
	US\$18,478 thousand contributed by L&K ENGINEERING (SUZHOU) CO., LTD.		100%	

Company Name	Title (Note 1)	Name/ Representative	Shareholding (Note 2) (Note 3)	
			Shares (Investment Amount)	Shares (Investment Amount)
RSEA Engineering Corporation (privatized 2009)	Chairman	L&K Engineering Co., Ltd. Representative: Chu-Shiang Yao	413,179,673 —	82.64% —
	Vice Chairman	L&K Engineering Co., Ltd. Representative: Kuo-Chi Tseng	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Chih-Hsun Yao	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Chin-Jyy Shiao	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Wei-Hsun Huang	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Jung-Li Chen	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Shien-Jeng Shieh	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Chia-Ao Chan	413,179,673 —	82.64% —
	Director	L&K Engineering Co., Ltd. Representative: Chiao-Pei Wu	413,179,673 —	82.64% —
	Director	Veterans Affairs Council, R.O.C. Representative: Fu-Chiang Huang	30,073,113 —	6.01% —
	Supervisor	Chien-Chuan Chen	—	—
	Supervisor	Tsung-Che Lin	—	—
L&K Engineering Vietnam Co., Ltd.	Director	Chu-Shiang Yao	—	—
	Director / President	Shih-Yuan Liu	—	—
	US\$2,550 thousand contributed by L&K Engineering Company Limited			51%
Unique Grand Limited	Director	Chu-Shiang Yao	—	—
	Director	Chih-Hsun Yao	—	—
	Director	Chih-Huai Yao	—	—
	59,300,000 shares held by L&K Engineering Co., Ltd.			51.71%

Company Name	Title (Note 1)	Name/ Representative	Shareholding (Note 2) (Note 3)	
			Shares (Investment Amount)	Shares (Investment Amount)
Suzhou Xiang Sheng Trade Company Ltd.	Executive Director	Chu-Shiang Yao	—	—
	Supervisor	Tge-Pin Chuang	—	—
	RMB 20,000 thousand contributed by L&K ENGINEERING (SUZHOU) CO., LTD.			100%
L&K Engineering Company Limited.	Executive Director	Chu-Shiang Yao	—	—
	RMB 13,839 thousand contributed by L&K ENGINEERING (SUZHOU) CO., LTD.			100%
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	Executive Director	Chu-Shiang Yao	—	—
	President	Chih-Hui Mao	—	—
	Supervisor	Shi-Jun Wang	—	—
	RMB 20,000 thousand contributed by L&K ENGINEERING (SUZHOU) CO., LTD.			100%
Sunshine (China) Inc.	Executive Director and President Supervisor	Chih-Huai Yao	—	—
		Fu-Son Dee	—	—
	US\$99,800 thousand contributed by Unique Grand Limited.			100%
Sunshine Investment Co., Ltd.	Executive Director and President Supervisor	Chih-Huai Yao	—	—
		Fu-Son Dee	—	—
	RMB 528,000 thousand contributed by Sunshine (China) Inc.			100%

Note 1 : List the equivalent positions if the affiliated company is a foreign company.

Note 2 : Provide the number of shares held and the shareholding percentage if the invested company is a joint stock limited company; specify the investment amount and contribution ratio with an explanation included for other types of companies.

Note 3 : If directors or supervisors are legal persons, the relevant information of their representatives shall also be disclosed.

## 6. Operational Highlights

Unit: NT\$ 1,000(Except EPS:NT\$)

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profits	After-tax profit and loss for the current period	After-tax EPS
L&K Engineering Co., Ltd. (BVI)	1,615	729,533	-	729,533	-	-975	32,665	—
L&K Engineering (SUZHOU) Co., Ltd.	955,213	18,059,908	9,665,103	8,394,805	23,753,608	2,822,212	2,716,679	2.98
RSEA Construction Engineering (Chongqing) Co., Ltd.	605,894	612,776	20,709	592,067	92,027	43,072	50,050	—
RSEA Engineering Corporation (privatized 2009)	5,000,000	15,451,595	9,472,135	5,979,460	17,165,921	585,311	508,920	1.14
L&K Engineering Vietnam Co., Ltd.	163,950	442,219	245,760	196,459	197,603	-21,929	-12,349	—
Unique Grand Limited.	3,760,587	2,344,985	364,685	1,980,300	-	-76	-82,408	—
Suzhou Xiang Sheng Trade Company Ltd.	89,540	182,030	7,511	174,519	-	-3	13,970	—
L&K Engineering Company Limited.	163,950	285,651	9,753	275,898	6,198	10,633	4,748	—
Suzhou Xiangxin Fire-Fighting Engineering Co., Ltd.	89,540	32,932	-	32,932	-	-3	321	—
Sunshine (China) Inc.	3,272,442	2,730,319	1,086,421	1,643,898	-	-19,570	-59,672	—
Sunshine Investment Co., Ltd.	2,363,856	2,404,162	689,999	1,714,163	-	-40,356	-40,330	—

(III) Reports on Affiliations

The Company is not a subordinate company of another company as defined in the Affiliated Enterprises Chapter of the Company Act and is therefore not required to prepare a report on the relationship between itself and its controlling company.

- ii. Regarding the private placement of securities in the most recent year and up to the publication date of the annual report, the following details shall be disclosed: the dates of approvals by the shareholders' meeting or the Board of Directors and the quantity approved, the basis and reasonableness of the pricing, the method for selecting the specific persons, the reasons for the necessity of conducting the private placement, the places of the private placement, qualification requirements, subscription quantities, relationship with the company, any involvement in company operations, the actual subscription (or conversion) price, the discrepancy between the actual subscription (or conversion) price and the reference price, any effect of the private placement on shareholder equity, and the status of utilization of the funds raised through the private placement of securities, plan implementation progress, and the realization of plan benefits from the time the price of the shares or subscription has been paid up in full until the fund utilization plan has been completely carried out. None.
- iii. Other matters that require additional description: None.
- iv. Situations listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, which materially affect shareholders' equity or the price of the company's securities in the most recent year and up to the date of publication of the annual report: None.

## Statement

According to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies required to be included in the consolidated financial statements of affiliates under these Criteria are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, for the year 2024 (2024/1/1 to 2024/12/31) The Company hereby declares that it shall no longer prepare separate consolidated financial statements of affiliates.

Company name: L&K Engineering Co., Ltd.

Responsible person: Chu-Shiang Yao

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