



WAH LEE INDUSTRIAL CORP.

Annual Report 2024

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Taiwan Stock Exchange: <https://www.twse.com.tw>

Market Observation Post System: <https://mops.twse.com.tw>

Corporate Website: <https://www.wahlee.com>

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Accounting Firm: Deloitte & Touche

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V. Exchange of Securities Traded Overseas and Access to the Securities Information: None.

VI. Corporate Website: <https://www.wahlee.com>

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Chapter 1 Letter to Shareholders

Dear Shareholders:

Wah Lee has reached a new milestone in the wave of rapid global industrial change. In 2024, the company's total consolidated revenue officially exceeded NT\$80 billion, with an annual growth rate of 20%, which not only broke the historical record, but also demonstrated the company's competitiveness and leadership in the global market. This is not only a financial achievement, but also symbolizes our outstanding results in the thorough development of the key industries and accurately grasping of market trends.

In an era of rapid development of AI technology, the explosive surging demand for high-performance computing, and accelerated growth of the new energy industry, Wah Lee's products and services have become an indispensable driving force within the industrial value chain. Moreover, the Company's earnings per share has reached NT\$8.89, demonstrating robust profitability, and the consolidated debt ratio has decreased to 53%, indicating a more stable financial structure. The current ratio and quick ratio also reached 173% and 134%, respectively, reflecting a flexible capital utilization that enhances Wah Lee's resilience against risks. On this basis, the Company aims to further expand its technological and market landscape, deepen its global presence, and collaborate with customers and supplier partners to embrace the infinite possibilities presented by the forthcoming technological revolution.

The following is a summary report on the 2024 operating results, an overview of the 2025 business plan, future company development, and the impacts of external competition, regulatory environment, as well as the overall economic environment:

I. 2024 Annual Business Report

(I) Results of Business Plan Implementation

Unit: NT\$ thousand

| Item | 2024 | 2023 | Difference | |
|-----------------------------------|------------|------------|------------|--------|
| | | | Amount | % |
| Net Operating Revenue | 80,030,914 | 66,782,410 | 13,248,504 | 19.8% |
| Operating Costs | 74,072,856 | 61,256,065 | 12,816,791 | 20.9% |
| Gross Profit | 5,958,058 | 5,526,345 | 431,713 | 7.8% |
| Operating Expenses | 3,291,834 | 3,024,790 | 267,044 | 8.8% |
| Operating net profit | 2,666,224 | 2,501,555 | 164,669 | 6.6% |
| Non-operating income and Expenses | 607,846 | 577,057 | 30,789 | 5.3% |
| Income before Tax | 3,274,070 | 3,078,612 | 195,458 | 6.3% |
| Income Tax Expenses | 734,219 | 762,437 | (28,218) | (3.7%) |
| Net profit for the current year | 2,539,851 | 2,316,175 | 223,676 | 9.7% |

(II) Budget Execution Status: The Company did not announce any financial forecasts for 2024.

(III) Profitability Analysis:

| Analysis Item \ Year | | Financial Information for the Last Five Years | | | | |
|----------------------|---|---|--------|--------|--------|--------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 |
| Profitability | Return on Assets (%) | 6.01 | 7.66 | 6.29 | 5.35 | 5.63 |
| | Return on Equity (%) | 14.52 | 19.06 | 15.04 | 11.89 | 11.30 |
| | Ratio of net income before tax to paid-in capital (%) | 113.90 | 170.16 | 149.80 | 130.32 | 126.20 |
| | Net Profit Margin (%) | 3.46 | 4.41 | 3.71 | 3.47 | 3.17 |
| | Earnings Per Share (NT\$) | 7.88 | 12.05 | 10.53 | 8.96 | 8.89 |

(IV) Financial Revenue and Expenditure

In 2024, the Company reported operating revenue of NT\$80,030,914 thousand, gross profit of NT\$5,958,058 thousand, operating expenses of NT\$3,291,834 thousand, operating income of NT\$2,666,224 thousand, non-operating income and expenses of NT\$607,846 thousand, income before tax of NT\$3,274,070 thousand, and net income after tax of NT\$2,539,851 thousand.

(V) Research and Development Status

(1) 2024 R&D expenditures

As the Company operates as a sales distributor, most research and development activities take place on the supplier side. Therefore, the Company does not recognize R&D expenses in accordance with accounting principle.

(2) Development direction for future products

With the rapid advancement of technology, Wah Lee consistently upholds its core philosophy of "Pioneering Materials, Leading Technology" and continues to explore and develop next-generation key technologies. The Company's focus is not only placed on current market demands, but also on the proactive exploration of unmet potential opportunities. In the future, Wah Lee will concentrate on high-potential sectors, including AI servers and high-performance computing, 5G/6G communications, advanced semiconductors, high-end substrates, high-end displays, new energy vehicles, low-orbit satellite communications, the green energy circular economy, and biotechnology and medical care. Furthermore, the Company will also continue to advance the development of innovative materials and equipment. Wah Lee aims to meet customer needs and establish our standing as a key partner in driving technological breakthroughs.

At the same time, Wah Lee's technical team maintains close collaboration with suppliers, actively developing products with high technological barriers that are difficult to replace, thereby building stronger competitive advantages and ensuring leadership in the global market.

II. Summary of the 2025 Business Plan

(I) Affected by external competition, regulatory environment, and overall economic conditions

(1) External competitive environment

As the global supply chain is reshuffled, market competition is becoming increasingly intense. However, with its unique market positioning and diversified product portfolio, Wah Lee is able to respond flexibly to challenges posed by competitors. Currently, the Company has no direct competitors in the overall market; yet, it still faces intense competition in specific industry sectors. As a result, to further widen the gap, Wah Lee is actively progressing toward high technological barriers, differentiated services, and global market expansion.

In terms of technological R&D, the Company consistently invests resources and collaborates with suppliers to focus on the creation of irreplaceable high-end products. With its technological leadership, this approach enhances market entry barriers. In terms of market expansion, Wah Lee continues to explore new suppliers and product areas while actively expanding into the Southeast Asian, Indian, American, and European markets to enhance its international supply chain competitiveness. Furthermore, the Company has enhanced its value-added services by integrating solutions with intelligent manufacturing, thereby providing customers with products and services that deliver greater added value. Wah Lee aims to be more than a participant in the market by leading industry development and maintaining a competitive advantage in the global landscape.

(2) Regulatory Environment

The current international regulatory environment is evolving rapidly, ranging from RE100 carbon reduction commitments, refrigerant and plastic regulations, and global energy-saving and carbon reduction requirements, to changes in trade policies across countries, significantly increasing the challenges for business operations. However, Wah Lee has long been aware of emerging trends and has actively positioned itself to respond, ensuring the Company's continued advancement along the path of sustainable development. At the same time, a localized supply chain strategy is in the works, with comprehensive operations in the China market, and further expansion into Southeast Asia, India, Japan, the Americas, and Europe, aiming to retain competitive advantage amid the trend of trade bloc formation. Furthermore, in response to regulatory changes across various markets, Wah Lee has adeptly adjusted its supply chain and product portfolio to ensure continued compliance and competitiveness.

In recent years, there has been a growing awareness of the environmental protection, leading world-class plastic manufacturers start to supply Post Consumer Recycled Plastic

(PCR). Wah Lee has secured several distributorship of PCR resins, and the increasing demand trend will further drive expansion, making a significant contribution to the sustainable environment of the Earth. In 2024, Wah Lee sold a total of 375 tons of PCR resins, contributing approximately NT\$33.36 million in revenue—a remarkable increase of 12.43 times compared to the previous year.

(3) Overall economic environment

According to the International Monetary Fund (IMF) forecast, the global economic growth rate for the year 2025 is projected to reach 3.2%. In particular, the markets that Wah Lee focuses on are highlights of global economic growth. The GDP of the China market is expected to grow by 5%, with the technology and manufacturing sectors maintaining strong momentum, whereas the overall GDP growth rate of the Southeast Asian (ASEAN) market is projected at 4.7%, with regional supply chain advantages continuing to expand, and the Indian market is forecasted to grow by 6.5%, establishing itself as one of the most promising emerging markets globally. Moreover, steady economic growth in major markets such as the United States, Japan, and Europe has contributed to stable industry demand. Embracing these opportunities, Wah Lee plans to fully leverage its advantages, actively expand its market share, and seize additional growth momentum amid the waves of global economic development.

(II) Expected sales volume and key production and sales policies

(1) Expected sales volume

The Company does not provide any financial forecasts, as the product units across each business unit vary, making it impossible to estimate expected sales quantities. Although there is no estimate for the Company's sales volume, growth projections for several major industry segments may be outlined: Revenue from smartphones is projected to grow by 8% in 2025, the notebook and personal computer markets are expected to increase by 4.9%, and the global shipment volume of AI servers is anticipated to grow at an average rate of 45% from 2022 to 2026.

(2) Key production and sales policy

Suppliers prioritize R&D alongside production, and Wah Lee maintains regular production and sales coordination meetings with its suppliers to develop specific industries. The Company aims to achieve breakthrough applications in market segmentation to enhance the sales opportunities shared between Wah Lee and its suppliers.

(III) Specific business policies and development strategies

Understanding global trends to drive future growth

We are currently in a golden era of technological transformation, with cutting-edge industries such as AI servers, advanced semiconductors, new energy vehicles, as well as low-earth orbit satellite communications accelerating their development, and Wah Lee's products and solutions have successfully penetrated these high-potential markets. However, the Company's

strategy is not merely to participate in the market, but to lead the market. By consistently developing high-tech products that present significant barriers of entry and expanding global presence, Wah Lee aims to build a competitive defensibility that is difficult for rivals to cross.

- Artificial Intelligence and High-Performance Computing (HPC): The AI server market is projected to grow at an average annual rate of 45% over the next five years. Wah Lee has already established a presence in key materials such as high-end PCB substrates, IC carrier boards, and advanced engineering plastics used in chip sockets, preparing to embrace this explosive growth.
- Electric Vehicle Market (EV): As the global transition to new energy accelerates, the advanced engineering plastics supplied by Wah Lee are utilized in vehicle electronic connectors and charging station equipment, taking advantage of the annual growth rate of 17.3% in the EV market.
- Semiconductor Industry: With the global surge in semiconductor business demand, Our products—including electronic-grade chemicals, photoresist solutions, CMP polishing slurries, advanced packaging materials, and electronic-grade specialty gases—have been favored by major global wafer foundries. The Company is also continuously expanding into the markets of Japan, the United States, and, Europe in the future.
- The layout of smart factory automation has gradually yielded positive results over the years: It has been integrated into the supply chains of PCB, semiconductor, and major electronic manufacturing service companies, demonstrating robust growth momentum with multiple growth last year. Wah Lee's automation equipment team possesses strong research and development capabilities, earning recognition from major manufacturers for its customized technology and efficiency. In addition to entering the PCB industry and the back-end packaging and testing processes of semiconductors, the team has recently ventured into the automated testing production lines for AI server product assembly, with the client being the Taiwan's top-five electronic companies. In the future, to address geopolitical needs, Wah Lee plans to recreate its successful experiences in customers' production lines in Southeast Asia and the Americas.

Global expansion to build strong market competitiveness

Wah Lee not only has a strong presence in the China market but also actively expands into the market of Southeast Asia, Japan, the Americas, and Europe, fully addressing the transformations in the regionalization of the global supply chain. This ensures supply stability and allows the Company to respond flexibly to the demands and challenges of different markets. Furthermore, with the tightening of global RE100 and carbon neutrality policies, the green energy generation and recycled PCR plastics businesses are projected to become powerful drivers of the Company's future growth.

Moreover, Wah Lee will complete the construction of Taiwan's largest high-tech specialized logistics center in the southern region this year, further enhancing supply chain advantages and ensuring its consistent leadership in market competition.

Moving forward to a collective triumph

Looking ahead, Wah Lee is confident in the continued revenue growth in 2025. We plan to uphold our core philosophy of "Pioneering Materials, Leading Technology," strengthen technological R&D efforts, expand global markets, and create greater value for shareholders.

We would like to express our sincere gratitude to all shareholders for your trust and support, as we join hands to move towards an even brighter future!

Chairman: Chang, Tsun-Hsien

Chapter 2 Corporate Governance Report

I Information on directors, president, vice president(s), assistant vice president(s)/directors, and managers of each department and branch organization:

(I) Director Information

Director Information (1)

March 31, 2025

| Title | Nationality/place of registration | Name | Gender Age | Appointment date | Term | Date of initial appointment | Number of shares held at the time of appointment | | Number of shares held presently | | Number of shares currently held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience/educational background | Concurrent position(s) in the Company and other companies | Other managers, directors, or supervisors who are a spouse or relative within the second degree of kinship | | | Remarks |
|----------|-----------------------------------|---|-------------------------|------------------|---------|-----------------------------|--|-----------------------------|---------------------------------|-----------------------------|--|-----------------------------|--|-----------------------------|--|--|--|----------------|--------------|---------|
| | | | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| | R.O.C. | Kang Tai Investment Co., Ltd. | — | 2023.05.30 | 3 years | 2005.06.07 | 19,868,338 | 8.42% | 20,011,338 | 7.71% | 0 | 0.00% | 0 | 0.00% | No | No | No | No | No | No |
| Chairman | R.O.C. | Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien | Male 51-60 years old | 2023.05.30 | 3 years | 2017.05.26 | 1,011,200 | 0.43% | 1,350,200 | 0.52% | 0 | 0.00% | 0 | 0.00% | University of Southern California, USA Department of Electrical Engineering Department of Biomedical Engineering, University of Southern California, USA | CEO and President, Wah Lee Industrial Corp. Chairman, Raycong Industrial (Hong Kong) Limited Chairman, Dongguan Hua Gang International Trading Co., Ltd. Chairman, Shanghai Yi Kang Chemicals & Industries Co., Ltd. Chairman, Wah Lee Tech (Singapore) Pte. Ltd. Chairman, Wah Tech Industrial Co., Ltd. Chairman, Wah Lee Holding Limited (BVI) Chairman and Chief Strategy Officer, Wah Hong Industrial Corp. Chairman, Nagase Wahlee Plastics Corp. Director, SHC Holding Limited (Mauritius) Director, Shanghai Hua Chang Trading Co., Ltd. Director, ORC Technology Corp. Director, Huaying Supply Chain Management (SZ) Co., Ltd. Director, ORC Electrical Machinery Corp. Director, Regent King International Ltd. Director, Advanced Hightech Solutions Inc. | Director | Huang, Lu-Hwei | Spouse | Note 3 |
| Director | R.O.C. | Kang Tai Investment Co., Ltd. | — | 2023.05.30 | 3 years | 2005.06.07 | 19,868,338 | 8.42% | 20,011,338 | 7.71% | 0 | 0.00% | 0 | 0.00% | No | No | No | No | No | No |

| Title | Nationality/place of registration | Name | Gender Age | Appointment date | Term | Date of initial appointment | Number of shares held at the time of appointment | | Number of shares held presently | | Number of shares currently held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience/educational background | Concurrent position(s) in the Company and other companies | Other managers, directors, or supervisors who are a spouse or relative within the second degree of kinship | | | Remarks |
|----------------------|-----------------------------------|--|---------------------------|------------------|---------|-----------------------------|--|-----------------------------|---------------------------------|-----------------------------|--|-----------------------------|--|-----------------------------|---|--|--|--------------------|--------------|---------|
| | | | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| | R.O.C. | Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching (Note 1) | Male — | 2023.05.30 | 3 years | 1971.05.26 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | No | No | No | No | No | No |
| | R.O.C. | Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei (Note 2) | Female 50-60 years old | 2024.08.06 | 2 years | 2024.08.06 | 0 | 0.00% | 0 | 0.00% | 1,350,200 | 0.52% | 0 | 0.00% | Master of Business Administration, University of California, Los Angeles (UCLA) Senior Consultant Manager, Pricewaterhouse Coopers Special Assistant to the Chairman, Wah Lee Industrial Corp. | Director, Wah Lee Industrial Corp. Director, Wah Hong Industrial Corp. Director, Chang Wah Electromaterials Inc. Supervisor, Shanghai Yi Kang Chemicals & Industries Co., Ltd. | Chairman | Chang, Tsuen-Hsien | Spouse | Note 3 |
| Director | R.O.C. | Lin, Yu-Chin | Male 61-70 years old | 2023.05.30 | 3 years | 2023.05.30 | 2,118,625 | 0.90% | 2,118,625 | 0.82% | 22,964 | 0.01% | 0 | 0.00% | New Jersey Institute of Technology Master of Science/ Environmental Science President, TOA Resin Corporation Limited | Director and Chairman, TOA Resin Corporation Limited Director, Chinese National Federation of Industries | No | No | No | No |
| Director | R.O.C. | Yeh, Ching-Pin | Male 71-80 years old | 2023.05.30 | 3 years | 1990.09.07 | 3,423,388 | 1.45% | 3,423,388 | 1.32% | 921,397 | 0.36% | 0 | 0.00% | EMBA, National Sun Yat-sen University Senior Vice President of Wah Lee Industrial Corp. | Director and President, Wah Hong Industrial Corp. Director, Jin Tai Sheng Co., Ltd. Director, Wah Ma Technology Sdn, Bhd. Director, Jun Hong Optoelectronics Corporation | No | No | No | No |
| Independent Director | R.O.C. | Wang, Yea-Kang | Male 71-80 years old | 2023.05.30 | 3 years | 2008.06.18 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Master of Laws, Institute of Urban Planning, National Chung Hsing University Director, Department of Commerce, Ministry of Economic Affairs Director, Industrial Development Bureau, Ministry of Economic Affairs Director, Small and Medium Enterprise Administration, Ministry of Economic Affairs | Evaluation Specialist, Public Construction Commission, Executive Yuan Consultant, Taiwan Textile Research Institute Director, Singtex Industrial Co., Ltd. Independent Director, Wisner Industrial Co., Ltd. Independent Director, Feng Hsin Steel Co., Ltd. | No | No | No | No |

| Title | Nationality/place of registration | Name | Gender Age | Appointment date | Term | Date of initial appointment | Number of shares held at the time of appointment | | Number of shares held presently | | Number of shares currently held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience/educational background | Concurrent position(s) in the Company and other companies | Other managers, directors, or supervisors who are a spouse or relative within the second degree of kinship | | | Remarks |
|----------------------|-----------------------------------|-----------------|-------------------------|------------------|---------|-----------------------------|--|-----------------------------|---------------------------------|-----------------------------|--|-----------------------------|--|-----------------------------|---|--|--|------|--------------|---------|
| | | | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| | | | | | | | | | | | | | | | Secretary General, Chinese National Federation of Industries Chairman, Taiwan Textile Research Institute | | | | | |
| Independent Director | R.O.C. | Shyu, So-De | Male 61-70 years old | 2023.05.30 | 3 years | 2017.05.26 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Ph.D., Finance, University of Alabama, USA Professor, Department of Finance, National Sun Yat-sen University Professor and President, Takming University of Science and Technology | Independent Director, Jia Wei Lifestyle, Inc. Independent Director, Soft-World International Corporation Independent Director, Myson Century, Inc. | No | No | No | No |
| Independent Director | R.O.C. | Guu, Yuan-Kuang | Male 61-70 years old | 2023.05.30 | 3 years | 2023.05.30 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Ph.D., Food Engineering, Cornell University, USA President and Professor, National Pingtung University of Science and Technology. President, National Pingtung University | President, I-Shou University | No | No | No | No |
| Independent Director | R.O.C. | Chang, Chi-Nan | Male 51-60 years old | 2023.05.30 | 3 years | 2023.05.30 | 102,030 | 0.04% | 102,030 | 0.04% | 0 | 0.00% | 0 | 0.00% | EMBA, National Yang Ming Chiao Tung University Ph.D., College of Oral Medicine, Chung Shan Medical University Master of Environmental Engineering Management, Institute of Engineering and Management, West Coast University, California Chairman and President, Gshine Welltech Corp. | Chairman and President, Gshine Welltech Corp. Chairman and President, S-Zion Technology Corp. Chairman and President, Jili Investment Co., Ltd. Chairman and President, LanDes Medical Devices Co., Ltd. Chairman, Green Plastic Tech. Corp. | No | No | No | No |

Note 1: Passed away on May 31, 2024.

Note 2: Assumed office on August 6, 2024.

Note 3: Where a company's chairman and president, or equivalent position holder (the highest management position) are the same person, spouses, or relatives within the first degree of kinship, the rationale, reasonableness, necessity, and countermeasures for the arrangement must be provided:

Although the Company's Chairman and CEO are the same person, the decision-making process for the business operation is still subject to the internal control provisions, that is, the Regulations Governing Authorization of Duties and Authority to Approval. Any decisions that exceed this authority must be approved by the Board of Directors. Furthermore, the Chairman regularly communicates the operating status of the Company with the directors to implement corporate governance. The Procedures for Performance Assessment of the Board of Directors and Functional Committees have also been established to enhance the operating efficiency targets of the Board of Directors and functional committees.

Currently, the Company has established the following specific measures:

1. the four independent directors have expertise in the financial, legal, and industry development areas and therefore are able to assume the supervisory function. They account for 44% of the total number of directors' seats.
2. Every year, the Company provide and arrange for directors to attend training courses held by the Securities and Futures Institute and other external institutions, so as to enhance the functionality of the Board of Directors.
3. The independent directors are able to participate in extensive discussions of various functional committees and submit their recommendations to the Board of Directors for reference, thus effectuating the implementation of corporate governance.
4. More than half of the directors of the Board of Directors do not hold concurrent positions as the Company's employees or managers.

Major Shareholders of Corporate Shareholder

March 31, 2025

| Name of Corporate Shareholder | Major Shareholders of Corporate Shareholder |
|--------------------------------|---|
| Kang Tai Investment Co., Ltd. | Fortune Investment Co., Ltd. (94.28%) and Dragon Investment Co., Ltd. (5.72%) |
| Bao Guang Investment Co., Ltd. | Fortune Investment Co., Ltd. (100%) |

Major Shareholders of Major Corporate Shareholder

March 31, 2025

| Name of Legal entity | Major Shareholders of Legal entity |
|------------------------------|--|
| Fortune Investment Co., Ltd. | Raycong Investment Co., Ltd. (98.90%) and Crystal Investment Co., Ltd. (1.10%) |
| Dragon Investment Co., Ltd. | Totino Investment (B.V.I.) Co., Ltd. (100%) |

Director Information (2)

1. Information disclosure of directors' professional qualifications and independent directors' independence:

| Requirements Name | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|--|--|---|--|
| Chairman Chang, Tsuen-Hsien | Graduated from the Department of Electrical Engineering and Department of Biomedical Engineering of University of Southern California in the USA, and currently serves as the Chairman of the Company and the director representative of CWE Inc. and other listed companies. He has more than five years of working experience required for business, finance and corporate operations; manages and supervises the performance of business divisions and operation support units; achieves the annual budget and financial forecasting targets of the business divisions; manages and maintains relationships with suppliers and customers, as well as assists the business divisions in developing the distribution of new products; and has demonstrated capability in judging competition in the global professional market, business decision-making, and innovation leadership, leading the company to new heights and advancing towards sustainable operations. | Does not meet any descriptions stated in Article 30 of the Company Act. | No |
| Director Lin, Yu-Chin | Graduated from the Department of Environmental Science of Tunghai University and a Master of Science / Environmental Science of New Jersey Institute of Technology. Currently serves as the Director and President of Toa Resin Corporation Limited. He has more than the five years of working experience required for business, finance, and corporate operations, and has been dedicated to fields related to the chemical and environmental industries, with abundant experience and an extensive business network. | Does not meet any descriptions stated in Article 30 of the Company Act. | No |
| Director Yeh, Ching-Pin | Graduated with an EMBA from National Sun Yat-sen University, and currently serves as the Director and President of Wah Hong Corp. He has more than five years of working experience required for business, finance, and corporate operations, and has been dedicated to fields related to the optoelectronics industry for more than thirty years, with abundant experience and an extensive business network. | Does not meet any descriptions stated in Article 30 of the Company Act. | No |
| Director Huang, Lu-Hwei (Note 2) | Graduated with a Master of Business Administration from the University of California, Los Angeles (UCLA). Previously served as a Senior Consultant Manager at PricewaterhouseCoopers. She has more than five years of working experience required for business, finance, and corporate operations, with a specialization in corporate and financial management. | Does not meet any descriptions stated in Article 30 of the Company Act. | No |

| Name \ Requirements | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|---|---|---|--|
| Independent Director Wang, Yea-Kang | Graduated with a Master of Laws from the Institute of Urban Planning of National Chung Hsing University. He is the convener of the Compensation Committee, a member of the Audit Committee, and a member of the ESG Committee of the Company. He currently serves the Evaluation Specialist of the Public Construction Committee of the Executive Yuan and a Consultant for the Taiwan Textile Research Institute. He has more than five years of working experience required for business, legal, and corporate operations, specializing in the fields of law and business management. | Directors who met the following independence evaluation conditions two years prior to appointment or during the term of appointment: (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). | 2 |
| Independent Director Shyu, So-De | Graduated with a Ph.D. in Finance from the University of Alabama in the USA. He is the convener of the Audit Committee, a member of the Compensation Committee, and a member of the ESG Committee of the Company. He previously served as a Professor in the Department of Finance of National Sun Yat-Sen University, as well as President and Professor at Takming University of Science and Technology. He has more than five years of working experience required for business, finance, and corporate operations, specializing in financial management and accounting. | (3) Not a individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held through nominee shareholders, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings. | 3 |
| Independent Director Guu, Yuan-Kuang | Graduated with a Bachelor's degree in Chemical Engineering from National Taiwan University and a Ph.D. in Food Engineering from Cornell University, USA. Currently serves as a member of the Audit Committee and the Compensation Committee of the Company, and is the President of I-Shou University. He has more than five years of working experience required for business, finance, and corporate operations, specializing in chemical engineering and food engineering. | (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managers listed in the preceding item 1, or of any of the persons listed in the preceding items 2 and 3. | No |

| Name \ Requirements | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|--|--|---|--|
| Independent Director Chang, Chi-Nan | Graduated with an EMBA from National Yang Ming Chiao Tung University, a Ph.D. from the College of Oral Medicine at Chung Shan Medical University, and Master of Environmental Engineering Management from Institute of Engineering and Management at West Coast University in California. Currently serves as a member of the Audit Committee of the Company and the Chairman and President of Gshine Welltech Corp. and several other companies. He has more than five years of working experience required for business, finance, and corporate operations, specializing in corporate management, environmental engineering, and medical sciences. | <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 that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(6) Not a director, supervisor, or employee of a company controlled by the same person who exceeds half of the Company's director seats or whose shares exceed half of the voting rights (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(7) Not a director, supervisor, or employee of a company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> | No |

| Name \ Requirements | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|---------------------|--|---|--|
| | | <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 (except for a specified company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides business, legal, financial, accounting, and other related services with cumulative compensation less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Compensation Committee, the Review Committee for Public Tender Offers or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.</p> <p>(10) Not a spouse or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11) Does not meet any descriptions stated in Article 30 of the Company Act.</p> <p>(12) Not a governmental or legal entity or a representative thereof elected as defined in Article 27 of the Company Act.</p> | |

Note 1: Director Chang, Ray-Ching passed away on May 31, 2024.

Note 2: Director Huang, Lu-Hwei assumed office on August 6, 2024.

2. Expertise, independence and diversity of the Board of Directors:

In accordance with the regulations of the Company's Articles of Incorporation, the election of directors has adopted a candidate nomination system. The members of the 23rd board of directors was elected at the shareholders' meeting held on May 30, 2023.

According to the "Corporate Governance Best Practice Principles," the Board of Directors should consider diversity in its composition. In addition to the fact that directors who also serve as managers of the Company should not exceed one-third of the seats of the Board, appropriate diversity policies should be formulated according to their own operation, operation type, and development needs. To achieve the goals of corporate governance, the Board of members should possess the following knowledge, skills, and temperament: the abilities to make judgments about operations, accounting and financial analysis abilities, business management abilities, crisis management abilities, industry knowledge, international market perspective, leadership, and decision-making abilities.

The Company's current Board of Directors is composed of eight members, including four independent directors and four non-independent directors. All directors are distinguished individuals from industry and academia, with abundant experience and expertise in fields such as finance, law, information technology, marketing, environment, food engineering, and management.

The Company values gender equality in the composition of its Board of Directors and aims to increase the proportion of female directors to one-third (33%) or more. Currently, 87% (7 members) of the Board members are male and 13% (1 member) is female. The Company is committed to increasing the number of female directors in the future to achieve this goal.

The implementation situations are as follows:

| Core Items of Diversity Name of Director | Basic Information | | | | | | | | | Concurrent Position as Employee | Diversity of Core Competencies | | | | | | |
|---|----------------------|--------|-----------------|-----------------|-----------------|------------------------|--|-----------|-------------------|---------------------------------|--------------------------------|---------------------|--------------------|-----|-----------------------------------|------------------------|-----------------|
| | Title | Gender | Age | | | | Independent Director Terms and Seniority | | | | Banking/Finance | Business Management | Business Marketing | R&D | Accounting and Financial Analysis | Information Technology | Risk Management |
| | | | 51-60 years old | 61-70 years old | 71-80 years old | 81 years old and above | Below 3 years | 3-9 years | More than 9 years | | | | | | | | |
| Chang, Tsuen-Hsien | Chairman | Male | ✓ | | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Huang, Lu-Hwei (Note 2) | Director | Female | ✓ | | | | | | | ✓ | ✓ | | | ✓ | | | ✓ |
| Lin, Yu-Chin | Director | Male | | ✓ | | | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Yeh, Ching-Pin | Director | Male | | | ✓ | | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Wang, Yea-Kang | Independent Director | Male | | | ✓ | | | | ✓ | | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Shyu, So-De | Independent Director | Male | | ✓ | | | | | ✓ | | ✓ | ✓ | | ✓ | ✓ | | ✓ |
| Guu, Yuan-Kuang | Independent Director | Male | | ✓ | | | | ✓ | | | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Chang, Chi-Nan | Independent Director | Male | ✓ | | | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Note 1: Director Chang, Ray-Ching passed away on May 31, 2024.

Note 2: Director Huang, Lu-Hwei assumed office on August 6, 2024.

3. The Board of Directors' diversity policy and specific management objectives and their achievement:

| Management Objectives | Achievement |
|--|--|
| The number of directors, who hold concurrent positions as the Company's managers, shall not exceed one-third of the number of directors' seats | The directors who hold concurrent positions as the Company's managers account for 11% of the total number of directors' seats. |
| More than one-half of independent directors shall serve no more than three consecutive terms | At the 2023 shareholders' meeting, the Company conducted a full re-election of its directors and appointed four independent directors, three of whom will not serve for more than three consecutive terms. |
| At least one-third of the seats for independent directors must have expertise in law, finance, or technology | Achieved. |
| Increase the number of female directors | The Company has appointed an additional female director, who assumed office on August 6, 2024. |

4. Reasons for the Board of Directors' failure to achieve one-third representation of directors of any gender and the measures planned to enhance gender diversity among directors:

| | |
|---|---|
| Reasons for the Board Seats of Any Gender Not Reaching One-Third | It is challenging to find suitable female directors for the Board. |
| Measures for Enhancing Gender Diversity on the Board of Directors | The Company plans to gradually increase the number of female directors to one-third (33%) or more in each term. |

(II) Information of president, vice president(s), directors, and manager(s) of each department and branch offices

March 31, 2025

| Title | Nationality | Name | Gender | Date of appointment | Shares held | | Number of shares held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience (educational background) | Concurrent position(s) in other companies | Managers who are spouse or relative within the second degree of kinship | | | Remarks |
|----------------------------|-------------|--------------------|--------|---------------------|-------------|-----------------------------|--|-----------------------------|--|-----------------------------|---|---|---|------|--------------|----------|
| | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| CEO and President | R.O.C. | Chang, Tsuen-Hsien | Male | 2016.09.01 | 1,350,200 | 0.52% | 0 | 0.00% | 0 | 0.00% | University of Southern California, USA Department of Electrical Engineering Department of Biomedical Engineering, University of Southern California, USA | Chairman, Raycong Industrial (Hong Kong) Limited Chairman, Dongguan Hua Gang International Trading Co., Ltd. Chairman, Shanghai Yi Kang Chemicals & Industries Co., Ltd. Chairman, Wah Lee Tech (Singapore) Pte. Ltd. Chairman, Wah Tech Industrial Co., Ltd. Chairman, Wah Lee Holding Limited (BVI) Chairman and Chief Strategy Officer, Wah Hong Industrial Corp. Chairman, Nagase Wahlee Plastics Corp. Director, SHC Holding Limited (Mauritius) Director, Shanghai Hua Chang Trading Co., Ltd. Director, ORC Technology Corp. Director, Huaying Supply Chain Management (SZ) Co., Ltd. Director, ORC Electrical Machinery Corp. Director, Regent King International Ltd. Director, Advanced Hightech Solutions Inc. | No | No | No | (Note 1) |
| Vice President, CEO Office | R.O.C. | Lu, Jui-Ming | Male | 2017.03.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | MBA Program, National Chengchi University (Executive) Vice President of Business, Neo Solar Power Corp. (DelSolar) President of consumer electronics in Greater China Region, GE International, Inc. Taiwan Branch (U.S.A.) | Vice Chairman, Raycong Industrial (Hong Kong) Limited Director and President, Dongguan Hua Gang International Trading Co., Ltd. Chairman and President, Huaying Supply Chain Management (SZ) Co., Ltd. Chairman, Guangzhou Xingxian Medical Management Consulting Co., Ltd. Director, Nagase Wahlee Plastics Corp. | No | No | No | No |
| Vice President, CEO Office | R.O.C. | Yeh, Ching-Wen | Male | 2018.07.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Mechanical Engineering, National Taipei Institute of Technology Senior Business Manager, Nagase Wahlee Plastics Corp. | Director, Wah Tech Industrial Co., Ltd. Director, Wah Lee Vietnam Co., Ltd. Chairman, Wah Lee Philippines International Corp. Chairman, Wah Lee Philippines Inc. Chairman, Hightech Polymer Sdn. Bhd. Director, Wahlee Innovation Materials Private Limited Director, PT. Wahtech Indonesia Supervisor, PT. Wah Lee Indonesia | No | No | No | No |

| Title | Nationality | Name | Gender | Date of appointment | Shares held | | Number of shares held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience (educational background) | Concurrent position(s) in other companies | Managers who are spouse or relative within the second degree of kinship | | | Remarks |
|---|-------------|------------------|--------|---------------------|-------------|-----------------------------|--|-----------------------------|--|-----------------------------|--|---|---|------|--------------|---------|
| | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| Vice President, Optoelectronics Division | R.O.C. | Liu, Feng-Roung | Male | 2018.07.01 | 4,555 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Electronic Engineering, Feng Chia University Manager of OEM division of Development Department, Sincere State Electronic Co., Ltd. Director of Marketing Planning and Sales Department, Atoz-Pullman Co., Ltd. | No | No | No | No | No |
| Senior Director, CEO Office | R.O.C. | Yu, Ching-Tien | Male | 2019.04.09 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Textile Engineering, National Taipei Institute of Technology Research Assistant, Taiwan Textile Federation | Director and President, Shanghai Yi Kang Chemicals & Industries Co., Ltd. | No | No | No | No |
| Senior Director, Engineering Plastic Business Division | R.O.C. | Yang, Chen-Ming | Male | 2014.07.01 | 32,684 | 0.01% | 0 | 0.00% | 0 | 0.00% | Department of Chemical Engineering, Tamkang University R&D Engineer, Chang Chun Plastics Co., Ltd. | No | No | No | No | No |
| Senior Director, Engineering Plastic Business Division | R.O.C. | Chen, Yi-Jen | Male | 2021.07.01 | 133 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Business Decision, Sanno University, Japan | No | No | No | No | No |
| Senior Director, Semiconductor Material Business Division | R.O.C. | Yang, Cheng-Ju | Male | 2021.07.03 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Chemical Engineering, National Cheng Kung University Assistant Researcher, Union Chemical Laboratories, Industrial Technology Research Institute | No | No | No | No | No |
| Director, Semiconductor Material Business Division | R.O.C. | Chang, Chi-An | Male | 2016.07.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Mechanical Engineering, Feng Chia University R&D Engineer, Taiwan Sakura Corporation | Director, Wah Lee Tech (Singapore) Pte. Ltd. | No | No | No | No |
| Director, Semiconductor Material Division | R.O.C. | Chen, Mao-Hua | Male | 2019.07.01 | 563 | 0.00% | 0 | 0.00% | 0 | 0.00% | Master, Department of Chemical Engineering, National Taiwan University of Science and Technology Engineer, Wintek Corporation | No | No | No | No | No |
| Director, Semiconductor Material Business Division | R.O.C. | Lin, Wei-Chih | Male | 2023.07.01 | 40 | 0.00% | 0 | 0.00% | 0 | 0.00% | Master, Department of Civil and Construction Engineering, National Taiwan University of Science and Technology Procurement, Winbond Electronics Corp. | No | No | No | No | No |
| Director, Semiconductor Material Business Division | R.O.C. | Cheng, Nai-Chung | Male | 2024.07.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Civil Engineering, I-Shou University Technical Service Engineer, Air Liquide Far Eastern Ltd. | No | No | No | No | No |

| Title | Nationality | Name | Gender | Date of appointment | Shares held | | Number of shares held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience (educational background) | Concurrent position(s) in other companies | Managers who are spouse or relative within the second degree of kinship | | | Remarks |
|---|-------------|-----------------|--------|---------------------|-------------|-----------------------------|--|-----------------------------|--|-----------------------------|--|---|---|------|--------------|---------|
| | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| Senior Director, Electronic Packaging Business Division | R.O.C. | Shan, Tzu-Hao | Male | 2022.02.14 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Graduate Institute of System Engineering, George Washington University Sales Vice President, Efficient Power Conversion Corporation | No | No | No | No | No |
| Director, Electronic Packaging Business Division | R.O.C. | Tsai, Ken-Tang | Male | 2014.07.01 | 0 | 0.00% | 1,096 | 0.00% | 0 | 0.00% | Department of Chemical Engineering, Chinese Culture University Material Development Engineer, Kao (Taiwan) Corporation | Supervisor, ORC Technology Corp. | No | No | No | No |
| Director, Electronic Packaging Business Division | R.O.C. | Lee, Chi-Shan | Male | 2021.07.01 | 6,573 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Applied Foreign Languages, Kao Yuan Junior College of Technology and Commerce Assistant Manager of Business Development, Empire Harbor Industrial Co., Ltd. | No | No | No | No | No |
| Director, Advanced Development Department | R.O.C. | Zhang, Chih-hao | Male | 2024.04.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Information Management, National Sun Yat-sen University Business director, Google International LLC Taiwan Branch (U.S.A) | No | No | No | No | No |
| Senior Director, Strategic Planning Division | R.O.C. | Chiang, Kuo-Jui | Male | 2021.03.10 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Department of Chemistry, Chinese Culture University Director, Hon Hai Precision Industry Co., Ltd. | Chairman, Perpetual New Energy Co., Ltd. Chairman, Eternal New Energy Co., Ltd. Chairman, Heng Sheng Energy Co., Ltd. Chairman, KSA Energy Corporation Chairman, Wah Heng Energy Technology Corporation | No | No | No | No |
| Director, Strategic Planning Division | R.O.C. | Yang, Yu-Kuang | Male | 2021.07.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | MBA Program, Centenary College Head of the Business Management Department, Foxconn Technology Co., Ltd. | No | No | No | No | No |
| Director of MIS Department | R.O.C. | Hsu, Hui-lan | Female | 2024.10.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Ph.D., Department of Management Science, National Yang Ming Chiao Tung University Director, Global Information Department, Walsin Technology Corporation | No | No | No | No | No |
| Senior Director, Finance Department | R.O.C. | Lin, Jen-Chih | Male | 2008.07.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Graduate Institute of Industrial Economics, National Central University Project Manager, Chien Hung Securities Co., Ltd. | Supervisor, Nagase Wahlee Plastics Corp. Director, Shanghai Yikang Chemicals & Industries Co., Ltd. Director, Shanghai Hua Chang Co., Ltd. Director, High Tech Gas Company Ltd. | No | No | No | No |
| Director of Finance Division | R.O.C. | Tsai, Shu-Fen | Female | 2019.07.01 | 109,285 | 0.04% | 0 | 0.00% | 0 | 0.00% | Department of Accounting, National Cheng Kung University (Open Junior College) Accounting personnel, Integrity CPA Firm | Chairman, Kang Tai Investment Co., Ltd. | No | No | No | No |
| Senior Director, | R.O.C. | Lee, Kuo-Ping | Male | 2013.07.01 | 26,382 | 0.01% | 0 | 0.00% | 0 | 0.00% | Department of Accounting, Chung Yuan | Director, Dongguan Hua Gang International Trading | No | No | No | No |

| Title | Nationality | Name | Gender | Date of appointment | Shares held | | Number of shares held by spouse and minor children | | Number of shares held through nominee shareholders | | Major experience (educational background) | Concurrent position(s) in other companies | Managers who are spouse or relative within the second degree of kinship | | | Remarks |
|---|-------------|------------------|--------|---------------------|-------------|-----------------------------|--|-----------------------------|--|-----------------------------|---|---|---|------|--------------|---------|
| | | | | | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | Shares | Shareholding percentage (%) | | | Title | Name | Relationship | |
| Accounting Department | | | | | | | | | | | Christian University Manager of Finance Division, WUS Printed Circuit Co., Ltd. | Co., Ltd. Director, Raycong Industrial (Hong Kong) Limited Director, High Tech Gas Company Ltd. Director, Raycong (Vietnam) Company Ltd. | | | | |
| Director, Logistics Administration Department | R.O.C. | Shih, Chia-Sheng | Male | 2021.07.01 | 0 | 0.00% | 1,020 | 0.00% | 0 | 0.00% | Department of Information Management, Tamkang University Deputy Manager of Manufacturing Division, AHEAD Optoelectronics, INC. | Chairman, Tranceed Logistics Co., Ltd. Chairman, Xiamen Huashengda Logistics Co., Ltd. | No | No | No | No |
| Director, Human Resources Department | R.O.C. | Chen, Hsin-yi | Female | 2024.07.01 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Graduate Institute of Human Resource Management, National Central University Senior Manager, Human Resources Department, Taiwan Industrial Bank Securities Co., Ltd. | No | No | No | No | No |

Note 1: Where a company's chairman and president, or equivalent position holder (the highest management position) are the same person, spouses, or relatives within the first degree of kinship, the rationale, reasonableness, necessity, and countermeasures for the arrangement must be provided:

Although the Company's Chairman and CEO are the same person, the decision-making process for the business operation is still subject to the internal control provisions, that is, the Regulations Governing Authorization of Duties and Authority to Approval. Any decisions that exceed this authority must be approved by the Board of Directors. Furthermore, the Chairman regularly communicates the operating status of the Company with the directors to implement corporate governance. The Procedures for Performance Assessment of the Board of Directors and Functional Committees have also been established to enhance the operating efficiency targets of the Board of Directors and functional committees.

Currently, the Company has established the following specific measures:

1. Four independent directors have expertise in the financial, legal, and industry development areas and therefore are able to assume the supervisory function. They account for 44% of the total number of directors' seats.
2. Every year, the Company provide and arrange for directors to attend training courses held by the Securities and Futures Institute and other external institutions, so as to enhance the functionality of the Board of Directors.
3. The independent directors are able to participate in extensive discussions of various functional committees and submit their recommendations to the Board of Directors for reference, thus effectuating the implementation of corporate governance.
4. More than half of the directors of the Board of Directors do not hold concurrent positions as the Company's employees or managers.

II Remuneration of directors, president and vice president(s) in the most recent fiscal year:

(I) Remuneration of directors and independent directors

Unit: NT\$ thousands; % December 31, 2024

| Title | Name | Remuneration of directors | | | | | | | | Sum of A, B, C and D as a percentage of net income after tax (Note 6) | | Remuneration of directors also serving as Company employees | | | | | | | | Sum of A, B, C, D, E, F and G as a percentage of net income after tax (Note 6) | | Remuneration from investees other than subsidiaries or parent company (Note 8) |
|---|--|---------------------------|--|--------------|--|---------------------------------------|--|--|--|---|--|---|--|-----------------------|--|--------------------------------------|--------------|--|----------------|--|--|--|
| | | Remuneration (A) (Note 1) | | Pensions (B) | | Remuneration of director (C) (Note 2) | | Business execution expenses (D) (Note 3) | | | | Salary, bonuses, and special allowances etc. (E) (Note 4) | | Pensions (F) (Note 7) | | Employees' compensation (G) (Note 5) | | | | | | |
| | | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | | All companies included in the financial statements | | The Company | All companies included in the financial statements | |
| Cash Amount | Stock Amount | | | | | | | | | | | | | | | Cash Amount | Stock Amount | | | | | |
| Director | Kang Tai Investment Co., Ltd. | 0 | 0 | 0 | 0 | 24,866 | 24,866 | 230 | 230 | 25,096 1.11% | 25,096 1.11% | 10,392 | 10,974 | 392,688 | 392,688 | 25,500 | 0 | 25,500 | 0 | 61,381 2.72% | 61,963 2.75% | 20,241 |
| | Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien | | | | | | | | | | | | | | | | | | | | | |
| | Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching (Note 9) | | | | | | | | | | | | | | | | | | | | | |
| | Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei (Note 10) | | | | | | | | | | | | | | | | | | | | | |
| | Lin, Yu-Chin | | | | | | | | | | | | | | | | | | | | | |
| | Yeh, Ching-Pin | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Wang, Yea-Kang | 0 | 0 | 0 | 0 | 8,000 | 8,000 | 540 | 540 | 8,540 0.38% | 8,540 0.38% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,540 0.38% | 8,540 0.38% | 0 | |
| | Shyu, So-De | | | | | | | | | | | | | | | | | | | | | |
| | Guu, Yuan-Kuang | | | | | | | | | | | | | | | | | | | | | |
| | Chang, Chi-Nan | | | | | | | | | | | | | | | | | | | | | |
| 1. The policy, system, standard, and structure of remuneration to independent directors, and the correlation with the amount of remuneration paid according to factors such as undertaken responsibilities, risks, time, and other factors: The remuneration of independent directors of the Company is handled in accordance with Article 19 of the Articles of Incorporation. The Compensation Committee regularly reviews the remuneration system based on the contribution of individual directors to the Board of Directors and the Company's operations. If the Company has surplus earnings, remuneration distribution shall be made in accordance with Article 20. 2. In addition to the disclosure in the above table, the remuneration received by directors from all companies for service rendered (such as a consultant serving as the parent company/all companies in the financial report/investees non-employees, etc.) in the recent year: None. | | | | | | | | | | | | | | | | | | | | | | |

Table of Remuneration Brackets

| Range of Remuneration for Each Director of the Company | Name of Director | | | |
|---|--|--|---|---|
| | Sum of the First 4 Items (A+B+C+D) | | Sum of the First 7 Items (A+B+C+D+E+F+G) | |
| | The Company | All companies included in the financial statements | The Company | Parent company and all investees (I) |
| Less than NT\$1,000,000 | Director: Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei | Director: Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei | — | — |
| NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive) | — | — | — | — |
| NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive) | Director: Lin, Yu-Chin, Yeh, Ching-Pin Independent Director: Wang, Yea-Kang, Shyu, So-De, Guu, Yuan-Kuang, Chang, Chi-Nan | Director: Lin, Yu-Chin, Yeh, Ching-Pin Independent Director: Wang, Yea-Kang, Shyu, So-De, Guu, Yuan-Kuang, Chang, Chi-Nan | Director: Lin, Yu-Chin, Yeh, Ching-Pin, Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching Independent Director: Wang, Yea-Kang, Shyu, So-De, Guu, Yuan-Kuang, Chang, Chi-Nan | Director: Lin, Yu-Chin, Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching Independent Director: Wang, Yea-Kang, Shyu, So-De, Guu, Yuan-Kuang, Chang, Chi-Nan |
| NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive) | — | — | — | — |
| NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive) | — | — | Director: Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei | Director: Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei |
| NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive) | — | — | — | Director: Yeh, Ching-Pin |
| NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive) | Director: Kang Tai Investment Co., Ltd. | Director: Kang Tai Investment Co., Ltd. | Director: Kang Tai Investment Co., Ltd. Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien | Director: Kang Tai Investment Co., Ltd. Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien |
| NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive) | — | — | — | — |
| NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive) | — | — | — | — |
| Over NT\$100,000,000 | — | — | — | — |
| Total | 10 | 10 | 10 | 10 |

Note 1: Referring to director salaries, allowance, severance package, various bonuses, incentives, and so on.

Note 2: Referring to the appropriation of director remuneration for 2024 that has been resolved by the Board of Directors.

Note 3: Referring to business expenses incurred by directors for 2024 (including travel expenses and remuneration for Compensation Committee members).

Note 4: Referring to salaries, allowance, severance packages, various bonuses, incentives, travel expenses, special allowances, various allowances, dormitories, cars, and other material provisions made to directors who held concurrent positions as company employees (including the president, vice presidents, other managers and employees) for 2024.

Note 5: Referring to employee cash compensation made to directors who held concurrent positions as company employees (including the president, vice presidents, other managers and employees) for 2024; the amount for appropriation which was resolved by the Board of Directors was calculated based on the pro rata disbursement in the preceding year.

Note 6: The net income after tax refers to the Company's net income after tax for 2024.

Note 7: Referring to pension appropriation for 2024.

Note 8: (1) If a director of the Company receives remuneration from investees other than subsidiaries or parent company, the said remuneration shall be incorporated in column I of the remuneration bracket table. The column shall be renamed "parent company and all investees."

(2) Remuneration refers to the compensation, stipends (including stipends for employees, directors, and supervisors), and business execution expenses made to directors of the Company for holding concurrent directors, supervisors, or managers in investees other than subsidiaries or the parent company.

Note 9: Passed away on May 31, 2024.

Note 10: Assumed office on August 6, 2024.

(II) Remuneration of supervisors: After the shareholders' meeting on May 26, 2017, the Audit Committee has been established to replace the functions of supervisors.

(III) Remuneration of president and vice president(s)

Unit: NT\$ thousands; % December 31, 2024

| Title | Name | Salary (A) (Note 1) | | Pensions (B) (Note 5) | | Bonuses and special allowances etc. (C) (Note 2) | | Employees' compensation amount (D) (Note 3) | | | | Sum of A, B, C and D as a percentage of net income after tax (%) (Note 4) | | Remuneration from investees other than subsidiaries or parent company (Note 6) |
|-------------------|--------------------|---------------------|--|-----------------------|--|--|--|---|--------------|--|--------------|---|--|--|
| | | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | | All companies included in the financial statements | | The Company | All companies included in the financial statements | |
| | | | | | | | | Cash amount | Stock amount | Cash amount | Stock amount | | | |
| CEO and President | Chang, Tsuen-Hsien | 11,490 | 15,578 | 195 | 195 | 7,124 | 10,861 | 31,100 | 0 | 31,100 | 0 | 49,909 2.36% | 57,734 2.74% | 4,852 |
| Vice President | Lu, Jui-Ming | | | | | | | | | | | | | |
| Vice President | Liu, Feng-Roung | | | | | | | | | | | | | |
| Vice President | Yeh, Ching-Wen | | | | | | | | | | | | | |

Table of Remuneration Brackets

| Range of Remuneration for Each President and Vice President of the Company | Name of president and vice president(s) | |
|--|---|--------------------------------------|
| | The Company | Parent company and all investees (E) |
| Less than NT\$1,000,000 | — | — |
| NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive) | — | — |
| NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive) | — | — |
| NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive) | — | — |
| NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive) | Lu, Jui-Ming, Liu, Feng-Roung, Yeh, Ching-Wen | Liu, Feng-Roung, Yeh, Ching-Wen |
| NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive) | — | Lu, Jui-Ming |
| NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive) | Chang, Tsuen-Hsien | Chang, Tsuen-Hsien |
| NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive) | — | — |
| NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive) | — | — |
| Over NT\$100,000,000 | — | — |
| Total | 4 | 4 |

Note 1: Referring to the president and vice president salaries, allowance, severance package, and so on for 2024.

Note 2: Referring to the various bonuses and incentives for the president and vice president for 2024.

Note 3: The amount for appropriation for 2024 which was resolved by the Board of Directors was calculated based on the pro rata disbursement in the preceding year.

Note 4: The net income after tax refers to the Company's net income after tax for 2024.

Note 5: Referring to pension appropriation for 2024.

Note 6: (1)If a president and vice president of the Company receive remuneration from investees other than subsidiaries or parent company, the said remuneration shall be incorporated in column E of the remuneration bracket table. The column shall be renamed "parent company and all investees."

(2)Remuneration refers to the compensation, reward (including stipends for employees, directors, and supervisors), and business expenses made to presidents and vice presidents of the Company for holding concurrent directors, supervisors or managers in investees other than subsidiaries or the parent company.

(IV) Analysis of the percentage of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, presidents, and vice presidents in the net income after tax of parent company only financial reports in the last two years, and the policies, standards, and combinations of remuneration, as well as the procedures for formulating remuneration and its correlation with operational performance and future risks:

1. The percentage of the total remuneration of directors, president and vice presidents of the Company in the net income after tax of parent company only financial reports:

| Title | Total remuneration as a percentage of net income after tax | | | | Percentage increase (decrease) | |
|---------------------------------|--|--|-------------|--|-----------------------------------|--|
| | 2023 | | 2024 | | | |
| | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements |
| Director | 5.05% | 5.05% | 3.10% | 3.13% | (1.95%) | (1.92%) |
| President and vice president(s) | 1.58% | 1.83% | 2.36% | 2.74% | 0.78% | 0.91% |

The information in 2024 includes the items of earning distribution. The earning distribution proposal is proposed by the Board of Directors and has not been approved by the shareholders' meeting. It is estimated based on the information of the previous year.

2. Policy, standard, and combination of remuneration:

(1) Remuneration of directors

- A. Directors' remuneration: Article 20 of the Articles of Incorporation stipulates that if the Company makes profits in the year, not more than 2% shall be the director's remuneration.
- B. Director's travel expenses: travel expenses shall be reimbursed according to the number of times the directors attend the Board of Directors, Compensation Committee, Audit Committee, and other functional committees.
- C. The remuneration of directors who concurrently serve as managers of the Company also includes salaries, bonuses, and employee compensation.

(2) Remuneration of president and vice president(s)

- A. The Company's managers' remuneration is reviewed and assessed annually by the Compensation Committee and the Board of Directors and shall comply with the Company's operation strategy. The remuneration significantly correlated with the Company's growth index, productivity index and shareholder profit index. In order to achieve the goal of external market competitiveness, the overall reward is divided into fixed remuneration, incentive compensation, and benefit/indirect compensation. The fixed remuneration is the monthly salary and year-end bonus, the incentive compensation is the performance bonus and employee compensation, and the benefit/indirect compensation includes employee stock ownership trust, group insurance, health checkup, and so on.

- B. Article 20 of the Articles of Incorporation stipulates that if the Company makes profits in the year, no less than 2% shall be allocated for employees' compensation.
3. Procedure for determining remuneration:
- (1) The fixed remuneration of the Company's managers shall be determined by reference to their educational background and experience, professional ability, management scope, and peer level, and is granted based on job grade.
 - (2) The incentive compensation of the managers of the Company is proposed by the CEO after considering the performance evaluation items of the managers, including financial indicators (such as revenue and profit achievement rate) and non-financial indicators (such as innovation and integration, risk management, and so on). The Compensation Committee shall consider their positions, scope of rights and responsibilities and contribution to the Company's operating objectives, and refers to the Company's annual operating performance proposal when reviewing it, and send it to the Board of Directors for resolution.
4. Relevance to operational performance and future risks:
- (1) We conduct director performance evaluation regularly every year and submit the evaluation results to the next year's Board of Directors' report in accordance with the provisions of the Company's Board of Directors performance evaluation measures as a reference for reviewing and improvement and the basis for selecting or nominating directors or determining salary.
 - (2) The remuneration of directors, presidents, and vice presidents has fully considered their professional ability and the Company's operation and financial status as well as continuing education, measured other special contributions, and linked the Company's performance and personal performance as the calculation standard of remuneration.
 - (3) The Company also examines future operational risks, environmental protection, and corporate social responsibility from time to time, and reviews the remuneration system in due course, so as to strike a balance between the Company's sustainable operation and risk control.

(V) Distribution of employee compensation to managers and the names of those managers

Unit: NT\$ thousands; % December 31, 2024

| | Title | Name | Stock amount | Cash amount (Note 1) | Total | Total as a percentage of net income after tax (%) |
|---------|--------------------------------|--------------------|--------------|----------------------|--------|---|
| Manager | CEO and President | Chang, Tsuen-Hsien | 0 | 74,393 | 74,393 | 3.30% |
| | Vice President | Lu, Jui-Ming | | | | |
| | Vice President | Liu, Feng-Roung | | | | |
| | Vice President | Yeh, Ching-Wen | | | | |
| | Director (Note 2) | Chang, Jui-Yu | | | | |
| | Director (Note 2) | Liu, Tsung-Ming | | | | |
| | Director | Yang, Chen-Ming | | | | |
| | Director | Yu, Ching-Tien | | | | |
| | Director | Shih, Ching-Hsien | | | | |
| | Director | Tsai, Ken-Tang | | | | |
| | Director | Chen, Yi-Jen | | | | |
| | Director | Yang, Cheng-Ju | | | | |
| | Director | Chang, Chi-An | | | | |
| | Director | Tsai, Shu-Fen | | | | |
| | Director | Chen, Mao-Hua | | | | |
| | Director | Chiang, Kuo-Jui | | | | |
| | Director | Lee, Chi-Shan | | | | |
| | Director | Shih, Chia-Sheng | | | | |
| | Director | Yang, Yu-Kuang | | | | |
| | Director | Lin, Jen-Chih | | | | |
| | Director | Li, Kuo-Ping | | | | |
| | Director | Shan, Tzu-Hao | | | | |
| | Director | Lin, Wei-Chih | | | | |
| | Director (Note 3) | Zhang, Chih-hao | | | | |
| | Director (Note 3) | Chen, Hsin-yi | | | | |
| | Director (Note 3) | Cheng, Nai-Chung | | | | |
| | Deputy Vice President (Note 3) | Hsu, Hui-lan | | | | |

Note 1: The amount of employee compensation paid to managers in cash which was resolved by the Board of Directors was calculated based on the pro rata disbursement in the preceding year.

Note 2: Discharged in 2024

Note 3: Appointed in 2024

III Implementation of Corporate Governance:

(I) Information on Operation of Board of Directors:

- The Board of Directors convened 6 meetings (A) in 2024 and the attendance of the directors is shown below:

| Title | Name | Attendance in Person (B) | Attendance by Proxy | Rate of Attendance in Person (%) [B/A] (Note 1) | Remarks |
|----------------------|---|--------------------------|---------------------|---|---------|
| Chairman | Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien | 6 | 0 | 100% | |
| Director | Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching | 3 | 1 | 75% | Note 2 |
| Director | Kang Tai Investment Co., Ltd. Representative: Huang, Lu-Hwei | 2 | 0 | 100% | Note 3 |
| Director | Yeh, Ching-Pin | 6 | 0 | 100% | |
| Director | Lin, Yu-Chin | 6 | 0 | 100% | |
| Independent Director | Wang, Yea-Kang | 6 | 0 | 100% | |
| Independent Director | Shyu, So-De | 6 | 0 | 100% | |
| Independent Director | Guu, Yuan-Kuang | 6 | 0 | 100% | |
| Independent Director | Chang, Chi-Nan | 6 | 0 | 100% | |

Note 1: The directors' rate of attendance in person (%) is computed based on the number of board meetings convened during the directors' tenure and the actual attendance in person.

Note 2: The representative of the director passed away and was dismissed on May 31, 2024.

Note 3: A new representative was appointed by the corporate's directors on August 6, 2024.

Other items to be recorded:

I. For any incident in the operation of the Board of Directors that meets any of the following descriptions, the date, session, the resolutions, all independent directors' opinions, and how the Company has responded to such opinions shall be stated:

- Conditions described in Article 14-3 of the Securities and Exchange Act:
Please refer to the Operation of Board of Directors of the Company for 2024 below for details.
- Apart from the conditions mentioned above, other issues opposed by independent directors or of which directors have reservations that have been noted in the record or declared in writing: None.

II. Recusal by directors due to the conflict of interests: None.

III. For information on the evaluation cycle and duration, evaluation scope, method and evaluation content of the Board of Directors' self-assessment (or its peers), please refer to the Implementation of the Board of Directors Evaluation below for details.

IV. Evaluation of target achievement and execution of enhancement of the functions of the Board of Directors in the current and most recent year:

- Audit report:
To enable the comprehension of the board members on the Company's systems, the head of internal audit shall make reports on the execution of internal audit operations at every board meeting.
- Increasing information transparency:
The Company upholds the principle of transparency in operation and respects the shareholders' rights and interests. After every board meeting, the Company shall announce important resolutions approved by the Board of Directors. This practice shall be continued in the future to achieve information transparency.
To enhance the overall implementation of corporate's sustainable operation, the Company's Board of Directors resolved on November 9, 2022, to establish the "Sustainable Development Committee" under the Board. This committee is responsible for establishing sustainability-related procedures, integrating corporate sustainable development into the Company's operations and developmental direction, and formulating relevant policies, systems, and management guidelines for sustainable development.

- (3) The Company provides directors with information on continuing education courses on an irregular basis and also regularly arranges for instructors to conduct on-site classes to enhance the competencies of board members.
- (4) The Company conducts the performance assessment of the Board of Directors and functional committees in accordance with the prescribed Board of Directors Performance Evaluation Measures, which is regularly assessed once a year, and the results of the 2024 annual assessment had been submitted to and reported at the Board of Directors on February 19, 2025.

2. Attendance of Independent Directors at Each Board Meeting in 2024:

◎ : Attendance in Person; ★ : Attendance by proxy; ✕ : Absence; N/A : Not applicable

| 2024 | First | Second | Third | Fourth | Fifth | Sixth |
|-----------------|-------|--------|-------|--------|-------|-------|
| Wang, Yea-Kang | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ |
| Shyu, So-De | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ |
| Guu, Yuan-Kuang | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ |
| Chang, Chi-Nan | ◎ | ◎ | ◎ | ◎ | ◎ | ◎ |

3. Operation of Board of Directors of the Company for 2024:

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors | Response to Opinions |
|-----------------------|---------|---|-----------------------------------|----------------------|
| 2024.01.31 | First | 1. Approved the proposal on the Company's overdue accounts receivable in the fourth quarter of 2023 should not be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 2. Approved the business plans of the Company for 2024. | Resolution passed unanimously | N/A |
| | | 3. Approved the authorization of the Company's banking facilities and transactions in 2024. | Resolution passed unanimously | N/A |
| | | 4. Approved to apply for medium-term working capital loan from banks. | Resolution passed unanimously | N/A |
| | | 5. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee (Vietnam) Co., Ltd. (US\$14.9 million) | Resolution passed unanimously | N/A |
| | | 6. Approval of the 2024 financial statements and tax reports, and the proposal for the appointment and remuneration of the auditing CPA. | Resolution passed unanimously | N/A |
| | | 7. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock in the fourth quarter of 2023. | Resolution passed unanimously | N/A |
| | | 8. Approved the amendment of some provisions of the Rules of Managing the Delegation of Authority. | Resolution passed unanimously | N/A |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors | Response to Opinions |
|-----------------------|---------|---|-----------------------------------|----------------------|
| | | 9. Approved the date and place of the 2024 Shareholders' Meeting. | Resolution passed unanimously | N/A |
| | | 10. Approval of the change in the Company's head of internal audit office. | Resolution passed unanimously | N/A |
| 2024.03.14 | Second | 1. Approved the 2023 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements. | Resolution passed unanimously | N/A |
| | | 2. Approved the earnings distribution for 2023. | Resolution passed unanimously | N/A |
| | | 3. Approved the appropriation of the Company's Directors' remuneration and employees' compensation for 2023. | Resolution passed unanimously | N/A |
| | | 4. Approved the ratio of the Company's Directors' remuneration and employees' compensation for 2024. | Resolution passed unanimously | N/A |
| | | 5. Approved to continue to provide performance guarantee of purchase of materials for subsidiaries Raycong Industrial (Hong Kong) Limited, Dongguan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. to Shinkong Synthetic Fibers Corporation and Shinkong Applied Materials (Jiangsu) Co., Ltd. (NT\$150 million) | Resolution passed unanimously | N/A |
| | | 6. Approved to continue the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$25,194 thousand) | Resolution passed unanimously | N/A |
| | | 7. Approved to continue the bank guarantee provided to the investee, Nagase Wahlee Plastics Corp. (NT\$400 million for bank loans and NT\$67 million for the bank guarantee purchase of materials) | Resolution passed unanimously | N/A |
| | | 8. Approved to continue the bank guarantee provided to the investee, Shanghai Hua Chang Trading Co., Ltd. (US\$22.8 million for bank loans and US\$6 million for the bank guarantee purchase of materials) | Resolution passed unanimously | N/A |
| | | 9. Approved the amendment to some provisions of the Company's Articles of Incorporation. | Resolution passed unanimously | N/A |
| | | 10. Approved to issue the Company's 2023 statement of internal control system. | Resolution passed unanimously | N/A |
| 2024.05.14 | Third | 1. Approved the Consolidated Financial Statements for the first quarter of 2024. | Resolution passed unanimously | N/A |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the first quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 3. Approved to continue the bank guarantee provided to the subsidiary, Hightech Polymer Sdn Bhd. (US\$11 million) | Resolution passed unanimously | N/A |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors | Response to Opinions |
|-----------------------|---------|--|-----------------------------------|----------------------|
| | | 4. Approved to continue the bank guaranteebank guarantee provided to the subsidiary, Wah Lee Tech (Singapore) Pte., Ltd. (US\$10.5 million) | Resolution passed unanimously | N/A |
| | | 5. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock in the first quarter of 2024. | Resolution passed unanimously | N/A |
| | | 6. Approval of the change of manager in the Company's Taichung branch. | Resolution passed unanimously | N/A |
| | | 7. Approval of the redemption of the Company's third domestic unsecured convertible bonds. | Resolution passed unanimously | N/A |
| | | 8. Approval of the issuance of the Company's 2023 Sustainability Report. | Resolution passed unanimously | N/A |
| 2024.05.28 | Fourth | 1. Approved the proposal on the purchase of liability insurance for the Company's Directors and managers. (Insurance limit of US\$5 million) (June 18, 2024-June 18, 2025) | Resolution passed unanimously | N/A |
| | | 2. Approved matters related to the distribution of cash dividend for 2023. | Resolution passed unanimously | N/A |
| | | 3. Approved the amendment of some provisions of the Company's Rules of Procedures for Board of Directors Meetings. | Resolution passed unanimously | N/A |
| | | 4. Approved the amendment of some provisions of the Company's Rules of Procedures for Audit Committee Meetings. | Resolution passed unanimously | N/A |
| 2024.08.08 | Fifth | 1. Approved the Consolidated Financial Statements for the second quarter of 2024. | Resolution passed unanimously | N/A |
| | | 2. Approval of the 2023 remuneration for the managers of the Company. | Resolution passed unanimously | N/A |
| | | 3. Approved the amendment of some provisions of the Company's Rules of Director's Remuneration. | | |
| | | 4. Approved the proposal on the Company's overdue accounts receivable in the second quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 5. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock. | Resolution passed unanimously | N/A |
| | | 6. Approved to continue the bank guaranteebank guarantee provided to the subsidiary, Wahlee Innovation Materials Private Limited. (INR 145,000,000) | Resolution passed unanimously | N/A |
| | | 7. Approved to the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$66,279.6 thousand) | Resolution passed unanimously | N/A |
| 2024.11.08 | Sixth | 1. Approved the Consolidated Financial Statements for the third quarter of 2024. | Resolution passed | N/A |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors | Response to Opinions |
|-----------------------|---------|--|-----------------------------------|----------------------|
| | | | unanimously | |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the third quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 3. Approved to continue to provide bank guarantee to the subsidiary, Regent King International Ltd. (US\$1 million) | Resolution passed unanimously | N/A |
| | | 4. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee Philippines Inc. (US\$1 million) | Resolution passed unanimously | N/A |
| | | 5. Approved to continue to the bank guarantee provided to the subsidiary, PT. Wah Lee Indonesia. (US\$2 million) | Resolution passed unanimously | N/A |
| | | 6. Approval of the closure of the Company's account at Hua Nan Commercial Bank Hong Kong Branch. | Resolution passed unanimously | N/A |
| | | 7. Approval of the addition of the Company's "Rules for Sustainability Information Management Procedures." | Resolution passed unanimously | N/A |
| | | 8. Approved the audit plans of the Company for 2025. | Resolution passed unanimously | N/A |

4. Implementation of performance evaluation of the Board of Directors:

As per the Board of Directors and Functional Committees Performance Evaluation Measures, before the end of every fiscal year, various executive units shall collect the related information regarding the Board and board members' activities, and distribute Attachment 1 "Self-performance Evaluation Questionnaire for the Board," Attachment 2 "Self-performance Evaluation Questionnaire for Board Members (Self or Peer)," Attachment 3 "Self-performance Evaluation Questionnaire for Compensation Committee" and Attachment 4 "Self-performance Evaluation Questionnaire for Audit Committee" for them to fill in. Lastly, the coordinating executive unit shall consolidate the information, and prepare and submit the assessment report to the Board of Directors for review and improvement according to Article 8, the scoring of the performance indicators.

The Company hereby reports the performance assessment results of the Board of Directors as follows:

| No. | Scope of assessment | Method of assessment | Assessment period | Content of assessment | Assessment result | Remarks |
|-----|--|---|--|--|---|---------|
| 1 | <input checked="" type="checkbox"/> Board of Directors as a whole <input type="checkbox"/> Individual board members <input type="checkbox"/> Each functional committee | <input checked="" type="checkbox"/> Internal self-assessment of the Board of Directors <input type="checkbox"/> Self-assessment by directors | Starting from January 1, 2024 to December 31, 2024 | 1. Participation level in the operations of the Company 2. Enhancement of the decision-making quality of the Board of Directors 3. Composition and structure of the Board of Directors 4. Appointment of directors and continuing education | The results of the assessment items have fulfilled the requirements. The performance assessment results of the Board of Directors as a whole lie in the Outstanding category at 95%. | |

| No. | Scope of assessment | Method of assessment | Assessment period | Content of assessment | Assessment result | Remarks |
|-----|--|---|--|---|--|---------|
| | | <input type="checkbox"/> Peer assessment <input type="checkbox"/> External assessment | | 5. Internal control | | |
| 2 | <input type="checkbox"/> Board of Directors as a whole <input checked="" type="checkbox"/> Individual board members <input type="checkbox"/> Each functional committee | <input type="checkbox"/> Internal self-assessment of the Board of Directors <input checked="" type="checkbox"/> Self-assessment by directors <input type="checkbox"/> Peer assessment <input type="checkbox"/> External assessment | Starting from January 1, 2024 to December 31, 2024 | 1. Comprehension of the goals and missions of the Company 2. Comprehension of the duties of directors 3. Participation level in the operations of the Company 4. Management of internal relationships and communication 5. Professionalism and continuing education of directors 6. Internal control | All assessment items have fulfilled the requirements. The performance assessment results of individual board members lie in the Outstanding category at 90%. | |
| 3 | <input type="checkbox"/> Board of Directors as a whole <input type="checkbox"/> Individual board members <input checked="" type="checkbox"/> Each functional committee | <input type="checkbox"/> Internal self-assessment of the Board of Directors <input type="checkbox"/> Self-assessment by directors <input checked="" type="checkbox"/> Peer assessment <input type="checkbox"/> External assessment | Starting from January 1, 2024 to December 31, 2024 | 1. Participation level in the operations of the Company 2. Comprehension of the duties of functional committees. 3. Enhancement of the decision-making quality of functional committees. 4. Composition of functional committees and appointment of members. 5. Internal control | All assessment items have fulfilled the requirements. Attachment 3: The results of the self-performance evaluation questionnaires of the three members of the Compensation Committee were 95% (outstanding). Attachment 4: The results of the self-performance evaluation questionnaires of the two members of the Audit Committee were 95% (outstanding). | |

(II) Operation of the Audit Committee:

- The Company has established an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act, which is composed of all independent directors. For their professional qualifications and experience, please refer to pages 11 to 14.
- Focus of Work
Duties of the Audit Committee are as follows:
 - Establish or amend internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
 - Assess the effectiveness of internal control systems.
 - Establish or amend procedures for major financial activities including acquisition or disposal of assets, derivatives transactions, loaning of funds, and provision of

endorsements/guarantees in accordance with Article 36-1 of the Securities and Exchange Act.

- (4) Oversee matters involving the conflict of interest of directors.
- (5) Oversee major assets or derivatives transactions.
- (6) Oversee major loans of funds and provision of endorsements/guarantees.
- (7) Oversee offering, issuance, or private placement of equity-type securities.
- (8) Oversee the appointment, discharge, or compensation of certified public accountants.
- (9) Oversee the appointment or discharge of heads of finance, accounting, or internal audit.
- (10) Oversee annual financial reports.
- (11) Oversee business reports and proposals of surplus earnings distribution or loss off-setting.
- (12) Oversee other major matters as required by the Company or by the competent authority.

The Audit Committee convened six meetings (A) in 2024 and the attendance of the independent directors is shown below:

| Title | Name | Attendance in Person (B) | Attendance by Proxy | Rate of Attendance in Person (%) (B/A) (Note 1) | Remarks |
|----------------------|-----------------|--------------------------|---------------------|---|---------|
| Independent Director | Shyu, So-De | 6 | 0 | 100% | |
| Independent Director | Wang, Yea-Kang | 6 | 0 | 100% | |
| Independent Director | Guu, Yuan-Kuang | 6 | 0 | 100% | |
| Independent Director | Chang, Chi-Nan | 6 | 0 | 100% | |

Note 1: The independent directors' rate of attendance in person (%) is computed based on the number of board meetings convened during the independent directors' tenure and their actual attendance in person.

Other items to be recorded:

I. Operation of the Audit Committee:

- (1) Conditions described in Article 14-5 of the Securities and Exchange Act:
Please refer to the "Operation of Audit Committee of the Company for 2024" below for details.
- (2) Apart from the aforementioned matters, resolutions that have not been approved by the Audit Committee but approved by two-thirds or more of all directors: None.

II. In situations where independent directors recuse themselves due to conflict of interest, the independent director's name, content of the resolution, reason for recusal, and the voting participation should be stated: None.

III. Communication between independent directors, head of internal audit, and accountants in 2024:

- (1) Communication between independent directors and accountants:

| Date | Key points of communication | Result |
|------------|--|--------|
| 2024.03.14 | Audit Committee Report: 2023 Audit Conclusions | Good |
| 2024.11.08 | Audit Committee Report: Auditing plans for the financial statements for 2024 | Good |
- (2) Communication between independent directors and head of internal audit:

| Date | Key points of communication | Result |
|------------|---|--------|
| 2024.01.31 | Audit Committee's Report: The summary of the audit and follow-up report for the period between November 2023 and January 2024 | Good |
| 2024.03.14 | Audit Committee's Report: The summary of the audit and follow-up report for the February 2024 | Good |
| 2024.05.14 | Audit Committee's Report: The summary of the audit and follow-up report for the period between March and April 2024 | Good |
| 2024.05.28 | Audit Committee's Report: The summary of the audit and follow-up report for the May 2024 | |
| 2024.08.08 | Audit Committee's Report: The summary of the audit and follow-up report for the period between June and July 2024 | Good |
| 2024.11.08 | Audit Committee's Report: The summary of the audit and follow-up report for the period between August and October 2024 | Good |
| 2024.11.08 | <p>Summary of seminar</p> <ol style="list-style-type: none"> 1. Follow up on previous directives. 2. The 2024 audit report presents directives from the independent director. 3. Instructions for preparation of audit plans for 2025. 4. Suggestions from independent directors: <ol style="list-style-type: none"> (1) To improve the company's governance evaluation performance, the company should actively engage with certification authorities, clearly define the scope of implementation, gradually incorporate relevant measures, and propose specific improvement plans. Best practices from the industry and peers may serve as a reference. (2) Audit team building, encouraging internal search for suitable colleagues for reassignment. (3) The current economic environment in China is experiencing a slowdown, necessitating an increased sensitivity to funding. | Good |

3. Operation of Audit Committee of the Company for 2024:

| Date of Audit Committee Meeting | Session | Resolution | Opinions of Audit Committee | Response to Opinions |
|---------------------------------|---------|---|-------------------------------|----------------------|
| 2024.01.31 | First | 1. Approved the proposal on the Company's overdue accounts receivable in the fourth quarter of 2023 should be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 2. Approved the business plans of the Company for 2024. | Resolution passed unanimously | N/A |
| | | 3. Approved the authorization of the Company's banking facilities and transactions in 2024. | Resolution passed unanimously | N/A |
| | | 4. Approved to apply for medium-term working capital loan from banks. | Resolution passed unanimously | N/A |
| | | 5. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee (Vietnam) Co., Ltd. (US\$14.9 million) | Resolution passed unanimously | N/A |
| | | 6. Approval of the pre-authorization to appoint Deloitte & Touche to provide non-assurance services to the Company and its subsidiaries. | Resolution passed unanimously | N/A |
| | | 7. Approval of the 2024 financial statements and tax reports, and the proposal for the appointment and remuneration of the auditing CPA. | Resolution passed unanimously | N/A |
| | | 8. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock in the fourth quarter of 2023. | Resolution passed unanimously | N/A |
| | | 9. Approved the amendment of some provisions of the Rules of Managing the Delegation of Authority. | Resolution passed unanimously | N/A |
| | | 10. Approved the date and place of the 2024 Shareholders' Meeting. | Resolution passed unanimously | N/A |
| | | 11. Approval of the change in the Company's head of internal audit. | Resolution passed unanimously | N/A |
| 2024.03.14 | Second | 1. Approved the 2023 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements. | Resolution passed unanimously | N/A |
| | | 2. Approved the earnings distribution for 2023. | Resolution passed unanimously | N/A |
| | | 3. Approved to continue to provide performance guarantee of purchase of materials for subsidiaries Raycong Industrial (Hong Kong) Limited, Dongguan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. to Shinkong Synthetic Fibers Corporation and Shinkong Applied Materials (Jiangsu) Co., Ltd. (NT\$150 million) | Resolution passed unanimously | N/A |
| | | 4. Approved to continue the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$25,194 thousand) | Resolution passed unanimously | N/A |
| | | 5. Approved to continue the bank guarantee provided to the investee, Nagase Wahlee Plastics Corp. (NT\$400 million for bank loans and NT\$67 million for the bank guarantee of purchase of materials) | Resolution passed unanimously | N/A |
| | | 6. Approved to continue the bank guarantee provided | Resolution passed | N/A |

| Date of Audit Committee Meeting | Session | Resolution | Opinions of Audit Committee | Response to Opinions |
|---------------------------------|---------|--|-------------------------------|----------------------|
| | | to the investee, Shanghai Hua Chang Trading Co., Ltd. (US\$22.8 million for bank loans and US\$6 million for the bank guarantee of purchase of materials) | unanimously | |
| | | 7. Approved the amendment to some provisions of the Company's Articles of Incorporation. | Resolution passed unanimously | N/A |
| | | 8. Approved to issue the Company's 2023 internal control system statements. | Resolution passed unanimously | N/A |
| 2024.05.14 | Third | 1. Approved the Consolidated Financial Statements for the first quarter of 2024. | Resolution passed unanimously | N/A |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the first quarter of 2024 should be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 3. Approved to continue the bank guarantee provided to the subsidiary, Hightech Polymer Sdn Bhd. (US\$11 million) | Resolution passed unanimously | N/A |
| | | 4. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee Tech (Singapore) Pte., Ltd. (US\$10.5 million) | Resolution passed unanimously | N/A |
| | | 5. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock in the first quarter of 2024. | Resolution passed unanimously | N/A |
| | | 6. Approval of the change in manager in the Company's Taichung branch. | Resolution passed unanimously | N/A |
| | | 7. Approval of the redemption of the Company's third domestic unsecured convertible bonds. | Resolution passed unanimously | N/A |
| 2024.05.28 | Fourth | 1. Approved the proposal on the purchase of liability insurance for the Company's Directors and managers. | Resolution passed unanimously | N/A |
| 2024.08.08 | Fifth | 1. Approved the Consolidated Financial Statements for the second quarter of 2024. | Resolution passed unanimously | N/A |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the second quarter of 2024 should be listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 3. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock. | Resolution passed unanimously | N/A |
| | | 4. Approved to continue the bank guarantee provided to the subsidiary, Wahlee Innovation Materials Private Limited. (INR 145,000,000) | Resolution passed unanimously | N/A |
| | | 5. Approved to the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$66,279.6 thousand) | Resolution passed unanimously | N/A |
| 2024.11.08 | Sixth | 1. Approved the Consolidated Financial Statements for the third quarter of 2024. | Resolution passed unanimously | N/A |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the third quarter of 2024 should be not listed as financing provided to others. | Resolution passed unanimously | N/A |
| | | 3. Approved to continue to provide bank guarantee to the subsidiary, Regent King International Ltd. | Resolution passed unanimously | N/A |

| Date of Audit Committee Meeting | Session | Resolution | Opinions of Audit Committee | Response to Opinions |
|---------------------------------|---------|--|-------------------------------|----------------------|
| | | (US\$1 million) | | |
| | | 4. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee Philippines Inc. (US\$1 million) | Resolution passed unanimously | N/A |
| | | 5. Approved to continue to the bank guarantee provided to the subsidiary, PT. Wah Lee Indonesia. (US\$2 million) | Resolution passed unanimously | N/A |
| | | 6. Approval of the addition of the Company's "Rules for Sustainability Information Management Procedures." | Resolution passed unanimously | N/A |
| | | 7. Approved the audit plans of the Company for 2025. | Resolution passed unanimously | N/A |

(III) Corporate governance implementation and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| I. Has the company established and disclosed its corporate governance principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies? | ✓ | | The Company has established its Corporate Governance Best Practice Principles, which shall serve as the basis of the Company's undertakings in corporate governance. The disclosure of corporate governance principles and implementation is made in the annual reports, on the Market Observation Post System, and on the Company's website. For the implementation of corporate governance by the Company, please refer to the "Corporate Governance Report" in the Annual Report and on the Company's website. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| II. Shareholding structure of the Company and shareholders' rights and interests (I) Has the company formulated internal operating procedures to handle shareholders' recommendations, queries, disputes, and litigations, and implemented them accordingly? | ✓ | | (I) To ensure the protection of shareholders' interests, the Company has designated a spokesperson, deputy spokesperson, a services unit, and dedicated personnel responsible for investor relations. A communication channel is provided for investors through an email address (IR_Relations@wahlee.com). Additionally, internal control procedures are in place to regulate the handling of shareholders' suggestions, concerns, disputes, and litigation matters. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| (II) Does the company retain at all times a register of major shareholders who have | ✓ | | (II) (The Company has retained the related register and makes a monthly report on the shareholdings of directors, independent directors, managers, and | Consistent with the requirements of Corporate |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|---|---|
| | Yes | No | Summary | |
| controlling power, and of the persons with ultimate control over those major shareholders? | | | major shareholders with 10% stake. | Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| (III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with? | ✓ | | (III) The Company has established relevant risk control and firewall mechanisms in the "Management of Related Party Transactions", "Management of Preparation of Financial Reports", "Monitoring Procedures on Subsidiaries", and "Delegation of Authority and Reporting Management Procedures for Subsidiaries." Additionally, audit of monitoring operations for subsidiaries are included in the annual internal control audit plan, with recommendations for corrective actions on any identified anomalies, and the improvements are tracked. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| (IV) Has the company established internal policies that prevent insiders from trading securities against non-public market information? | ✓ | | (IV) The Company has formulated regulations such as the Code of Ethical Conduct for Directors and Managers and the Operating Procedures for Internal Important Information and Management of Insider Trading Prevention to regulate all employees, managers and directors of the Company, as well as anyone who knows the Company's news based on professional or controlling relationships, prohibiting any behaviors that may involve insider trading, and conducting internal education from time to time to promote the specific circumstances of the | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---------------------|----------------|----|---|---|
| | Yes | No | Summary | |
| | | | <p>implementation of internal rules:</p> <ol style="list-style-type: none"> 1. Director When directors take office, the Company provides a guidance manual on directorial regulations and sends legal information to directors from time to time for their knowledge. 2. Manager/employee When a manager assumes the position of an insider, the Company provides relevant laws and regulations such as those on insider equity changes, insider trading, and short-term trading. It will also send legal information to managers from time to time, and new employees will also be provided education and publicity in a timely manner. <p>After the Company issues material information, it will notify managers to avoid any situations that may involve insider trading.</p> <p>The Company approved the amendment to the Operating Procedures for Internal Important Information Processing and Management of Insider Trading Prevention at the meeting of the Board of Directors on November 9, 2022. A one-hour briefing was conducted to explain the aforesaid operating procedures to the eight current directors on October 18, 2024, and remind the directors and managers not to trade any Company stock or other securities of a</p> | |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---------------------|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>stock nature in the open market during the closed period 30 days prior to the announcement of the annual financial statement and 15 days prior to the announcement of the quarterly financial statement.</p> <p>On October 18, 2024, the Company conducted a two-hour training for current managers and employees (totaling 160 people), with a total training time of 320 hours. At the same time, they were reminded not to trade any company stock or other securities with a stock nature in the open market during the closed period 30 days prior to the announcement of the annual financial statement and 15 days prior to the announcement of the quarterly financial statement.</p> <p>On January 23, 2024, during the annual kickoff meeting, the Company conducted a 30-minute corporate governance briefing for managers and supervisors. The topics included the current status of promoting sustainable development, the importance of ethical corporate management, the reporting of illegal, unethical, or dishonest behavior, the handling of significant internal information, and measures to prevent insider trading. A total of 54 participants attended.</p> | |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---|---|
| | Yes | No | Summary | |
| <p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established a diversity policy and specific management objectives, and implemented them?</p> | ✓ | | <p>(I) The Company has formulated the Board of Directors' diversity policy as part of the Corporate Governance Best Practice Principles, and set specific management objectives and implemented them according to the policy. For the implementation, please refer to "Diversity and independence of the Board of Directors" on pages 15 to 16 of the Annual Report.</p> | No apparent deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| <p>(II) Apart from establishing the Compensation Committee and Audit Committee according to laws, has the company assembled other functional committees at its own discretion?</p> | ✓ | | <p>(II) The Company has established the Compensation Committee and Audit Committee according to the laws and regulations, and the ESG Committee was established on November 9, 2022 by approval of the Board of Directors.</p> | Same as the summary. |
| <p>(III) Does the company establish measures and methods to evaluate the performance of the Board of Directors, conduct evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration, nomination, and renewal?</p> | ✓ | | <p>(III) The Company carried out the Board of Directors Performance Evaluation in 2024. For the Board of Directors as a whole, individual board members, the Compensation Committee, and the Audit Committee, performance evaluations are conducted regularly every year as a reference for review and improvement, as well as being used as a reference basis for selecting or nominating directors. The evaluation process was conducted in the form of self-assessment questionnaires. The measurement items of the Company's Board of Directors' performance evaluation include the</p> | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---------------------|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>following five aspects:</p> <ol style="list-style-type: none"> 1. Participation level in the operations of the Company. 2. Enhancement of the decision-making quality of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Appointment and continuing education of directors. 5. Internal control. <p>The measurement items of individual board members' performance evaluation include the following six aspects:</p> <ol style="list-style-type: none"> 1. Comprehension of the goals and missions of the Company. 2. Comprehension of the duties of directors. 3. Participation level in the operations of the Company. 4. Management of internal relationships and communication. 5. Professionalism and continuing education of directors. 6. Internal control. <p>The measurement items of the Compensation Committee's and Audit Committee's performance evaluation include the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation level in the operations of the Company. | |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---------------------|----------------|----|---|---|
| | Yes | No | Summary | |
| | | | <p>2. Comprehension of the duties of functional committees.</p> <p>3. Enhancement of the decision-making quality of functional committees.</p> <p>4. Composition of functional committees and appointment of members.</p> <p>5. Internal control.</p> <p>The Company completed the self-performance evaluation of the Board of Directors for 2024 and submitted the evaluation results to and reported to the Board of Directors on February 19, 2025 as the basis for review and improvement.</p> <p>The overall self-performance evaluation results for the Board of Directors lay in the Outstanding category at 95%, while the overall results for individual board members were also in the Outstanding category at 90%, indicating that the overall Board of Directors operated well. The overall self-assessment results of Compensation Committee were 95%, or Outstanding, while the overall performance self-assessment results of Audit Committee were 95%, also Outstanding, indicating the overall operation of the Compensation Committee and the Audit Committee was perfect and in line with corporate governance, as well as effectively enhanced the functions of the Board of Directors.</p> | Consistent with the requirements of Corporate |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| (IV) Does the company regularly evaluate the independence of the CPAs? | ✓ | | (IV) The Company regularly evaluates the independence and competence of the certified public accountants every year (at least once a year) and requires the certified public accountants to issue a "Statement of Independence" every year. The Certified Public Accountants Independence Assessment Report for 2024 was submitted to the Board of Directors on February 19, 2024 for the evaluation of the independence and competence of certified public accountants with reference to Audit Quality Indicators (AQI). The AQI assessment results are as follows: [AQI 3-1] Non-audit services - non-audit service fees account for 12.4%, lower than standard of EU norms. (Must not exceed 70% of the average audit fees incurred over the past 3 years) [AQI 3-2] Customer familiarity - Deloitte & Touche has been engaged in audit services for a cumulative period of 26 years. The certified public accountants are rotated to moderately reduce the risk of independence. | Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| IV. Does the TWSE/TPEX listed company dedicate competent corporate governance personnel or a sufficient number of corporate governance personnel to take charge of corporate governance affairs, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for | ✓ | | On August 12, 2020, the Board of Directors passed a resolution to appoint the Company's senior director Lin, Jen-Chih as the head of corporate governance to ensure the shareholders' rights and interests and strengthen the functions of the Board of Directors. Senior director Lin Jen-Chih possesses more than three | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| directors' and supervisors' operations, assisting directors and supervisors in legal compliance, handling affairs related to the Board of Directors' and shareholders' meetings in accordance with the laws, and preparing meeting minutes of the Board of Directors' and shareholders' meetings)? | | | <p>years of experience as management roles overseeing financial and stock affairs in public offering companies. The main duties of the head of corporate governance include handling affairs related to the Board of Directors' and shareholders' meetings in accordance with the laws, preparing meeting minutes of the Board of Directors' and shareholders' meetings, assisting directors in taking office and continuing education, providing information required for directors' operations, assisting directors' compliance with laws and regulations, and reporting to the Board of Directors on the review results of whether independent directors' qualifications are complied with related laws and regulations during their nomination, appointment, and tenure.</p> <p>For the execution in 2024, please refer to the descriptions on page 51 of the Annual Report.</p> | |
| V. Has the company established communication channels with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, and so on), and created stakeholder section on the company website? Does the company effectively respond to stakeholders' concerns regarding important corporate social responsibility issues? | ✓ | | <p>The Company's website has an "ESG Section" and "Corporate Governance Section" as communication channels to effectively respond to stakeholders' concerns, including those regarding CSR issues.</p> | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---|---|
| | Yes | No | Summary | |
| VI. Has the company appointed a professional stock affairs agency to deal with shareholders' meetings affairs? | ✓ | | The Company has appointed the Stock Affairs Agency Department of Yuanta Securities Co., Ltd. to handle stock affairs and shareholders' meetings. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| VII. Information disclosure (I) Has the company established a website that discloses information on financial affairs and corporate governance? | ✓ | | (I) The Company has set up a company website (https://www.wahlee.com) , and the latest financial, business and corporate governance information is disclosed promptly and linked to the Market Observation Post System. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| (II) Has the company utilized other methods for information disclosure (such as setting up an English website, designating specific personnel to collect and provide disclosure on the company's information, implementing spokesperson system, disclosing the process of institutional investor conferences on the company website, and so on)? | ✓ | ✓ | (II) 1. The Company has set up an English website and designated specific personnel to take charge of information disclosure and announcement and reporting in accordance with the laws and regulations. 2. The Company has established a spokesperson and acting spokesperson system, and designated specific personnel to take charge of investor relations business. 3. The information on the institutional investor conferences has been made available on the Company's website. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|--|---|
| | Yes | No | Summary | |
| (III) Has the company publicly announced and filed the annual financial statements within two months after the end of the fiscal year, and publicly announced and filed the first, second, and third quarterly financial statements and monthly operating status reports before the stipulated deadlines? | | | (III) At present, the Company did not announce or report the annual financial statements two months after the end of the fiscal year. However, the annual financial statements was announced and reported within the prescribed period. The financial statements for the first, second and third quarters were approved by the Board of Directors, and the monthly operating status reports were announced and reported before the stipulated deadlines. Relevant information was also disclosed on the Market Observation Post System and the Company's website. | Same as the summary. |
| VIII.Does the company have other important information for better understanding the company's corporate governance operations (including, but not limited to, interests and rights of employees, care for employees, investor relations, relations with suppliers, relations with stakeholders, continuing education of directors and supervisors, execution of risk management policies and risk measurement standards, execution of customer policies, liability insurance purchase for the company's directors and supervisors, and so on)? | ✓ | | <ol style="list-style-type: none"> 1. For the various benefits, training and education, safety and health, and other measures of the Company, Please refer to the Labor-management Relations section of the Annual Report for descriptions. 2. With regard to continuing education of directors, all directors underwent a total of 72 training hours in 2024. Please refer to the descriptions on pages 53 to 55 of the Annual Report for further details. 3. With regard to the attendance of directors of the Company in the board meetings, the attendance rate of all Company directors in board meetings amounted to 95% on 2024, which is considered good. | Consistent with the requirements of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---------------------|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>4. Since the shareholders' meeting on May 26, 2017, the Company has established the Audit Committee to replace the functions of supervisors.</p> <p>5. For the participation of managers in education and training related to corporate governance in 2024, please refer to "Participation of Managers in Education and Training Related to Corporate Governance in 2024" on pages 177 to 178 of the Annual Report for further details.</p> <p>6. To promote corporate sustainable operations, risk management, and reduction of impact on environment, the Company conducts safety, health, and environment management courses for employees on a regular basis and undertakes various procedures in accordance with related environmental protection regulations.</p> <p>7. The Company has purchased liability insurance for directors and managers.</p> <p>8. For the Company's risk management policy, please refer to the descriptions of "Analysis and Evaluation of Risk Management" on pages 195 to 197 of the Annual Reports.</p> <p>9. Succession planning for the Company's board members and key management:</p> | |

| Assessment criteria | Implementation | | | Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|-----------------------|---|--|---|
| | Yes | No | Summary | |
| | | | Please refer to the descriptions on page 56 of the Annual Report for descriptions. | |
| IX. Please describe improvements that have been made pertaining to the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center in the recent year, as well as priorities and measures for matters that have yet to be improved. | | | | |
| Item | Evaluation Indicators | Improvement | | |
| Improved Items | 2.7 | The Company has established four seats for independent directors, accounting for more than one-third of the total nine seats for directors. | | |
| | 2.8 | More than one-half of the Company's independent directors shall serve no more than three consecutive terms | | |
| | 2.22 | The Risk Management Policy and Procedures were formulated on November 9, 2022 by approval of the Board of Directors of the Company, disclosing the scope, organizational structure, and operation of risk management, and its implementation has been reported to the Board of Directors since 2023. | | |
| | 3.6 | The Company has uploaded the English version of Interim Financial Statement since 2023. | | |
| | 4.1 | The ESG Committee was established on November 9, 2022 by approval of the Board of Directors of the Company, and sustainable development operations are reported to the Board of Directors regularly and disclosed on the Company's Website and in the annual reports. | | |
| | 4.2 | The Company has formulated the Ethical Corporate Management Best Practice Principles, which have been disclosed on the Company's Website and in the annual reports. | | |
| Priority Improvement Items | 4.18 | The Company will disclose information related to the governance, strategy, risk management, indicators, and targets regarding climate-related risks and opportunities in its sustainability report, in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). | | |
| | 4.2 | The Company plans to establish an Ethical Corporate Management Group and will report the implementation status for the year 2023 to the Board of Directors. | | |

Business undertakings of the head of corporate governance in 2024:

On August 12, 2020, the Board of Directors passed a resolution to appoint the Company's senior director Lin, Jen-Chih as the head of corporate governance to ensure the shareholders' rights and interests and strengthen the functions of the Board of Directors.

Director Lin, Jen-Chih possesses more than three years of experience in management roles overseeing financial and stock affairs in public companies.

1. Assisting independent directors and directors in performing their duties, providing the information required and arranging for their training courses:
 - (1) Providing the board members with the latest development of amendments to the laws and regulations pertaining to business operation and corporate governance when they take office, and keeping them updated on a regular basis.
 - (2) Reviewing the confidentiality level of the related information and providing directors with Company information as required. Maintaining and facilitating communication between directors and various business managers.
 - (3) Assisting the independent directors in gaining an understanding of the Company's financial and business needs from the head of internal audit or CPA pursuant to the Corporate Governance Best Practice Principles by arranging their meetings.
 - (4) Assisting the independent directors and directors in planning their continuing education plans and arranging for their training courses according to the characteristics of the Company's industry and their educational background and experience.
2. Assisting in performing the procedures of the Board of Directors and shareholders' meetings, and ensuring conformity with resolutions passed:
 - (1) Reporting the operation of corporate governance of the Company to the Board of Directors and Audit Committee, and ensuring that the shareholders' meetings and board meetings of the Company were convened in accordance with the related laws and regulations and requirements of corporate governance principles.
 - (2) Assisting and reminding the directors in complying with regulations when performing their duties or passing formal resolutions at board meetings, as well as providing suggestions to the Board of Directors when the resolutions they intended to pass violated the regulations.
 - (3) Assisting with checking the announcements of material information of major resolutions of the Board of Directors after the meetings to ensure the appropriateness and accuracy of the material information and secure the trading information symmetry of the investors.
3. Preparing the agenda of the board meetings and informing the directors seven days prior to the meetings. Convening the meetings and providing meeting information. Reminding the related directors on issues that require their recusal and preparing the minutes 20 days after the board meetings.
4. Making registration prior to the date of the shareholders' meeting in accordance with the laws, preparing the meeting notice, handbook, and minutes within the stipulated deadlines, and performing change registration for amendments to the Articles of Incorporation and directorial elections.

5. Reporting to the Board of Directors on its review results of whether the qualifications of independent directors at the time of nomination, appointment and during the tenure are in compliance with relevant laws and regulations.
6. Handling matters related to the change of directors.

Continuing education of the head of corporate governance in 2024:

| Name | Date of Training | | Training Institution | Name of Course | Training Hours |
|---|------------------|------------|----------------------------------|--|----------------|
| Lin, Jen-Chih | 2024/05/16 | 2024/05/17 | Securities and Futures Institute | Sustainable Disclosure Practice Workshop | 9.0 |
| | 2024/05/28 | 2024/05/28 | Securities and Futures Institute | Carbon Trading Mechanism and Carbon Management Applications | 3.0 |
| | 2024/05/29 | 2024/05/29 | Securities and Futures Institute | The Century Battle of Wafers: TSMC's Key Technologies and Business Opportunities Leading the Global Market | 3.0 |
| | 2024/07/03 | 2024/07/03 | Taiwan Stock Exchange | 2024 Cathay Sustainable Finance and Climate Change Summit | 6.0 |
| A total of 21 hours of continuing education were completed in 2024. | | | | | |

Continuing education of directors of the Company in 2024:

| Title | Name | Date of Training | Training Institution | Name of Course | Training Hours | Total Hours for the Current Year |
|----------|--------------------|------------------|----------------------------------|--|----------------|----------------------------------|
| Chairman | Chang, Tsuen-Hsien | 2024/05/28 | Securities and Futures Institute | Carbon Trading Mechanism and Carbon Management Applications | 3 | 9 |
| | | 2024/05/29 | Securities and Futures Institute | The Century Battle of Wafers: TSMC's Key Technologies and Business Opportunities Leading the Global Market | 3 | |
| | | 2024/09/30 | Taiwan Stock Exchange | Summit on Strengthening Taiwan's Capital Markets | 3 | |

| Title | Name | Date of Training | Training Institution | Name of Course | Training Hours | Total Hours for the Current Year |
|----------------------|----------------|------------------|---|--|----------------|----------------------------------|
| Director | Huang, Lu-Hwei | 2024/09/11 | Taipei Foundation of Finance | Analysis of Taxation for High-Income Individuals' Assets and Investment (Holding) Companies | 3 | 9 |
| | | 2024/09/12 | Taipei Exchange | Internal Equity Promotion Briefings for Listed Companies | 3 | |
| | | 2024/09/25 | Taipei Foundation of Finance | Analysis of the Eight Key Patterns of Substantial Taxation in Insurance Through Case Studies | 3 | |
| Director | Yeh, Ching-Pin | 2024/05/28 | Securities and Futures Institute | Carbon Trading Mechanism and Carbon Management Applications | 3 | 6 |
| | | 2024/05/29 | Securities and Futures Institute | The Century Battle of Wafers: TSMC's Key Technologies and Business Opportunities Leading the Global Market | 3 | |
| Director | Lin, Yu-Chin | 2024/04/12 | Taipei Foundation of Finance | Corporate Governance: Information Security and Digital Financial Trends | 3 | 9 |
| | | 2024/05/28 | Securities and Futures Institute | Carbon Trading Mechanism and Carbon Management Applications | 3 | |
| | | 2024/05/29 | Securities and Futures Institute | The Century Battle of Wafers: TSMC's Key Technologies and Business Opportunities Leading the Global Market | 3 | |
| Independent Director | Shyu, So-De | 2024/01/12 | Taiwan Corporate Governance Association | Corporate Carbon Management Strategies Following the Enactment of the Climate Change Response Act | 3 | 15 |
| | | 2024/01/19 | Taiwan Corporate Governance Association | Design of Senior Managers' Remuneration and ESG Performance System | 3 | |
| | | 2024/04/12 | Taiwan Corporate Governance Association | Shareholders' Meeting, Corporate Control, and Equity Strategies | 3 | |

| Title | Name | Date of Training | Training Institution | Name of Course | Training Hours | Total Hours for the Current Year |
|---|-----------------|------------------|---|--|----------------|----------------------------------|
| | | 2024/08/07 | Securities and Futures Institute | Risks and Considerations of Artificial Intelligence for Businesses | 3 | |
| | | 2024/11/06 | Securities and Futures Institute | Prevention of Insider Trading and Latest Practical Developments (Including Gender Equality) | 3 | |
| Independent Director | Wang, Yea-Kang | 2024/03/01 | Chinese National Association of Industry and Commerce | Hostile Takeover Defense and the Responsibilities of Directors and Supervisors in Corporate Mergers and Acquisitions | 3 | 9 |
| | | 2024/03/26 | Chinese National Association of Industry and Commerce | How to Align with International Carbon Trading to Promote Corporate Innovation Opportunities | 3 | |
| | | 2024/03/27 | Chinese National Association of Industry and Commerce | How Enterprises Can Effectively Utilize the Latest Trends in AI Applications for Innovative and Transformation | 3 | |
| Independent Director | Chang, Chi-Nan | 2024/03/22 | BCSD Taiwan | A Briefing on Building a New Carbon Era with Sustainable Knowledge | 3 | 9 |
| | | 2024/05/28 | Securities and Futures Institute | Carbon Trading Mechanism and Carbon Management Applications | 3 | |
| | | 2024/05/29 | Securities and Futures Institute | The Century Battle of Wafers: TSMC’s Key Technologies and Business Opportunities Leading the Global Market | 3 | |
| Independent Director | Guu, Yuan-Kuang | 2024/03/28 | Taipei Foundation of Finance | Engaging Stakeholders: How Listed Companies Can Bridge the Gap with the Capital Markets | 3 | 6 |
| | | 2024/05/28 | Securities and Futures Institute | Carbon Trading Mechanism and Carbon Management Applications | 3 | |
| A total of 72 hours of continuing education were completed in 2024. | | | | | | |

Succession planning for board members and key management:

In addition to professional background and skills, the board members of the Company shall possess capabilities in operation planning and industry knowledge. To aid the board members in enhancing their professionalism and pursuing constant improvement, by considering the scope beyond the professional capabilities of the directors, the Company selects training courses that cover the financial, industry, legal, risk management, business management, corporate governance, and other areas. The Company has also been working to cultivate internal senior managers in preparation to join the Board of Directors since May 2017. The internal senior managers have been gaining familiarity with the operation of the Board of Directors since then.

As part of the Company's succession planning for key management, the successor must possess the core competencies and management capabilities needed by the Company. The areas of training for the senior executives are divided into management competency, professional capabilities and personal development planning, which include human resources, financial risks, risk management, business development, and strategic planning. Meanwhile, the senior executives of the Company are also encouraged to interact with high level management of other companies. The training for each stage lasts for three to five years, and the training in professional competencies and practices should cultivate the decision-making ability and judgment of senior managers.

On June 17, 2016, the Board of Directors of the Company passed a resolution to have a younger management team. The Company appointed Mr. Chang, Tsuen-Hsien as the CEO and President. The previous CEO, Mr. Chang, Ray-Ching was exempted from holding the CEO position concurrently and was appointed as the Chairman. They continue to carry out their management roles with the Company's core values of Integrity, Enthusiasm, Respect, Consistency, and Innovation.

On May 30, 2023, the Company's Board of Directors elected Mr. Chang, Tsuen-Hsien as the new Chairman, and he will lead the company towards sustainable operations.

(IV) Composition, duties, and operation of the Compensation Committee:

According to the Company's Organizational Regulations of the Compensation Committee, the Compensation Committee should have composed of three members, appointed by the Board of Directors, and among whom there should be at least one independent director, who is nominated by all members and acts as the convener. The operation of the Compensation Committee shall follow the Company's Organizational Regulations of the Compensation Committee:

1. Information on members of the Compensation Committee

| Identity | Name | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as a Compensation Committee Member |
|-----------------------------------|----------------|---|--|--|
| Independent Director and Convener | Wang, Yea-Kang | Refer to the relevant contents of Appendix 1 - Director information (I) on page 7 | <p>Directors who met the following independence evaluation conditions two years prior to appointment or during the term of appointment:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(3) Not a individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held through nominee shareholders, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings.</p> <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 managers listed in the preceding item 1, or of any of the persons listed in the preceding items 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 that</p> | 2 |
| Independent Director | Shyu, So-De | | | 3 |

| Identity | Name | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as a Compensation Committee Member |
|----------------------|-----------------|--|---|--|
| Independent Director | Guu, Yuan-Kuang | | <p>ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(6) Not a director, supervisor, or employee of a company controlled by the same person who exceeds half of the Company's director seats or whose shares exceed half of the voting rights (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> | 0 |
| | | | <p>(7) Not a director, supervisor, or employee of a company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company (except for an independent director appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</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 (except for a specified company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, manager or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides business, legal, financial, accounting, and other related services with cumulative compensation less than NT\$500,000 in the past two years. However, this does not</p> | |

| Identity | Name | Professional Qualifications and Experience | Independence Status | Number of Other Public Companies where the Individual Concurrently Serves as a Compensation Committee Member |
|----------|------|--|--|--|
| | | | <p>apply in cases where members of the Compensation Committee, the Review Committee for Public Tender Offers or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.</p> <p>The requirement of paragraph 1 in relation to "during the two years before being appointed" does not apply where a remuneration committee member has served as an independent director of the company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the company, as stated in subparagraph 2 or 8 of paragraph 1, but is currently no longer in that position.</p> <p>The term "specified company or institution" as used in paragraph 1, subparagraph 8, means a company or institution that has one of the following relationships with the company:</p> <ol style="list-style-type: none"> (1) It holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company. (2) It holds shares, together with those held by any of its directors, supervisors, and shareholders holding more than 10 percent of the total number of shares, in an aggregate total of 30 percent or more of the total number of issued shares of the company, and there is a record of financial or business transactions between it and the company. The shareholdings of any of the aforesaid persons include shares held by the spouse or minor children of the person or by the person under any other's name. (3) It and its group companies are the source of 30 percent or more of the operating revenue of the company. (4) It and its group companies are the source of 50 percent or more of the quantity or the total purchase amount of principal raw materials (those that account for 30 percent or more of the total purchase amount, and are indispensable and key raw materials in product manufacturing) or principal products (those accounting for 30 percent or more of the total operating revenue) of the company. <p>For the purposes of paragraphs 1 and 2 and the preceding paragraph, the terms "parent", "subsidiary", and "group" shall have the meanings as determined under International Financial Reporting Standards 10.</p> | |

2. .Operation of the Compensation Committee

- (1) The Company's Compensation Committee consists of three members.
- (2) Tenure of members of the current session: May 30, 2023 to May 29, 2026. The Compensation Committee convened two meetings (A) in 2024. The qualifications and attendance of committee members are as follows:

| Title | Name | Attendance in Person (B) | Attendance by Proxy | Rate of Attendance in Person (%) (B/A) (Note 1) | Remarks |
|---|-----------------|--------------------------|---------------------|---|---------|
| Convener | Wang, Yea-Kang | 2 | 0 | 100% | |
| Committee Member | Shyu, So-De | 2 | 0 | 100% | |
| Committee Member | Guu, Yuan-Kuang | 2 | 0 | 100% | |
| <p>Note 1: The Compensation Committee members' rate of attendance in person (%) is computed based on the number of Compensation Committee meetings convened during the members' tenure and the actual attendance in person.</p> <p>Other items to be recorded:</p> <p>I. Recommendations of the Compensation Committee not adopted or amended by the Board of Directors: None.</p> <p>II. Resolutions of the Compensation Committee which have been opposed by its members or its members having reservations that have been noted in the record or declared in writing: None</p> | | | | | |

3. Duties of the Compensation Committee:

The Compensation Committee shall practice duty of care when performing the following duties and answering to the Board of Directors as required by forwarding all recommendations it makes to the Board of Directors for discussion.

- (1) Duties of the Compensation Committee of the Company
- A. Formulating and regularly reviewing the performance evaluation of directors and managers, as well as the remuneration policy, system, standards, and structure.
- B. Regularly evaluating and determining the remuneration of directors and managers.
- (2) When performing the aforementioned duties, the Committee shall observe the following principles:
- A. When deliberating on the performance evaluation and the remuneration of directors (members of the Audit Committee) and managers, the industry standard shall be taken into consideration, as well as the reasonableness of the correlation between individual performance, company performance, and future risks.

- B. The Committee shall not guide the directors and managers to engage in activities that are beyond the risk appetite of the Company to pursue personal remuneration.
- C. When determining the percentage of short-term performance bonus given to directors and senior managers and partial change of the disbursement date of remuneration, the characteristics of the industry and the Company's business shall be taken into account.

4. Operation of the Compensation Committee in 2024:

| Date of the Compensation Committee: | Session | Resolution | Resolution result | Handling of Opinions of the Compensation Committee by the Company |
|-------------------------------------|---------|--|---|---|
| 2024.03.14 | First | Approved the appropriation of the Company's Directors' remuneration and employees' compensation for 2023. | All committee members passed the resolution unanimously | Forwarding to the Board of Directors for unanimous approval by all attending directors and reporting to the shareholders' meeting |
| | | Approved the ratio of the Company's Directors' remuneration and employees' compensation determined for 2024. | All committee members passed the resolution unanimously | Forwarding to the Board of Directors for unanimous approval by all attending directors |
| 2024.08.08 | Second | Approval of the 2023 remuneration for the managers of the Company. | All committee members passed the resolution unanimously | Forwarding to the Board of Directors for unanimous approval by all attending directors |
| | | Approved the amendment of some provisions of the Company's Rules of Procedures for Director Remuneration. | | |

(V)-1. Composition, duties, and operation of the Sustainable Development Committee:

On November 9, 2022, the Company's Board of Directors approved the establishment of the Sustainability Development Committee, consisting of three members, one director and two independent directors. The Chairman of the Board serves as the convener and Chairperson of the meeting. The committee operates in accordance with the Company's Regulations of the Sustainable Development Committee. Each functional group may convene working meetings as necessary to discuss the implementation status of each group. An annual execution plan and implementation results must be submitted each year.

The annual execution plan and performance report mentioned above shall be reviewed by the Sustainability Development Committee before being submitted to the Board of Directors.

1. Professional qualifications and experience of members of the Sustainable Development Committee:

| Members | Professional Qualifications and Experience |
|---|--|
| Chairman Chang, Tsuen-Hsien | Graduated from the Department of Electrical Engineering and Department of Biomedical Engineering of University of Southern California in the USA, and currently serves as the Chairman of the Company and the director representative of CWE Inc. and other listed companies. He has more than five years of working experience required for business, finance and corporate operations; manages and supervises the performance of business divisions and operation support units; achieves the annual budget and financial forecasting targets of the business divisions; manages and maintains relationships with suppliers and customers, as well as assists the business divisions in developing the distribution of new products; and has demonstrated capability in judging competition in the global professional market, business decision-making, and innovation leadership, leading the company to new heights and advancing towards sustainable operations. |
| Independent Director Wang, Yea- Kang | Graduated with a Master of Laws from the Institute of Urban Planning of National Chung Hsing University. He is the convener of the Compensation Committee, a member of the Audit Committee, and a member of the ESG Committee of the Company. He currently serves the Evaluation Specialist of the Public Construction Committee of the Executive Yuan and a Consultant for the Taiwan Textile Research Institute. He has more than the five years of working experience required for business, legal, and corporate business, specializing in the fields of law and business management. |
| Independent Director Shyu, So-De | Graduated with a Ph.D. in Finance from the University of Alabama in the USA. He is the convener of the Audit Committee, a member of the Compensation Committee, and a member of the ESG Committee of the Company. He previously served as a Professor in the Department of Finance of National Sun Yat-Sen University, as well as President and Professor at Takming University of Science and Technology. He has more than the five years of working experience required for business, finance, and corporate business, specializing in financial management and accounting. |

2. Operation of the Sustainable Development Committee:

- (1) The Company's Sustainability Development Committee was established on November 9, 2022, with a total of 3 members.
- (2) Tenure of members of the current session: May 30, 2023 to May 29, 2026. The Sustainability Development Committee convened one meeting (A) in 2024. The qualifications and attendance of committee members are as follows:

| Title | Name | Attendance in Person (B) | Attendance by Proxy | Rate of Attendance in Person (%) (B/A) (Note 1) | Remarks |
|---|--------------------|--------------------------|---------------------|---|---------|
| Convener | Chang, Tsuen-Hsien | 1 | 0 | 100% | |
| Committee Member | Wang, Yea-Kang | 1 | 0 | 100% | |
| Committee Member | Shyu, So-De | 1 | 0 | 100% | |
| <p>Note 1: The Sustainability Development Committee members' rate of attendance in person (%) is computed based on the number of Sustainability Development Committee meetings convened during the members' tenure and the actual attendance in person.</p> <p>Other items to be recorded:</p> <p>I. Recommendations of the Sustainability Development Committee not adopted or amended by the Board of Directors: None.</p> <p>II. Resolutions of the Sustainability Development Committee which have been opposed by its members or its members having reservations that have been noted in the record or declared in writing: None</p> | | | | | |

3. The main responsibilities of the Sustainability Development Committee are as follows:

- (1) Promoting and strengthening corporate governance and ethical corporate management systems.
- (2) Promoting and developing businesses related to enterprise sustainability.
- (3) Examining risk management policies, procedures, and structures, and regularly reviewing their applicability and executive effectiveness to propose necessary improvement suggestions and report to the Board of Directors.
- (4) Supervising other matters related to sustainability as determined by the Board of Directors.

4. The operational status of the Sustainability Development Committee for the year 2024 is outlined below and is reported and discussed with the Board of Directors on May 14, 2024.

| Date of the Sustainability Development Committee | Resolution | Report and Discussion on Status of Resolution |
|--|--|--|
| 2024.05.14 | I. The Company's sustainable development policies, systems, related management guidelines, and sustainable development goals, as well as the 2024 annual plan, the 2023 sustainability report, and the stakeholder communication report. | After the Chairperson consulted with all attending members and received no objections, the proposal was approved and reported to the Board of Directors. |
| | II. The Company's 2023 Risk Management Operations Report | After the Chairperson consulted with all attending members and received no objections, the proposal was approved and reported to the Board of Directors. |
| | III. Approval of the issuance of the Company's 2023 Sustainability Report. | After the Chairperson consulted with all attending members and received no objections, the proposal was approved and reported to the Board of Directors for resolutions. |

(V)-2. Implementation of promoting sustainable development, deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefor:

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|---|--|
| | Yes | No | Summary | |
| I. Has the company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior executive authorized by the Board of Directors, and under the supervision of the Board of Directors? | ✓ | | <p>The Company's established Sustainable Development Committee on November 9, 2022, and held its first meeting on May 8, 2023. The committee is composed of the Chairman and two independent directors, while the Chairman serves as the convener and the Chairman of committee meetings.</p> <p>The functional groups under the committee include the corporate governance group, environment sustainability group, and corporate social responsibility group. When discussing ESG-related issues of the company, each functional group will, based on the significance of the issue, report to the committee or the Board of Directors at an appropriate time. Relevant resolutions will be included in the meeting minutes, which will be tracked by the committee's administrative unit and reported at the next committee meeting and submitted to the Board of Directors.</p> <p>The Sustainability Development Promotion Group regularly discusses the latest progress of ESG-related business, future directions, and categories of</p> | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>issues that stakeholders are concerned with. The group formulates annual goal projects, supervises the execution progress and effectiveness, and prepares written reports to present the current year's results and the next year's execution plan to the Board of Directors at least once a year. A kickoff meeting for the preparation of the annual sustainability report is held in the fourth quarter of each year. Personnel and supervisors from various departments are invited to attend this meeting, during which material topics and stakeholders of the report are discussed. Following the meeting, the minutes are submitted to senior management for confirmation of the major issues for the year. Subsequently, data collection and content writing are conducted based on these minutes. The report is compiled in accordance with the procedures for the preparation and verification of the company's sustainability report.</p> <p>The Board of Directors reviews the progress of the company's strategies and goals, and urges the company to adjust its direction when necessary to align with the fundamental policy of balancing environmental friendliness with business management. This includes implementing ethical</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>corporate management and strengthening risk management, while advancing toward sustainable development goals.</p> <p>On May 14, 2024, a meeting of the Sustainability Development Committee was held, where reports were presented on the Company's sustainable development policies, systems, related management guidelines, and sustainable development goals, as well as the 2024 annual plan, the 2023 sustainability report, and the stakeholder communication. Detailed information was provided to the attending committee members for review and consideration.</p> <p>After the report to the Sustainability Development Committee, a subsequent report will be presented to the Board of Directors. The sustainability report will be issued after the presentation to the Board of Directors.</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| II. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? | ✓ | | <ol style="list-style-type: none"> 1. The disclosed information covers the sustainable development performance results of the Company's main operational locations in Taiwan from January 2024 to December 2024. The risk assessment boundary mainly covers the Company, Tranceed Logistics and Kingstone Energy, but financial statements will include domestic and overseas subsidiaries. 2. The Sustainability Development Committee analyzes the Sustainability Report based on the materiality principle and communicates with internal and external stakeholders. They also seek the opinions of experts to assess material ESG issues and formulate risk management policies. These policies aim to effectively identify, measure, monitor, and control risks, as well as develop specific action plans to reduce the impact of relevant risks. 3. The following relevant risk management policies or strategies are made according to the assessed risks: | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor | |
|-------------------|----------------|----|---------|-----------------|-------------------------------------|---|--|
| | Yes | No | Summary | | | | |
| | | | | Material issues | Risk assessment criteria | Specify details | |
| | | | | Environment | Environmental impact and management | Effectively reducing pollution emissions and their impact on the environment 1. Implementing and enforcing the ISO 14001 Environmental Management Systems. 2. Continuously obtained ISCC PLUS international sustainability and carbon verification system certified by BV (Certificate Number: ISCC-PLUS-Cert-PL214-21233800.00.000000 71. Validity Period: February 17, 2024, | |

| Promotional items | Implementation | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---------|--|--|--|
| | Yes | No | Summary | | | |
| | | | | | <p>to February 16, 2025).</p> <p>3. Introduction of ISO14064-1 Greenhouse Gas Inventory System and gradually expanding it to overseas subsidiaries.</p> <p>4. The Company obtained the LRQA external verification statement for the greenhouse gas inventory in 2024. In 2025, the Company expands the list of external verification companies and establish new information on base year.</p> <p>5. Implemented and</p> | |

| Promotional items | Implementation | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---------|---------|--|--|
| | Yes | No | Summary | | | |
| | | | | | passed the GRS certified by BV on March 7. 6. External professional organizations are commissioned to conduct biannual (March and September) assessment of CO ₂ concentration and illuminance at various operational sites of the company. | |
| | | | | Society | Occupational safety | |

| Promotional items | Implementation | | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---------|--|--|---|--|
| | Yes | No | Summary | | | | |
| | | | | | | inviting professional doctors to provide report consultation and safety & health education and training. 3. Appointing occupational medicine specialists and nurses in accordance with labor health protection laws to regularly provide four health management service projects in the Company. These projects include "overwork and stress management," "maternal health protection for female workers," | |

| Promotional items | Implementation | | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---------|--|----------------|--|--|
| | Yes | No | Summary | | | | |
| | | | | | | "ergonomic hazard prevention," and "unlawful infringement prevention." 4. Taipei and Hsinchu have obtained the "Healthy Workplace Accreditation - Badge of Accredited Healthy Workplace." from the Ministry of Health and Welfare. 5. Conducting annual fire drills. | |
| | | | | | Product safety | The Company strictly abides by relevant government laws and regulations to establish operational procedures for personnel to follow. Management mechanisms are established for products | |

| Promotional items | Implementation | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor | |
|-------------------|----------------|----|---------|----------------------|--------------------------------------|---|--|
| | Yes | No | Summary | | | | |
| | | | | | | sold by agents, and Customer Complaint Handling Methods are provided to fulfill the safety commitment. | |
| | | | | Corporate governance | Legal compliance | The Company has established a governance organization and implements internal control mechanisms to ensure that all personnel and operations comply with relevant laws and regulations. | |
| | | | | | Strengthening functions of directors | 1. Providing topics related to corporate governance for directors to further study, and providing them with the latest regulations, system development, and policies every year. | |

| Promotional items | Implementation | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---------|---------------------------------|---|--|
| | Yes | No | Summary | | | |
| | | | | | <p>In 2024, the directors spent a total of 72 hours on further study.</p> <p>2. Purchasing responsible insurance for the directors to indemnify them from lawsuits or claims.</p> | |
| | | | | Communication with stakeholders | <p>1. To avoid business or litigation risks caused by misunderstandings between the stakeholders and the Company, the Company annually analyzes the main stakeholders and their concerns.</p> <p>2. Establishing various communication channels to actively engage with</p> | |

| Promotional items | Implementation | | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---|--|--|--|--|
| | Yes | No | Summary | | | | |
| | | | | | | stakeholders in order to minimize confrontation and misunderstandings. Setting up an investor's email account, the spokesperson and acting spokesperson will be responsible for handling and responding to the emails. 3. The Company held seven institutional investors conferences in 2024. | |
| III. Environmental issues (I) Has the company established a proper environmental management system based on its industrial characteristics? | ✓ | | To promote sustainable management and social development, the Company regards environmental protection as its responsibility and strives to become a green enterprise, continuously moving forward. To ensure environmental quality thoroughly, the | | | | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>Company actively implements the ISO14001 management system and promotes environmental safety and health management in order to achieve a greener environment, prevent pollution, efficiently utilize resources, and comply with relevant environmental regulations. The Company promises to perform the following tasks in the spirit of environmental protection, pollution prevention, and continuous improvement:</p> <ol style="list-style-type: none"> 1. Implementing and enforcing the ISO 14001 Environmental Management Systems. (Certificate No.: TW03/00393; Valid period: 09/25/2024 to 09/25/2027) 2. In 2024, the Company promoted and, in 2025, passed the GRS certified by BV, which is based on the principles of traceability and tracking of certified products. It also includes environmental and social responsibility requirements applicable across various industries. With the development of standards, a decision may be made to introduce a | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>transaction certificate system to provide better monitoring and control mechanisms for the industry supply chain, thereby ensuring the integrity of certified products and complying with international environmental standards.</p> <p>3. In line with the company's social responsibility and environmental protection policies, a greenhouse gas inventory management system was introduced in 2023, adhering to five key principles: relevance, completeness, consistency, accuracy, and transparency. A base year for the organization's GHG emission reduction was established, and in 2024, greenhouse gas inventories were completed for the company's main operational sites in Taiwan—Wah Lee Corp., Tranceed Logistics Co., Ltd., and Kingstone Energy Technology Corporation. Furthermore, in 2024, the company engaged LRQA to conduct third-party external verification and assurance of the greenhouse gas inventory, with an inventory</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>statement obtained, to achieve the goal of reducing greenhouse gas emissions.</p> <p>4. Continuing to implement energy conservation and resource recycling.</p> <p>5. Continuing to improve and prevent pollution to minimize the environmental impact of company accidents.</p> <p>6. Educating employees, enhancing the environmental safety awareness and ability of all employees, and striving to become a green enterprise.</p> | |
| (II) Has the Company committed to improving energy efficiency and using recycled materials with low impact on environmental load? | ✓ | | <p>The Company is committed to improving the utilization efficiency of various energy resources, control sources of greenhouse gas emissions and using recycled materials with a low impact on environmental load. It aims to establish an appropriate environmental management system and implement and maintain it to achieve energy conservation, carbon reduction, and greenhouse gas reduction.</p> <p>We are committed to implementing energy conservation, carbon reduction, waste reduction, and</p> | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>other environmental protection activities in our operations. This includes improving lighting facilities, recycling and reusing resources, and conducting internal inventories of greenhouse gas emissions from externally purchased power. We have set reducing greenhouse gas emissions from purchased power and consumption of water resources as our annual environmental goal and will actively promote and monitor its achievement. Our aim is to reduce greenhouse gas emissions by 0.2% in 2025 compared to 2024.</p> <p>In response to the global trend of reducing greenhouse gas emissions, the company has invested in the development of PCR plastic materials in recent years. In 2024, approximately 588 metric tons were sold, marking a 7.9 times increase in sales compared to the previous year. By collaborating with customers, we aim to create a cleaner and more sustainable planet. Additionally, the company imports purified and recycled refrigerants from abroad and has sold over 68 metric tons of regenerated refrigerants over the past five years. Through the recycling and purification process, these refrigerants are integrated into the circular economy, reducing greenhouse gas emissions and</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>mitigating the environmental impact.</p> <p>The company actively promotes the GRS and ISCC PLUS international sustainability and carbon certification mechanisms to align with the global trend of recycling engineering plastics (PC, PE, PMMA, ABS, etc.). The objectives are as follows:</p> <ol style="list-style-type: none"> 1. To improve the efficiency of resource utilization; 2. To support the recycling of plastic waste: A key part of bioplastics is having a complete and easy-to-recycle system within existing waste streams; 3. To reduce CO2 emissions: By using biomass and sequestering CO2 in products; 4. To reduce reliance on imported petroleum; 5. To demonstrate social responsibility. | |
| (III) Has the company made an assessment on the present and future potential risks and opportunities posed by climate change to the company and undertaken countermeasures pertaining to climate change? | ✓ | | <p>The Sustainability Development Committee of the Company is the highest organization for climate change management. Chaired by the Chairman, it reviews the Company's climate change strategies and objectives, manages climate change risks and opportunities, reviews the implementation, discusses future plans, and reports to the Board of Directors.</p> <p>The present and future potential risks and opportunities posed by climate change to the Company are assessed, and countermeasures related</p> | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor | | | | | | |
|---|--|--|---|--|--|-----------------|---|--|--|--|
| | Yes | No | Summary | | | | | | | |
| | | | <div>to climate issues are adopted as follows:</div> <table><tr><th>Risk (potential financial impacts)</th><th>Opportunity (potential financial impacts)</th><th>Countermeasures</th></tr><tr><td>The cost of raw materials has increased due to climate risks, directly raising the production costs of the original manufacturers. Additionally, upstream suppliers' investments in research and development of green alternative technologies or equipment have led to a significant increase in capital expenditures. If these costs cannot be passed on to customers, it will compress the company's gross profit.</td><td>By developing and promoting products or services related to low-carbon, new energy, renewable energy, and sustainable recycling, the company can not only meet the growing demands of customers but also open up new markets, stay ahead of competitors, secure additional orders, and thus increase revenue and generate profits.</td><td><ul style="list-style-type: none">Plan to use AI models to forecast future sales, strengthen business management, and grasp future market trends of customers in order to enhance inventory management and reduce operational risks.In the context of the zero-carbon trend and in alignment with government's green energy</td></tr></table> | Risk (potential financial impacts) | Opportunity (potential financial impacts) | Countermeasures | The cost of raw materials has increased due to climate risks, directly raising the production costs of the original manufacturers. Additionally, upstream suppliers' investments in research and development of green alternative technologies or equipment have led to a significant increase in capital expenditures. If these costs cannot be passed on to customers, it will compress the company's gross profit. | By developing and promoting products or services related to low-carbon, new energy, renewable energy, and sustainable recycling, the company can not only meet the growing demands of customers but also open up new markets, stay ahead of competitors, secure additional orders, and thus increase revenue and generate profits. | <ul style="list-style-type: none">Plan to use AI models to forecast future sales, strengthen business management, and grasp future market trends of customers in order to enhance inventory management and reduce operational risks.In the context of the zero-carbon trend and in alignment with government's green energy | |
| Risk (potential financial impacts) | Opportunity (potential financial impacts) | Countermeasures | | | | | | | | |
| The cost of raw materials has increased due to climate risks, directly raising the production costs of the original manufacturers. Additionally, upstream suppliers' investments in research and development of green alternative technologies or equipment have led to a significant increase in capital expenditures. If these costs cannot be passed on to customers, it will compress the company's gross profit. | By developing and promoting products or services related to low-carbon, new energy, renewable energy, and sustainable recycling, the company can not only meet the growing demands of customers but also open up new markets, stay ahead of competitors, secure additional orders, and thus increase revenue and generate profits. | <ul style="list-style-type: none">Plan to use AI models to forecast future sales, strengthen business management, and grasp future market trends of customers in order to enhance inventory management and reduce operational risks.In the context of the zero-carbon trend and in alignment with government's green energy | | | | | | | | |

| Promotional items | Implementation | | | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---|--|--|--|
| | Yes | No | Summary | | | |
| | | | | | policies, we are strategizing in the fields of solar energy, offshore wind power, energy storage, and renewable energy. By 2024, the total installed capacity of the solar power plants will reach nearly 57 MW, contributing to a reduction of approximately 33,487 metric tons of carbon emissions annually. | |
| (IV) Has the company measured its greenhouse gas emissions, water use, and the total weight of waste for the past two years, and established policies pertaining to reduction in greenhouse gas emissions, reduction in water use, or management of other waste? | ✓ | | 1. In the spirit of environmental protection, pollution prevention, and continuous improvement, the Company promotes the continuous implementation of management policies such as energy conservation, resource | | | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor | | | | | | | | | | | | | | | |
|---|------------------------------------|------------------------------------|--|--|------|------|-----------------------------------|------|--------|---|------------------------------------|------------------------------------|--|-------|-------|---------------------|--------|--------|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | |
| | | | <p>recycling, pollution prevention, minimizing environmental impact, educating employees, and improving employees' environmental safety awareness and ability.</p> <p>(1) Greenhouse gas emissions over the past two years: Please refer to the page 115 to 117 of the Annual Report.</p> <p>(2) Water consumption over the past two years:</p> <table><tr><td>Fiscal year</td><td>2023</td><td>2024</td></tr><tr><td>Water Withdrawal (Million Liters)</td><td>6.78</td><td>7.8453</td></tr><tr><td>Organization's Specific Measurement (Units)</td><td>Operating revenue (NT\$10 million)</td><td>Operating revenue (NT\$10 million)</td></tr><tr><td>Organization's Specific Measurement Values</td><td>4,006</td><td>4,776</td></tr><tr><td>Water Use Intensity</td><td>0.0017</td><td>0.0016</td></tr></table> <p>Remarks: 1. Water withdrawal = Water Discharge = Water Consumption. 2. The method for calculating water use intensity is as follows: water withdrawal (million liters)/organization's specific measurement values. The revenue for the organization's specific measurement: In 2024, the revenue for Wah Lee Corp. (Taiwan) was NT\$46.818 billion, the revenue for Tranceed Logistics Co., Ltd. was NT\$702 million, and the revenue for Kingstone Energy Technology Corporation was NT\$244 million, totaling NT\$47.764 billion. In 2023, the revenue for Wah Lee Corp. (Taiwan) was</p> | Fiscal year | 2023 | 2024 | Water Withdrawal (Million Liters) | 6.78 | 7.8453 | Organization's Specific Measurement (Units) | Operating revenue (NT\$10 million) | Operating revenue (NT\$10 million) | Organization's Specific Measurement Values | 4,006 | 4,776 | Water Use Intensity | 0.0017 | 0.0016 | |
| Fiscal year | 2023 | 2024 | | | | | | | | | | | | | | | | | |
| Water Withdrawal (Million Liters) | 6.78 | 7.8453 | | | | | | | | | | | | | | | | | |
| Organization's Specific Measurement (Units) | Operating revenue (NT\$10 million) | Operating revenue (NT\$10 million) | | | | | | | | | | | | | | | | | |
| Organization's Specific Measurement Values | 4,006 | 4,776 | | | | | | | | | | | | | | | | | |
| Water Use Intensity | 0.0017 | 0.0016 | | | | | | | | | | | | | | | | | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>NT\$39.228 billion, the revenue for Tranceed Logistics Co., Ltd. was NT\$619 million, and the revenue for Kingstone Energy Technology Corporation was NT\$210 million, totaling NT\$40.057 billion.</p> <p>3. Scope of Coverage for Two Years: 2024: Wah Lee Corp. (Taiwan), Tranceed Logistics Co., Ltd., Kingstone Energy Technology Corporation. 2023: Wah Lee Corp. (Taiwan), Tranceed Logistics Co., Ltd., Kingstone Energy Technology Corporation.</p> <p>The Company is not a manufacturing entity with high water consumption. The company's water usage mainly consists of tap water, which is provided to office employees for daily use or some air conditioning equipment. However, the company still fully implements water resource management. For office employee's daily water usage, the focus is on infrastructure maintenance and improvement. In addition to installing water-saving devices, we also continue to supervise employees in water conservation and environmental education and advocacy, promoting water-saving practices to reduce the impact on water resources and the environment.</p> <p>The explanation for the increase in water withdrawal in 2024 compared to the previous year is as follows: The main reasons are the establishment of the Dafah parking lot, the increase in the number of company-owned vehicles at the Nankan warehouse, and the expansion of</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|----------------------------------|--------------------------|--|--|--|--|--|--|-------------|----------------------------------|--------------------------|------------------|--|------------------------|---------------|------|-------|---------------|-----|---|------|-------|---------------|------|---|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <p>the Zhunan warehouse. In the future, water-saving measures will continue to be implemented in all warehouses, with the aim of keeping the growth rate of water consumption lower than the increase in business volume.</p> <p>(3) Waste generation over the past two years:</p> <table border="1"> <thead> <tr> <th colspan="5">Domestic Waste Statistics Table</th></tr> <tr> <th rowspan="2">Fiscal year</th><th rowspan="2">Waste Composition and Components</th><th rowspan="2">Hazardous/ Non-Hazardous</th><th colspan="2">Leaving the site</th></tr> <tr> <th>Waste generated (Tons)</th><th>Actions Taken</th></tr> </thead> <tbody> <tr> <td>2023</td><td>Paper</td><td>Non-Hazardous</td><td>1.1</td><td>Incineration (including energy recycling)</td></tr> <tr> <td>2024</td><td>Paper</td><td>Non-Hazardous</td><td>9.39</td><td>Incineration (including energy recycling)</td></tr> </tbody> </table> <p>Remarks:</p> <ol style="list-style-type: none"> 1) The paper documents leaving the site are entrusted to nearby compliant environmental company and incinerator for incineration and disposal. 2) Daily waste from Wah Lee Corp. and Kingstone Energy Technology Corporation is entrusted to the office building to manage, while daily waste from Tranceed Logistics Co., Ltd. operation location is entrusted to | Domestic Waste Statistics Table | | | | | Fiscal year | Waste Composition and Components | Hazardous/ Non-Hazardous | Leaving the site | | Waste generated (Tons) | Actions Taken | 2023 | Paper | Non-Hazardous | 1.1 | Incineration (including energy recycling) | 2024 | Paper | Non-Hazardous | 9.39 | Incineration (including energy recycling) | |
| Domestic Waste Statistics Table | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fiscal year | Waste Composition and Components | Hazardous/ Non-Hazardous | Leaving the site | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Waste generated (Tons) | Actions Taken | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | Paper | Non-Hazardous | 1.1 | Incineration (including energy recycling) | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | Paper | Non-Hazardous | 9.39 | Incineration (including energy recycling) | | | | | | | | | | | | | | | | | | | | | | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>qualified contractors for disposal. Therefore, no statistics have been made for household waste.</p> <p>The explanation for the increase in daily waste in 2024 compared to the previous year is as follows:</p> <p>Due to the annual compilation of the company's documents and ledgers (e.g., end of the storage period for ledgers), a large amount of paper waste is generated for incineration and disposal. As a result, the growth rate is higher compared to the previous year.</p> | |
| <p>IV. Social issues</p> <p>(I) Has the company developed relevant management policies and procedures in accordance with relevant laws and regulations and the International Human Rights Conventions?</p> | ✓ | | <p>1. In compliance with the Labor Standards Act, the Gender Equality in Employment Act, and other labor regulations, the company has established various management policies and procedures, including the "Employee Work Rules", "Procedures for Appeals and Handling of Workplace Sexual Harassment", and "Written Statement for the Prevention of Workplace Violence." The company is committed to institutionalizing internal operations to create a high-quality work environment and ensure the employee rights and welfare are protected.</p> | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>2. At the same time, the Company adheres to the principles of International Covenant on Human Rights and the United Nations Universal Declaration of Human Rights by explicitly prohibiting the employment of child labor under the age of fifteen. The company's employment policies also ensure non-discriminatory treatment, prohibiting any form of discrimination based on race, color, age, gender, ethnicity, nationality, disability, pregnancy, religion, political affiliation, group background, marital status, or any other characteristic. We are committed to creating a dignified, safe, equal, and harassment-free work environment.</p> <p>3. The Company respects employees' freedom and rights of assembly and association under the law and is committed to providing a smooth communication channel between labor and management. This includes labor-management meetings, occupational safety and health committee meetings, and other similar initiatives. The goal is to integrate all resources and work towards a common objective.</p> <p>4. To strengthen awareness of human rights,</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>human rights-related courses are implemented during onboarding training for new employees. This includes topics such as sexual harassment prevention, gender equality, labor laws, and the Labor Standards Act.</p> <p>5. In 2024, a total of 1,132 people attended training on the prevention of sexual harassment, gender equality, labor laws, and other related topics. Additionally, workplace safety and health, workplace ethical standards, and the prevention of unlawful infringement were also promoted. The total training hours reached 1,791.5 hours.</p> | |
| (II) Has the Company established and implemented reasonable employee benefit measures (including compensation, leave and other benefits), and reasonably reflected the operating performance or results in employee compensation? | ✓ | | <p>1. According to Article 20 of the Articles of Incorporation, in the event that the Company generates a profit for the year, it is recommended to allocate no less than 2% for employee compensation. Conversely, if the Company has incurred accumulated losses, it should set aside a portion of the funds for offsetting purposes.</p> <p>Of the total employee compensation mentioned above, at least 8% should be allocated for the distribution of compensation to junior</p> | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>employees, with operating performance and results being appropriately reflected in employee compensation. The recipients of such compensation include employees of subsidiary companies who meet certain conditions.</p> <p>2. The compensation standards for all employees of the Company are not differentiated based on gender, race, nationality, age, or other conditions. The basic salary ratio between female and male employees of the same position and grade in the Company is 1:1. The Company consistently participates in and refers to salary research in the same industry to provide a reasonable and competitive salary system, maintaining overall salary competitiveness. It has consecutively been included in the Taiwan High Salary 100 Index as a constituent stock by the Taiwan Stock Exchange.</p> <p>3. In terms of employee benefits, in addition to providing leaves in accordance with the laws, annual personal and sick leaves with pay are also provided, and there are various diverse and flexible welfare measures. For example, on government-designated holidays, where</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>employees can choose to either work or have the company uniformly deduct from their welfare leave. This approach enhances flexibility in balancing work, family, and personal life.</p> <p>4. The Employee Welfare Committee has been established to provide various subsidies to employees, such as marriage, bereavement, celebrations, educational scholarships, emergency assistance, maternity benefits, and hospital visitations. Additionally, the committee distributes vouchers and gifts for onboarding, birthdays, and the three major festivals. It sponsors recreational activities to support employee associations and organizes or subsidizes both domestic and international travel. Furthermore, the committee arranges year-end gratitude events, afternoon tea gatherings, and birthday celebrations.</p> <p>5. An Employee Stock Ownership Program (ESOP) is implemented to help employees save and accumulate wealth in the long term, ensuring future life stability and enhancing employees' sense of participation in the Company.</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | 6. Provide flexible shifts, allowing employees to choose their time to start and end their work, thereby facilitating a balance between work and personal life. | |
| (III) Has the company provided a safe and healthy work environment and organized safety and health training for its employees on a regular basis? | ✓ | | <ol style="list-style-type: none"> 1. The Company provides a good working environment, holds annual health lectures, and regularly publishes monthly health e-newspapers, allowing employees to easily access updated health information. 2. It regularly organizes employee health examinations every year and takes employees' physical conditions into consideration when planning the most appropriate examination items based on gender and age. It also invites professional doctors to provide report consultation, safety and health education, and training. 3. Appointing occupational medicine specialists and nurses in accordance with labor health protection laws to regularly provide four health management service projects in the Company. These projects include "overwork and stress management," "maternal health protection for female workers," "ergonomic hazard | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|-------------------|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>prevention," and "unlawful infringement prevention."</p> <p>4. For female colleagues with breastfeeding needs, the Company has set up Nursing Rooms in Kaohsiung, Hsinchu, and Taipei offices.</p> <p>5. The Company strives to promote tobacco prevention and health promotion in the workplace and obtains the "Healthy Workplace Accreditation - Badge of Accredited Healthy Workplace" to create a high-quality and healthy workplace environment for a happy enterprise.</p> <p>6. To promote employee health and contribute to environmental initiatives, the company will implement the Walkii walking app. in either a personal or team challenge mode. Each participating employee will track their daily steps via the app. The accumulated total steps of all participants will be recorded and uploaded through the software and used to determine the actual number of trees to be planted. At the same time, this activity encourages employees to develop good exercise habits and avoid high blood pressure, high blood sugar, and high cholesterol.</p> | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|--|
| | Yes | No | Summary | |
| | | | <p>7. There were no occupational accidents in 2024, and attention will be paid to relevant issues.</p> <p>8. No fires occurred at the affiliated business locations in 2024. The Company is deeply concerned about the safety of the working environment for its employees. For detailed information on employee safety protection measures, please refer to page 179 of the annual report.</p> | |
| (IV) Has the company implemented an effective training program that helps employees develop skills over the course of their careers? | ✓ | | The Company conducts employee education and training every year, following the training plan. This includes new staff training, development of basic general knowledge, management function, and professional development. The goal is to equip employees with the necessary knowledge and working skills to be competent in their jobs, and to continuously improve their work performance and abilities. (Please refer to the descriptions in Chapter 4, Labor-management relations, in the Annual Report) | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |
| (V) For issues regarding the customers' health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with the relevant laws | ✓ | | The Company strictly abides by relevant government laws and regulations to establish operational procedures for personnel to follow. Management mechanisms are established for | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|--|
| | Yes | No | Summary | |
| and regulations and international standards, and establish relevant policies on protection of consumers' or customer's rights and interests as well as complaint procedure? | | | products sold by agents, and Customer Complaint Handling Methods are provided to fulfill the safety commitment. It has established a management mechanism for information security, formulated the Personal Data Protection Management Methods, and designated dedicated personnel to manage and maintain information security. It ensures the security of customer information and other information through internal and external audits as well as education and training. | |
| (VI) Has the company established supplier management policies to require suppliers to comply with the code of conduct regarding environmental protection, occupational safety and health, and labor rights, and have they monitored the implementation of these policies? | ✓ | | The company has obtained ISO 9001 certification and has developed Supplier and Partner Management Procedures in accordance with this international standard. Qualified suppliers must pass the evaluation based on this management procedure and will be re-evaluated annually. The assessment focuses on three key aspects: Quality (Q), Delivery (D), and Service (S). So far, there have been no non-conforming incidents. The company plans to sign the "RBA Code of Conduct" with its top ten suppliers in 2024. Through this Code, suppliers are required to uphold responsibilities in areas such as environment, labor, | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|---|--|
| | Yes | No | Summary | |
| | | | management systems, ethics standards, and health and safety. Together with our suppliers, we aim to build a sustainable enterprise aligned with the spirit of ESG. | |
| V. Does the company refer to internationally accepted standards or guidelines for the preparation of reports when preparing sustainability reports and other reports which disclose non-financial information? Are the aforementioned reports certified or assured by a third-party accreditation body? | ✓ | | The Company has prepared the reports in accordance with the internationally accepted GRI Sustainability Reporting standards, Sustainability Accounting Standards Board, and Sustainability Disclosure Indicators-Electronic Products Distribution Industry to disclose the Company's non-financial information. The reports were published after being reported to the Board of Directors and were uploaded to the competent authority and the Company's website to provide stakeholders with more complete information. However, the 2024 sustainability report has not obtained certification or assurance opinion from a third-party accreditation body. | Consistent with the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. |
| <p>VI. If the company has established its principles for sustainable development based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe its implementation and any deviations from those principles:</p> <p>On November 9, 2022, the Board of Directors approved the Company's Sustainable Development Best Practice Principles. The goal is to be a model corporate citizen and demonstrate the Company's commitment to employees, shareholders, and customers by promoting corporate sustainable development. In addition to transparency, under the leadership of the Chairman and CEO, the employees of the Company are committed to introducing new materials, new technology, and new equipment for the high-tech industry. They also provide sensitive services for</p> | | | | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---------|--|
| | Yes | No | Summary | |
| the sustainable growth of enterprises and the success of customers, while creating more job opportunities. The Company regularly reviews the implementation of these principles and makes improvements accordingly. There have been no deviations to date. | | | | |
| VII. Other important information relevant to understanding the implementation of promoting sustainable development: | | | | |
| (I) Wah Lee Innovative Materials Competition closely aligns with industry trends and future developments: The Company has supported The Materials Research Society-Taiwan in organizing this competition for four consecutive years. In 2024, the sponsorship amount was significantly increased to NT\$2.18 million, and the prize for Gold Award raised to NT\$400,000, a diverse range of talents to compete on the same stage. Finally, National Cheng Kung University claimed the top prize. This year's competition has set a new record, featuring 74 innovative projects jointly researched by professors and students from 19 universities across the nation. After a rigorous document review process, 10 outstanding projects were selected, and 12 teams advanced to the final round. To align with the central and local governments' efforts in constructing the Southern Taiwan High-Tech S Corridor, extensive promotional activities for the competition were carried out at universities in the southern region this year. As a result, submissions from universities in southern Taiwan has significantly increased, with 15 more entries than the previous year, demonstrating a strong presence that accounted for nearly one-third of all participating teams. Not only was the number of submissions from southern Taiwan impressive, but the quality of the projects also earned high praise from the reviewer. Several teams advancing to the final have received the reviewer's awards. The award-winning projects encompass six major fields: sustainable environment, sensing components, energy applications, metals and ceramics, medical devices and testing, and semiconductor components. The composition of the participating teams has become more diverse. In addition to students from department of materials science and chemical engineering, students from department of electrical engineering, optoelectronics, biomedical, aerospace, and semiconductor programs also actively participated in the research. This has enhanced the innovation, completeness, and feasibility of the projects, thereby accelerating the achievement of the objectives. The team from the Department of Materials Science and Engineering at National Cheng Kung University, with their project "Single Component Realizing Neuron and Synapse Functions of the Human Brain," which offers an efficient and energy-saving AI computing architecture, received unanimous recognition from all judges and was awarded the prestigious Gold Award. The 2024 Nobel Prize in Physics was awarded to those who utilized physics tools to train artificial neural networks, providing foundational discoveries and inventions for machine learning. "Artificial neural | | | | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---------|--|
| | Yes | No | Summary | |
| <p>networks" are closely related to AI. The design concept of the project that won the Gold Award aligns with the research direction of the Nobel Prize in Physics.</p> <p>(II) A donation of NT\$1.2 million was made to the "National Cheng Kung University Department of Chemical Engineering Culture and Education Foundation" to support teaching activities:</p> <p>A. Talent Cultivation Scholarships and Outstanding Student Scholarships: In 2024, 6 students from financially disadvantaged backgrounds received the "Talent Cultivation Scholarship," while 12 students with excellent academic performance were awarded the "Outstanding Student Scholarship." Providing these scholarships not only reduces the financial burden on low-income families but also ensures that children from underprivileged backgrounds have access to better learning conditions, allowing them to focus more on their academic advancement. Moreover, this goodwill not only provides valuable financial assistance but also inspires students to strive for academic excellence, serving as a driving force for progress. We believe that receiving support from all walks of life during their academic journey will cultivate a sense of gratitude, allowing me to remember those who provided shelter to me today and, in turn, extend that support to others in the future.</p> <p>B. Series of lectures sponsored by the Company comprised four sessions, with the following topics and speakers: (Each session was attended by 250 to 300 faculty and students, fully booked and enthusiastic responses received at every session.)</p> <p>a. Experience Sharing in the Chemical and Pharmaceutical Industries: President Chen Chih-Fang of Savior Lifetec Corporation, with a total of 271 participants.</p> <p>b. Macromolecular Metallurgy of Block Copolymer: Professor Chen, Hsin-Long of Department of Chemical Engineering at National Tsing Hua University, with a total of 283 participants.</p> <p>c. Compostable Materials and the Circular Economy: Chairman Huang, Chien-Ming of Minima Technology Co., Ltd., with a total of 289 participants.</p> <p>d. Experience Sharing in the Lithium-Ion Battery Industry: President Cheng, Tsung-Tien of Taiwan Stoba Electrodes Corp., with a total of 287 participants.</p> | | | | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---------|--|
| | Yes | No | Summary | |
| <p>C. C. To promote international exchange, we participated in the following cross-border academic conferences:</p> <p>a. 2024 Joint Academic Seminar with National Cheng Kung University, Osaka University, and Kagoshima University: Academic collaboration between National Cheng Kung University, Osaka University, and Kagoshima University began in 2006. In addition to establishing sister school relationships, the three universities have taken turns hosting an annual international academic seminar since 2010. These exchange activities are vital for fostering technological and academic collaboration between the two countries and help enhance students' international experiences and academic competence. This year’s bilateral academic seminar among the three universities from Taiwan and Japan was hosted by Kagoshima University. A total of 19 faculty members and students from the Departments of Chemical Engineering and Materials Science at National Cheng Kung University participated in the event. During the student paper presentation at the seminar, three NCKU students received Outstanding Poster Awards. After the conference, the organizers arranged for participants to visit the research laboratories of university professors, with the aim of enhancing the visibility of National Cheng Kung University and strengthening its international diplomatic relations.</p> <p>b. Visited Khon Kaen University and Mahidol University in Thailand, and signed a dual degree agreement with Mahidol University. The Department of Chemical Engineering at Cheng Kung University has dispatched three professors to visit Khon Kaen University (KKU). KKU is the leading comprehensive university in the northeastern Thailand and consistently ranks among the top universities in the country. Through exchanges with the Dean and Vice Dean of the Department of Engineering, as well as faculty members from the Departments of Chemical Engineering and Environmental Engineering, we have observed the abundant academic resources and rigorous research culture at Khon Kaen University, positioning it as a potential partner for collaboration. A total of nine professors from the department visited the Department of Chemical Engineering at Mahidol University (MU) in Thailand. The main purpose of the visit was to hold a joint international academic seminar between the two departments and to sign a dual degree agreement (MOU). In terms of exchange of research topics, the Department of Chemical Engineering at Mahidol University focuses on energy and environmental engineering, biomedical engineering, and materials science, demonstrating a strong foundation in sustainability-related research topics. In the future, by combining Mahidol University's research results in environmental and biomedical engineering, both institutions will be able to jointly promote innovative scientific research outcomes, contributing to the achievement of the research and development goal of net-zero carbon emissions. Following the signing of the MOU, both parties will engage in deeper</p> | | | | |

| Promotional items | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|---------|--|
| | Yes | No | Summary | |
| <p>collaboration in areas such as academic research, international cooperation, and dual degree programs. It is anticipated that this partnership will lead to more breakthroughs in academia and offer students greater opportunities for international learning and research in the future.</p> <p>(III) Supporting the Baroque Camerata to create a life that embodies truth, goodness, and beauty:</p> <p>Since its establishment in 2004, the Baroque Camerata has received support from the Company in promoting Baroque and early classical music, preserving Taiwanese folk songs, and nurturing young orchestras for the past 20 years. In terms of ESG social responsibility, the orchestra has also been actively involved. It collaborated with pediatric neurologists at hospitals, using the orchestra's song album for children. Through rhythm, storytelling, and performance, the orchestra aims to use music as an alternative to medication in treating children with ADHD. As Taiwan transitions into an aging society, the physical and mental well-being of the elderly, as well as their quality of life, have become focal points of societal concern. Through the healing and interactive qualities of music, the orchestra helps enhance the elders cognitive functions and alleviates symptoms of dementia.</p> <p>In 2024, the orchestra held conducted several concerts across Taiwan. The musicians' exceptional skills was met with enthusiastic responses from audiences everywhere. The encore calls and applause resonates continuously after each performance. To support the next generation, a summer music camp was organized for young musicians, inviting world-renowned music masters to provide guidance. This initiative broadens the musical horizons of the young members.</p> <p>The Baroque Camerata have won numerous awards over the years, receiving recognition from the Ministry of Culture, the National Culture and Arts Foundation, and many others. They have also been nominated for and have won The Golden Melody Awards for Traditional Arts and Music multiple times. This year, they won the prestigious "Kaohsiung Culture and Arts Award," which represents the highest cultural award in Kaohsiung, enriching the local cultural landscape and serves as a benchmark for Kaohsiung's culture. As sponsors, we share in this honor and hope the orchestra continues to convey the beauty of classical music and Taiwanese folk songs through its exquisite musical style, thereby providing positive support for the elderly and children with cognitive or attention difficulties.</p> <p>(IV) Sponsoring charitable foundations, working hand in hand to contribute to the social welfare of the local community:</p> <p>Donating to the Christian Fuze Charity Foundation to provide scholarships for individuals with disabilities or their children, helping them complete their education. Additionally, collaborating with the Kaohsiung City Government to organize the selection of Model Fathers, aiming to promote a positive social atmosphere.</p> | | | | |

(V)-3. Climate-related information of TWSE/TPEX Listed Companies:

1. Implementation status of climate-related information

- (1) Provide a comprehensive description of the supervision and governance of climate-related risks and opportunities by the Board of Directors and Management:

TCFD Governance Unit

The Company's risk management framework, under the guidance of the Sustainability Development Committee, mandates the Corporate Governance unit to establish a Risk Management team. The person in charge of the functional team and members, collaborates with departments such as the Operation, Environmental, Health, and Safety (EH&S) Management department to jointly manage and assess mitigation and adaptation measures related to climate change. The results of these discussions will be reported to the Sustainability Development Committee, outlining the management (governance) of climate-related risks and opportunities, allowing the committee to understand and oversee the risks faced by the company. The key deliberation results will then be presented to the Board of Directors.

The following table outlines the execution of risk management in accordance with the three-tiered risk management structure:

| Supervision | |
|--|--|
| The Board of Directors serves as the highest decision-making body for climate change management. It is primarily responsible for forecasting climate change risks related to the enterprise, identifying opportunities arising from climate change, approving and overseeing related strategies related to risk and opportunities, and holding ultimate responsibility for the supervision and management of climate change issues. This is to fulfill the Company's sustainable commitment to "mitigating and adapting to climate change" and to further enhance the corporate culture of sustainable governance. | |
| First-line | |
| Each business operations unit or responsible personnel | Business operations must be conducted in accordance with the relevant internal control systems and internal regulations, serving as the first line of defense for identifying, assessing, and controlling risks. |
| Second-line | |
| Heads of various business operations units or designated functional/departmental risk management personnel | Responsible units shall manage the risks associated with their respective business operations, review operating procedures or manuals based on actual business practices, and pay close attention to the latest amendments or additions to relevant laws and regulations announced by the competent authorities and business-related directives. When necessary, internal guidelines should be amended or added accordingly. |
| Third-line | |
| Risk Management Team | The integrity of the Company's major risk management mechanisms associated with hazard, environment, operation, finance, legal matters, and information security must be reviewed. Related risks of each unit shall be monitored in accordance with this policy and relevant risk management procedures. |

With reference to the TCFD guidelines and in alignment with the company's internal climate risk management processes, the short-term objective is to systematically integrate risk management into the internal control system through risk identification, risk measurement, risk monitoring, risk response, and risk reporting and disclosure. For the medium to long term objectives, each unit will consistently conduct risk forecasting and assessment in response to both internal and external changes, and formulate appropriate response strategies accordingly. Each year, based on the assessed risks, relevant risk management policies and response measures are established and submitted to the Sustainable Development Committee and the Board of Directors.

- (2) Provide a comprehensive description of how the identified climate risks and opportunities impact the business, strategy, and finances (short-term, medium-term, and long-term) of the enterprise. Furthermore, 5. if the scenario analysis is employed to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and key financial impacts should be explained.

TCFD Risk Categories and Opportunities

| Climate Risk | | | | |
|------------------|----------------------|---|---|--|
| Type | Item | Causes of Risk | Financial Impacts | Response Strategies |
| Transition Risks | Policies/Regulations | Carbon Tax Systems in Various Countries | <ul style="list-style-type: none"> To comply with carbon tax policies and regulations, resources must be invested to establish carbon emission monitoring, data management, and reporting mechanisms. At the same time, if the imposed carbon tax cannot be passed on, it will reduce profits. It is necessary to hire additional professionals to handle carbon tax declarations and financial accounting, which increases personnel expenses. The EU has adopted the CBAM tax system, which imposes taxes based on the carbon footprint of products, including transportation. As a result, exporting to the EU increases product costs. To meet market demands, suppliers may be required to conduct additional product carbon footprint analyses or obtain compliance certifications for emission labels. Insufficient understanding of carbon tax systems in various countries may result in missed opportunities for tax | <ul style="list-style-type: none"> In response to this trend, participating in conferences related to carbon tax collection and engaging with industry peers will help deepen the understanding of current carbon tax systems in various countries. The Company has selected colleagues to participate in courses such as "ISO 14064-1 Internal Verification of Organization's Greenhouse Gas," "Corporate Sustainable Development and Greenhouse Gas Carbon Management," and "Personnel Training and Practical Workshops on Product Carbon Footprint." These colleagues will serve as internal seed instructors to share knowledge related to carbon footprint and carbon tax. In 2024, in addition to inviting external professionals to conduct the "Carbon Trading Mechanism and Carbon Management Application Continuing Education Course" and the "GRS Certification Guidance Course," internal instructors also delivered "A Brief |

| Climate Risk | | | | |
|--------------|-------------|---|---|---|
| Type | Item | Causes of Risk | Financial Impacts | Response Strategies |
| | | | <p>relief or expose the company to risks such as penalties and litigation.</p> | <p>Discussion on Greenhouse Gas Inventory" course. A total of 194 participants attended, with a total of 436.5 hours of training.</p> <ul style="list-style-type: none"> Tranceed Logistics Co., Ltd and Evergreen New Energy Corporation have also selected personnel in 2024 to participate in the "International Carbon Pricing Trends" and "Carbon Inventory Verifier (Project-based) Training Course ISO 14064-2:2019." <p>Additionally, colleagues have obtained dual certifications which are "ESG Sustainability Managers" and "Carbon Managers," becoming seed instructors for the group. In the future, they will assist in promoting climate risk issues.</p> |
| | Market risk | Market uncertainty and rising material costs. | <ul style="list-style-type: none"> The cost of raw materials has increased due to climate risks, directly raising the production costs of the original manufacturers. Additionally, upstream suppliers' need to invest in research and development of green alternative technologies or equipment, which led to a significant increase in capital expenditures. If we cannot pass these costs on to customers, it will compress the company's gross profit. As consumer preferences shift towards | <ul style="list-style-type: none"> The initial plan to use AI models to forecast future sales, strengthen business management, and to grasp future market trends of customers in order to further enhance inventory management and reduce operational risks. Obtaining ISCC PLUS international sustainability and carbon certification can enhance market competitiveness, especially in high-end markets such as food packaging and plastic products. |

| Climate Risk | | | | |
|--------------|------|----------------|---|---|
| Type | Item | Causes of Risk | Financial Impacts | Response Strategies |
| | | | <p>low-carbon and sustainable products, traditional products that are prone to pollution may be phased out of the market or experience a decline in demand, leading to a decrease in the company's revenue. However, the revenue from emerging markets for sustainable and recyclable products remains unstable, making it more difficult to accurately forecast revenue.</p> | <ul style="list-style-type: none"> Implementing the GRS and obtaining certification can meet the demands of green consumers, enhance brand reputation, and facilitate the company's entry into markets in Europe, America, and Japan, thereby expanding business opportunities. The company has invested in the development of PCR plastic materials. In 2024, approximately 588 metric tons were sold, marking a 7.9 times of increase in sales compared to the previous year. By collaborating with customers, we aim to create a cleaner and more sustainable planet. The company imports purified and recycled refrigerants from abroad and has sold over 68 metric tons of regenerated refrigerants over the past five years. Through the recycling and purification process, these refrigerants are integrated into the circular economy, reducing greenhouse gas emissions. |

| Climate Risk | | | | |
|---------------|---------------------|-------------------|---|--|
| Type | Item | Causes of Risk | Financial Impacts | Response Strategies |
| Physical Risk | Immediate/Long-term | Typhoon and Flood | <ul style="list-style-type: none"> Flooding caused by extreme weather increases the likelihood of relying on freight forwarding services, leading to higher transportation costs; weather-related delays in delivery may also result in increased warehouse rental fees. Due to the high likelihood of typhoons impacting Taiwan, solar modules and power plant equipment are susceptible to damage. Due to climate-related factors causing order delays or forced cancellations, this can have a negative impact on operations. | <ul style="list-style-type: none"> Establishing a diversified supply chain and strengthening inventory management can reduce the negative impact of natural disasters on operations. All operational sites across Taiwan are equipped with floodgates at their parking lot to prevent damage from typhoons and heavy rainfall. Only the parking lot in Taipei is not equipped with floodgates as its entrance has a slightly elevated terrain. However, to mitigate potential losses from unforeseen events, the company has added sandbags as a precautionary flood control measure. Tranceed Logistics Co., Ltd. has installed floodgates, added sandbags, and set up warning signs at its warehouses across various locations to address natural disasters such as heavy rainfall and typhoons. In response to urgent needs of its customer's production line, Tranceed Logistics Co., Ltd. ensures employee safety by requesting warehouse and transportation personnel to report to work on typhoon days. The company compensates them with overtime pay, |

| Climate Risk | | | | |
|--------------|------|-------------------------|---|---|
| Type | Item | Causes of Risk | Financial Impacts | Response Strategies |
| | | | | <p>which increases operating costs.</p> <ul style="list-style-type: none"> To reduce losses caused by typhoons, Kingstone Energy Technology Corporation has entrusted the maintenance and operation of several remote power plants to nearby external companies. Additionally, the company has trained its internal engineering team to strengthen inspection, maintenance, and operations. |
| | | Temporary Power Outages | <ul style="list-style-type: none"> During the peak electricity consumption period in summer, temporary power outages can cause the information systems at operating sites to cease functioning, thereby impacting business operations and leading to revenue losses. Tranceed Logistics Co., Ltd.'s warehouses may experience disruptions caused by power outages, leading to delays in order processing, inventory losses, or a decrease in customer satisfaction. | <ul style="list-style-type: none"> The server rooms are equipped with Uninterruptible Power Supply (UPS) systems to prevent data corruption or loss. In the event of a prolonged power outage, the system at the second operating center in Thailand will be activated as a disaster recovery backup. We will continue to plan for deploying various services to the cloud to reduce the impact of natural disasters, power outages, and other external factors on information services. Tranceed Logistics Co., Ltd. has installed large emergency diesel generators at each warehouse for contingency purposes. Unless there is a prolonged power outage, the generators should be able to maintain the minimum electricity required for warehouse |

| Climate Risk | | | | |
|--------------|------|---|---|--|
| Type | Item | Causes of Risk | Financial Impacts | Response Strategies |
| | | | | operations, ensuring that customer interests are not affected. However, the operation of the generators will result in increased fuel costs. |
| | | Supply chain disruptions or changes in transportation conditions. | <ul style="list-style-type: none"> Disruptions in the supply chain or changes in transportation conditions can lead to reduced revenue or increased operating costs, resulting in decreased profits. | <ul style="list-style-type: none"> In response to the varied needs of different industries, we aim to identify alternative supply sources to fulfill customer demands, thereby mitigating the tangible risks of supply disruptions resulting from climate change. In terms of transportation operations, in addition to utilizing our own vehicles, we continue to seek out different third-party partners to join the operations, thereby diversifying risks and ensuring that all customer's transportation operations are carried out smoothly. Regarding warehouse operations, we maintain communication with industry peers so that, in the event of an emergency, we can provide mutual support, ensuring that all warehousing services are delivered accurately and efficiently. |

| Climate Opportunities | | | |
|-----------------------|-------------------------|---|--|
| Type | Item | Financial Impacts | Response Strategies |
| Opportunities | Energy-saving equipment | <ul style="list-style-type: none"> Operating sites reduce energy costs during operations by implementing renewable energy, energy-efficient equipment, and electric vehicles, while simultaneously decreasing greenhouse gas emissions. Additionally, an energy management system is introduced to improve energy efficiency. To phase out non-environmentally unfriendly vehicles, a budget needs to be allocated for purchasing more eco-friendly and fuel-efficient vehicles that meet the 5th and 6th generation. | <ul style="list-style-type: none"> Accelerate the installation of energy-saving devices and activation of power-saving modes on various office equipment such as lighting, air conditioning, water dispensers, coffee machines, and other office appliances. Additionally, gradually replace outdated, energy-consuming equipment and create a green office environment to effectively reduce energy costs. Tranceed Logistics Co., Ltd. is gradually phasing out 4th generation vehicles in its fleet, replacing them with more eco-friendly and fuel-efficient 5th and 6th generation vehicles. The replacement rate has already exceeded 90%, with only a few 4th generation vehicles remain, which are solely used for internal transportation, thereby reducing their usage. Tranceed Logistics Co., Ltd. has installed an automated storage system in its new warehouses, utilizing efficient transportation equipment and warehouse space management to increase operational efficiency and reduce overall energy consumption in the warehouse. Tranceed Logistics Co., Ltd. plans to equip its transport vehicles with standby air conditions. When the vehicles are idling, the air conditioning will be powered by the battery to minimize unnecessary fuel consumption and emissions. Currently, the plan is to install one unit per month, with the installation expected to be completed within 4 years. According to this plan, by 2025, it is estimated that a total of approximately 36.477 metric tons of CO₂e emissions |

| Climate Opportunities | | | |
|-----------------------|---|--|---|
| Type | Item | Financial Impacts | Response Strategies |
| | | | will be reduced. |
| | Developing New Product or Service Markets | <ul style="list-style-type: none"> By developing and promoting products or services related to low-carbon, new energy, renewable energy, and sustainable recycling, the company can not only meet the growing demands of customers but also open up new markets, stay ahead of competitors, secure additional orders, and thus increase revenue and generate profits. | <ul style="list-style-type: none"> In the context of the zero-carbon trend, renewable energy has become an irreversible trend. At the same time, in alignment with government's green energy policies, we are strategizing in the fields of solar energy, offshore wind power, energy storage, and renewable energy. By 2024, the total installed capacity of the solar power plants will reach nearly 57 MW, contributing to a reduction of approximately 33,487 metric tons of carbon emissions annually. Establishing a comprehensive solar energy industry operation, encompassing project development, engineering contracting, module and material sales, as well as maintenance and operations, with the goal of becoming a significant role in Taiwan's green energy supply chain. The company is actively engaged in the development of green-related products, introducing products that comply with environmental laws and regulations and sustainable development goals, such as developing PCR plastic materials, actively promoting recycled refrigerants, and obtaining ISCC PLUS international sustainability and carbon certification, as well as products made from Global Recycled Standard (GRS) certified materials to achieve sustainable economic objectives. |
| | Technical Development (Recycling | <ul style="list-style-type: none"> In compliance with relevant policies and regulations, we are transitioning to a low-carbon, energy-efficient economic model | <ul style="list-style-type: none"> The company is involved in services such as the recycling and regeneration of broken silicon wafers, trading of second-hand mobile devices. Furthermore, |

| Climate Opportunities | | | |
|-----------------------|--|---|---|
| Type | Item | Financial Impacts | Response Strategies |
| | Technology, Circular Economy, Low-Carbon Products) | <p>and entering the circular economy markets of recycled materials. This not only boosts revenue but also helps reduce the carbon footprints.</p> <ul style="list-style-type: none"> Starting with the trade of solar energy materials and modules, the company has entered the field of power plant construction. Subsequently, we will invest in related businesses, including carbon credits and green electricity, to ensure continuous growth in revenue and profits for the energy department. | <p>the company has ventured into projects focused on the recycling and reuse of quartz components. Additionally, we are involved in PCR plastic materials, introducing purified recycled refrigerants, and recycling and remanufacturing battery materials for resale. These efforts contribute to the development of circular economy in industry and a sustainable environment.</p> <ul style="list-style-type: none"> In response to environmental regulations, customer demand, and market trends, the company has applied for ISCC PLUS (International Sustainability and Carbon Certification) and GRS (Global Recycled Standard) certifications. As carbon credit will be gradually implemented worldwide in the future, these products are expected to gradually increase in sales, with the ultimate goal of achieving carbon neutrality. The company proactively conducts research and engages in discussions on various forms of new energy, including solar, wind, biomass, small hydro, and geothermal energy. It also collaborates across industries, government, and academia with universities and research institutions to facilitate the comprehension of technological and business opportunities. Tranceed Logistics Co., Ltd. is in the process of planning the feasibility of transitioning from fuel vehicles to electric vehicles. This plan must simultaneously consider factors such as the purchase cost of electric trucks, their driving range, and safety. |

(3) Describe the financial impacts of extreme climate events and transformational actions:

TCFD Risk Strategies

The Company has identified transformational and physical risks, opportunities, and their impacts on revenue and costs are detailed in the table above, along with the details of implementation status from last year. In response to the financial impacts from climate change, the company has formulated short, medium, and long-term strategies to effectively achieve its carbon reduction targets and mitigate operational risks posed by climate change. The following are the short-term, medium-term, and long-term strategies:

Short-term Strategies:

- Monitor the impact of extreme weather events, such as typhoons and heavy rainfall, on the supply chain and operations; while formulating climate contingency plans and ensuring supply chain diversification to mitigate the risk of climate impacting single suppliers; and strengthening operational resilience.
- Comply with the recommendations of the international Task Force on Climate-related Financial Disclosures (TCFD) to enhance information transparency, adhere to carbon emission-related regulations, and avoid fines and legal risks.
- "Response to and Preparedness for Emergency Incidents Management Procedures" have been established. Based on environmental considerations and hazard identification, the risks of potential or actual emergencies and abnormal events are assessed, and corresponding emergency preparedness and response mechanisms are established to prevent or reduce impacts on personnel's health, loss of properties, and the environment.

Medium-term Strategies:

- Invest in green technologies such as renewable energy (solar power, biomass, geothermal, etc.), and assist customers in implementing energy improvement plans to reduce their carbon footprint. Adjust the products and services sold by the company and develop low-carbon or net-zero solutions to meet market demands.
- Collaborate with suppliers to develop carbon reduction strategies, reduce upstream emissions, and establish a climate risk assessment mechanism to ensure the adaptability of the supply chain.

Long-term Strategies:

- Explore carbon trading and carbon removal technologies, such as ocean carbon sinks and Direct Air Capture (DAC), and establish Science Based Targets initiative (SBTi) to reduce carbon and to continue to reduce operational carbon emissions to achieve net-zero carbon emissions.
- Adjust the business models based on policy changes and market trends, while simultaneously researching innovative solutions to meet the demands of a green economy and sustainable development.

(4) Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system:

The Company's products' sales services are based on environmental risk assessment procedures, reviewing potential risks and opportunities posed by climate change on sales operations. Through related marketing activities, the Company assists customers in identifying and facilitating the promotion and sale of green products.

The promoted environmental management system is centered on core values of environmental protection, pollution prevention, and continuous improvement. A dedicated team and personnel are assigned to follow the environmental policy, oversee and implement the operation of environmental management system to ensure compliance with international standards. Since 2003, the company has held ISO 14001 Environmental Management System certification.

In response to customer requirements, the company coordinates with suppliers to implement ISO 14064-1 organizational greenhouse gas inventory activities to reduce the impact on environment. To comply with the operations and requirements of the company's ISO 14001 Environmental Management System, we have established a target to reduce greenhouse gas emissions from purchased water and electricity resources by 0.2%. We are actively promoting and monitoring the implementation of this target. Due to the large scale of the company group, implementation will be carried out progressively each year. Third-party external verification for the group is expected to take place in 2027, at which time the base year will be established as the foundation for subsequent carbon reduction efforts.

- (5) If there is a transition plan to manage climate-related risks, please explain the content of the plan, as well as the indicators and targets used to identify and manage physical and transition risks.

Based on TCFD indicators, targets, and action plans, the company has set specific goals. Through these short-, medium-, and long-term targets, the company can effectively manage and ensure accurate execution of its strategies.

| Indicators and Goals | | |
|--|--|---|
| Item | Short-term Goals | Medium and Long term Goals |
| Energy Management and Greenhouse Gas Management | The company is not a major carbon emitter, but it sets a target to reduce electricity consumption by 0.2% annually as its goal for greenhouse gas emissions reduction. 2023 has been designated as the base year for greenhouse gas emissions, and the plan is to progressively implement this initiative across subsidiaries and establish information on base year for each company. | In response to the sustainable governance pathway, the company aims to complete the greenhouse gas inventory by 2027 and verify the greenhouse gas inventory by 2029. |
| Water stewardship | Short-term Goals | Medium and Long term Goals |
| | The company is not a major carbon emitter, but it sets a target to reduce water resources by 0.2% annually as its goal for greenhouse gas emissions reduction. 2023 has been designated as the base year for greenhouse gas emissions. | The company will progressively implement the ISO 14001 Environmental Management System and the ISO 14064-1 organizational greenhouse gas inventory system across subsidiaries and units, establishing annual environmental targets for water resource reduction for each subsidiary and unit. |

- (6) If internal carbon pricing is used as a planning tool, the basis for price setting should be explained. Additionally, if climate-related targets have been set in item 7, information should be provided regarding the activities encompassed, the scope of greenhouse gas emissions, schedule, and annual progress made towards achieving these targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and amount of carbon reductions offset or the number of RECs used should be explained (Table 2-3): For details, refer to pages 118 to 120 of the Annual Report.
- (7) Status of Greenhouse Gas Inventory and Assurance (Tables 2-1 and 2-2): For details, refer to pages 115 to 118 of the Annual Report.
- Greenhouse Gas Inventory Plan

In response to the requirements of government agencies and the expectations for the company's internal ESG sustainability report, we have implemented the ISO 14064-1 organizational greenhouse gas inventory mechanism since 2023 to establish a base year and

operational standards for greenhouse gas emissions across all companies within the group. A greenhouse gas emissions inventory registration platform has been established and is to be promoted and officially launched in the first quarter of 2024. This platform aims to track the implementation and completion of greenhouse gas emission registrations by various companies. At the same time, it serves as the foundation for preparing the greenhouse gas emissions inventory report. In 2024, the greenhouse gas inventory in South China was completed, and in 2025, the initiative will be extended to the East China.

Guarantee or Assurance of Greenhouse Gas

The Company has engaged Lloyd's Register Quality Assurance Limited (LRQA) to conduct external verification and assurance of the greenhouse gas inventory for the Company in Taiwan in 2023, and the inventory statement was obtained. A total of 739.3593 metric tons of CO₂e emissions was calculated.

2. The Status of The Company's Greenhouse Gas Inventory And Assurance For The Last Two Years

2-1 Information on Greenhouse Gas Inventory

| According to the regulations of the Sustainable Development Roadmap for listed companies, companies with a capital of less than NT\$5 billion are required to disclose. | | | | |
|--|---|---|------------------------|--|
| 1. The parent company should start auditing the information in 2025 from 2026. | | | | |
| 2. Subsidiaries in the consolidated financial statements should start auditing the information in 2026 from 2027. | | | | |
| The status of greenhouse gas emissions over the past two years | | | | |
| The Company has established a greenhouse gas inventory mechanism based on the ISO 14064-1 greenhouse gas inventory standard published by the International Organization for Standardization (ISO). Starting from 2023, the Company will regularly conduct greenhouse gas emissions inventories for the parent company (Wah Lee Corp.) and subsidiaries (Tranceed Logistics Co., Ltd., Kingstone Energy Technology Corporation) to fully monitor the usage and emission status of greenhouse gases, as well as verify the effectiveness of reduction efforts. | | | | |
| Total greenhouse gas emissions for 2023 (Reporting Period: January 1, 2023 to December 31, 2023) | Scope 1 | Total Emissions (Metric Tons CO ₂ e) | Revenue (NT\$ million) | Intensity (Metric tons CO ₂ e / NT\$ million) |
| | Parent Company - Wah Lee Corp. | 49.1030 | 39,228 | 0.0013 |
| | Subsidiary - Tranceed Logistics Co., Ltd. | 2,684.9634 | 619 | 4.3376 |
| | Subsidiary - Kingstone Energy | 52.8545 | 210 | 0.2517 |

| | | | | |
|--|--|--|-------------------------------|---|
| | Technology Corporation | | | |
| | Total | 2,786.9209 | 40,057 | 0.0696 |
| | Scope 2 | Total Emissions (Metric Tons CO₂e) | Revenue (NT\$ million) | Intensity (Metric tons CO₂e / NT\$ million) |
| | Parent Company - Wah Lee Corp. | 465.1963 | 39,228 | 0.0119 |
| | Subsidiary - Tranceed Logistics Co., Ltd. | 776.3907 | 619 | 1.2543 |
| | Subsidiary - Kingstone Energy Technology Corporation | 28.4075 | 210 | 0.1353 |
| | Total | 1,269.9945 | 40,057 | 0.0317 |
| | Scope 3 | Total Emissions (Metric Tons CO₂e) | Revenue (NT\$ million) | Intensity (Metric tons CO₂e / NT\$ million) |
| | Parent Company - Wah Lee Corp. | 225.0600 | 39,228 | 0.0057 |
| | Subsidiary - Tranceed Logistics Co., Ltd. | 667.1950 | 619 | 1.0779 |
| | Subsidiary - Kingstone Energy Technology Corporation | 25.8358 | 210 | 0.1230 |
| | Total | 918.0908 | 40,057 | 0.0229 |
| Total greenhouse gas emissions for 2024 (Reporting Period: January 1, 2024 to December 31, 2024) | Scope 1 | Total Emissions (Metric Tons CO₂e) | Revenue (NT\$ million) | Intensity (Metric tons CO₂e / NT\$ million) |
| | Parent Company - Wah Lee Corp. | 45.98 | 46,818 | 0.0010 |
| | Subsidiary - Tranceed Logistics Co., Ltd. | 3,113.37 | 702 | 4.4350 |
| | Subsidiary - Kingstone Energy Technology Corporation | 38.66 | 244 | 0.1584 |
| | Total | 3,198.0056 | 47,764 | 0.0670 |
| | Scope 2 | Total Emissions (Metric Tons CO₂e) | Revenue (NT\$ million) | Intensity (Metric tons CO₂e / NT\$ million) |
| | Parent Company - Wah Lee Corp. | 494.36 | 46,818 | 0.0106 |
| | Subsidiary - Tranceed Logistics Co., Ltd. | 902.20 | 702 | 1.2852 |

| | | | | |
|---------|---|---|-------------------------------|---|
| | Subsidiary - Kingstone Energy Technology Corporation | 24.10 | 244 | 0.0988 |
| | Total | 1,420.6560 | 47,764 | 0.0297 |
| | Scope 3 | Total Emissions (Metric Tons CO2e) | Revenue (NT\$ million) | Intensity (Metric tons CO₂e / NT\$ million) |
| | Parent Company - Wah Lee Corp. | 234.46 | 46,818 | 0.0050 |
| | Subsidiary - Tranceed Logistics Co., Ltd. | 801.84 | 702 | 1.1422 |
| | Subsidiary - Kingstone Energy Technology Corporation | 28.48 | 244 | 0.1167 |
| | Total | 1,064.7792 | 47,764 | 0.0223 |
| Note 1: | Direct emissions (scope 1, which are emissions from sources owned or controlled by the company), indirect emissions of energy (scope 2, which are indirect greenhouse gas emissions from the generation of purchased electricity, heat, or steam), and other indirect emissions (scope 3, which are emissions from activities of the company, which are not indirect emissions of energy, but rather originate from sources owned or controlled by other companies). | | | |
| Note 2: | The scope of information on direct emissions and energy indirect emissions should be handled according to the timeline specified in Article 4-1, Paragraph 2 of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" (hereinafter referred to as the "Rules"). Information on other indirect emissions may be disclosed voluntarily. | | | |
| Note 3: | Greenhouse gas inventory standards: Greenhouse Gas Protocol or ISO 14064-1 issued by the International Organization for Standardization (ISO). | | | |
| Note 4: | The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least, data calculated based on revenue (NT\$ million) should be explained. | | | |
| Note 5: | <p>The revenue for the organization's specific measurement:</p> <p>In 2024, the revenue for Wah Lee Corp. (Taiwan) was NT\$46.818 billion, the revenue for Tranceed Logistics Co., Ltd. was NT\$702 million, and the revenue for Kingstone Energy Technology Corporation was NT\$244 million, totaling NT\$47.764 billion.</p> <p>In 2023, the revenue for Wah Lee Corp. (Taiwan) was NT\$39.228 billion, the revenue for Tranceed Logistics Co., Ltd. was NT\$619 million, and the revenue for Kingstone Energy Technology Corporation was NT\$210 million, totaling NT\$40.057 billion.</p> | | | |
| Note 6: | <p>Scope of Coverage for Two Years:</p> <p>2024: Wah Lee Corp. (Taiwan), Tranceed Logistics Co., Ltd., Kingstone Energy Technology Corporation.</p> <p>2023: Wah Lee Corp. (Taiwan), Tranceed Logistics Co., Ltd., Kingstone Energy Technology Corporation.</p> | | | |

2-2 Information on Greenhouse Gas Assurance

| According to the regulations of the Sustainable Development Roadmap for listed companies, at least, the scope of assurance that should be carried out. | |
|---|--|
| <ol style="list-style-type: none"> 1. The parent company should begin conducting assurance starting from 2028 and disclose the inventory status of the parent company for 2027. 2. Subsidiaries in the consolidated financial statements should begin conducting assurance starting from 2029 and disclose the inventory status of the consolidated financial statements for 2028. | |
| The assurance status of the greenhouse gas inventories for the Company and certain subsidiaries in the consolidated financial statements (including Subsidiary A and Subsidiary B) implemented for the most recent two years is as follows | |
| <p>The Company implemented the ISO 14064-1 greenhouse gas inventory mechanism at the end of 2023. In 2024, greenhouse gas inventories were completed for the company's main operational sites in Taiwan—Wah Lee Corp., Tranceed Logistics Co., Ltd., and Kingstone Energy Technology Corporation. Furthermore, in 2024, the company engaged LRQA to conduct third-party external verification and assurance of the greenhouse gas inventory, with an inventory statement obtained.</p> <p>As the Company has been designated as a subject for disclosure required by the Financial Supervisory Commission (FSC), we are required to conduct an external verification annually. In 2025, we will continue to engage Lloyd's Register Quality Assurance (LRQA) to perform third-party external verification of the greenhouse gas inventory. The first phase will take place in July, with the second phase scheduled for August.</p> | |
| Note 1: | The procedure should be carried out according to the timeline specified in Article 10, Paragraph 2 of the Guidelines. If the company has not obtained a complete assurance opinion on greenhouse gas by the publication date of the annual report, it must indicate that "complete information on assurance will be disclosed in the sustainability report." If the company has not prepared a sustainability report, it must indicate that "complete information on assurance will be disclosed on the Market Observation Post System (MOPS)", and the complete information on assurance should be disclosed in the following year's annual report. |
| Note 2: | The assurance organization must adhere to the relevant regulations for sustainability reports for assurance organizations set forth by the Taiwan Stock Exchange Corporation and Taipei Exchange. |
| Note 3: | For details regarding the disclosures, please refer to the best practice examples available on the website of the Corporate Governance Center of the Taiwan Stock Exchange Corporation. |

2-3 Greenhouse gas reduction targets, strategies, and specific action plans.

| Greenhouse gas reduction strategies and targets. |
|--|
| In response to customer requirements, the Company coordinates with suppliers to implement ISO 14064-1 organizational greenhouse gas inventory activities to reduce the impact on environment. To comply with the operations and requirements of the company's ISO 14001 Environmental Management |

System, we have established a target to reduce greenhouse gas emissions from purchased water and electricity resources by 0.2%. We are actively promoting and monitoring the implementation of this target. Due to the large scale of the company group, implementation will be carried out progressively each year. Third-party external verification for the group is expected to take place in 2027, at which time the base year will be established as the foundation for subsequent carbon reduction efforts.

| Indicators and Goals | | |
|--|--|---|
| Item | Short-term Goals | Medium and Long term Goals |
| Energy Management and Greenhouse Gas Management | The company is not a major carbon emitter, but it sets a target to reduce electricity consumption by 0.2% annually as its goal for greenhouse gas emissions reduction. 2023 has been designated as the base year for greenhouse gas emissions, and the plan is to progressively implement this initiative across subsidiaries and establish information on base year for each company. | In response to the sustainable governance pathway, the company aims to complete the greenhouse gas inventory by 2027 and verify the greenhouse gas inventory by 2029. |
| Water stewardship | Short-term Goals | Medium and Long term Goals |
| | The company is not a major carbon emitter, but it sets a target to reduce water resources by 0.2% annually as its goal for greenhouse gas emissions reduction. 2023 has been designated as the base year for greenhouse gas emissions. | The company will progressively implement the ISO 14001 Environmental Management System and the ISO 14064-1 organizational greenhouse gas inventory system across subsidiaries and units, establishing annual environmental targets for water resource reduction for each subsidiary and unit. |

| Status of reduction achievements in 2024 | |
|--|---|
| Energy | <p>Environmental targets and plans are set through the ISO 14001 Environmental Management System, which has been certified. Energy conservation is implemented through administrative advocacy, audits, and reminders to achieve the goal of reducing greenhouse gas emissions. Implement energy-saving measures by improving administration:</p> <ol style="list-style-type: none"> 1. Energy-saving labels are posted next to each energy switches to visually remind colleagues to conserve energy in a timely manner. 2. Purchase energy-efficient appliances and regularly inspect electrical equipment to improve the efficiency of resource utilization. 3. The company has good natural lighting that enable the use of natural light during the day, thereby reducing electricity consumption for lighting. 4. The office lighting has been completely switched to T5 energy-efficient light tubes, and gradually replaced with LED light tubes. |

| | |
|---|--|
| | <p>5. The temperature of the office air conditioning is set between 26 to 27°C to reduce the standby operation of air conditioners on holidays.</p> <p>6. Encourage employees to take the stairs more frequently, reduce the use of elevators, and effectively organize business plans to minimize overlapping trips.</p> <p>7. The internal document approval system has been digitized, and official documents exchanged with government agencies are also now processed through an electronic document system, moving towards a paperless, environmentally sustainable direction while simultaneously improving operational efficiency.</p> <p>Tranceed Logistics Co., Ltd. plans to install parking air conditioning in vehicles over the next four years, allowing the air conditioning to be powered by the car's battery while idling, in order to avoid fuel consumption and reduce carbon dioxide emissions. Currently, the plan is to install one unit per month, with the goal of completing the installation within four years. It is estimated that this will reduce 36.336 metric tons of CO₂e emissions next year.</p> |
| Reduction of GHG emissions | <ul style="list-style-type: none"> • In response to the requirements of government agencies and the expectations for internal ESG, we have implemented the ISO 14064-1 greenhouse gas inventory mechanism since 2023 to establish a base year and operational standards for greenhouse gas emissions in each company. • Currently, greenhouse gas emissions inventory is being implemented, and a greenhouse gas emissions registration platform has been established for each company and location to register. The platform will officially launch in the first quarter of 2024, to track the completion status of the inventory activities for each company. • In 2024, a power station has been established, with an estimated carbon reduction of about 33,500 metric tons (compared to saving 16,900 kilolitre of fuel oil, 25,100 metric tons of coal, and 11,200 metric tons of natural gas). • In the third quarter of 2024, the Company commissioned LRQA to conduct a greenhouse gas inventory verification for Wah Lee Taiwan and obtained the 2023 inventory statement, with total emissions amounting to 739.3593 metric tons of CO₂e. • In the third quarter of 2025, the company will continue to engage LRQA to conduct greenhouse gas inventory assurance. |
| <p>Note 1: It shall be carried out in accordance with the timeline specified in Article 4-1, Paragraph 4 of the Rules.</p> <p>Note 2: The base year shall be the year in which the audit is completed based on the consolidated financial reporting boundary. For example, according to Article 4-1, Paragraph 2 of the Rules, companies with capital of NT\$10 billion or more must complete the audit of the consolidated financial statements for 2024 by 2025. Therefore, the base year is 2024. If the company completes the audit of the consolidated financial statements in advance, it may use that year as the base year. Additionally, the data of base year may be calculated based on a single year or as an average of multiple years.</p> <p>Note 3: For details regarding the disclosures, please refer to the best practice examples available on the website of the Corporate Governance Center of the Taiwan Stock Exchange Corporation.</p> | |

(VI) Performance of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefor:

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|---|---|
| | Yes | No | Summary | |
| <p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, and are there commitments from the board and senior executive to actively implement the policies?</p> | ✓ | | <p>1. The Company's "Ethical Corporate Management Best Practice Principles" clearly stipulates that directors, managers, employees, and persons with substantial control shall comply with laws and regulations. Integrity is the primary core value of the Company's culture. By upholding its commitment, mutual trust, and reciprocity, the Company insists on professional ethics and morality of the utmost level when conducting all operating activities.</p> <p>2. The Company's "Ethical Corporate Management Promotion Task Team" is comprised of the Corporate Governance Unit and the Corporate Social Responsibility Unit. Based on the job responsibilities and scope of each department, the task team assists the Board of Directors and management in formulating and supervising the implementation of ethical management policies and prevention plans. The Chief Executive Officer serves as the highest supervisor of the operations unit to ensure the implementation of the Ethical Corporate Management Best Practice Principles.</p> | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|---|---|
| | Yes | No | Summary | |
| (II) Has the Company established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities within its operations that are at higher risk of unethical behavior, and based on the results, formulate preventive measures against such conduct, including at least, the preventive measures specified for each item outlined in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? | ✓ | | 1. To prevent unethical conduct, apart from prohibiting directors, managers and employees from giving out and receiving bribery, and making an illegal political contribution in the course of conducting business activities, the Company has also prohibited any direct or indirect provision or receipt of unreasonable gifts, receptions, or other illegal interests, to avoid employees compromising the Company's interest for personal gains. All employees and the board members of the Company strictly comply with the regulations. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| (III) Does the company specify in its prevention programs for unethical conduct the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis? | ✓ | | 1. To promote and raise awareness of ethical conduct, the Company has formulated the Ethical Corporate Management Best Practice Principles and Procedures for Reporting Cases of Illegal, Immoral, or Dishonest Conduct. These principles and procedures are accessible on the Company's intranet to facilitate reference and compliance. The Company also clearly stipulates that violators will be held accountable for their violations in accordance with the laws. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|--|---|
| | Yes | No | Summary | |
| II. Implementation of ethical corporate management | | | | |
| (I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any ethical conduct clauses in the agreements it signs with the counterparties? | ✓ | | 1. The customers and suppliers that have business relationships with the Company are mostly well-known companies, making it easier to obtain information regarding their integrity management. When entering into business contracts, the provisions pertaining to integrity clauses are progressively reinforced. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| (II) Does the company establish a dedicated unit under the Board of Directors to promote ethical corporate management, and does the dedicated unit regularly (at least once a year) reports its ethical corporate management policies and prevention programs for unethical conduct, as well as its supervision of implementation to the Board of Directors? | ✓ | | On November 8, 2024, the Company's "Ethical Corporate Management Promotion Task Team" reported to the Board of Directors on the "Implementation Status of Ethical Corporate Management in 2024." The report included the results of the implementation of ethical management in 2024, the implementation plan for 2025, and the reported cases and their handling results in 2024. Relevant Implementation Status in 2024: 1. Education and Training To continuously enhance employees' awareness of integrity and ethical standards, along with the concepts of social responsibility and environmental protection relevant to business promotion, the Company organizes practical seminars annually to establish good codes of conduct. In 2024, promotion on relevant internal courses, education and training were conducted for managers and employees, with a total of 485.5 hours of training. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---------------------|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>2. Communication Channels Employees can also provide feedback and communicate with various levels of management and human resources through multiple channels (including the company website, internal email, and other methods).</p> <p>3. Whistleblower System and Protection of Whistleblowers The Company's website features a whistleblowing platform for reporting violations of professional ethics, providing a channel for whistleblowers to report misconduct by the company's personnel. The Auditing Office is responsible for managing the reports, forwarding them to the highest-level supervisor of the relevant department for investigation, and monitoring the final resolution of these cases. The identity of the whistleblower and the content of the report are kept strictly confidential, and complete records will be maintained regarding the acceptance, investigation process, and outcomes of the cases. In 2024, the number of reported cases handled was 0.</p> <p>4. Prevention of Insider Trading The Company's regulates the stock trading control measures for insiders upon their knowledge of the company's financial reports in the "Corporate Governance Best Practice Principles." Insiders are prohibited from trading the Company's stock during the closed periods, which are defined as 30 days prior to the annual financial report announcement and 15 days prior to the quarterly</p> | |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>financial report announcement. In addition, the company's stock affairs unit also notifies insiders to adhere to these regulations before the previously mentioned closed period.</p> <p>a. On October 18, 2024, the Company conducted an internal seminar focused on the processing of significant information and prevention of insider trading among employees. The seminar lasted 30 minutes and was attended by 160 participants.</p> <p>b. On November 8, 2024, the Company conducted an insider equity trading seminar, which lasted one hour and was attended by 12 participants.</p> <p>Presentation materials and video files related to regulations on insider trading have been uploaded to the internal employee system for reference by directors, managers, and employees.</p> | |
| (III) Has the company formulated any policy that prevents conflict of interest, provided appropriate channels for reporting, and implemented them? | ✓ | | The Company has implemented relevant regulations, and the documents signed by employees also include terms stating that conflicts of personal interests must be avoided and the scope of business operations should not be disclosed. Additionally, the Company has set up email and other reporting channels for whistle-blowing. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor | | | | | | | | | | | | | | | |
|--|------------------------|---|--|---|------------------------|---|---|-----|-----|---|----|-----|---|----|----|--|----|-----|---|
| | Yes | No | Summary | | | | | | | | | | | | | | | | |
| (IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the assessment results of unethical conduct risks, and examining accordingly the compliance with the prevention programs for unethical conduct, or engaging accountants to carry out the audit? | ✓ | | The Company has established accounting and internal control systems, and amendments will be made in response to changes in the environment and relevant laws and regulations to ensure the ongoing effectiveness of the systems. The Audit Office reports directly to the Board of Directors to ensure the independence and objectivity of the audit operations. The Audit Office conducts a risk assessment to prepare audit plans and carries out relevant auditing based on those plans. The audit results are regularly reported to the Board of Directors to ensure that management is informed about the implementation of the systems. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. | | | | | | | | | | | | | | | |
| (V) Does the company regularly hold internal and external education and training on ethical corporate management? | ✓ | | <div><div>To implement ethical management, the Company conducts promotion on relevant internal courses, education and training for managers and employees. The number of participants and training hours for 2024 are as follows:</div><table><tr><th>Name of Course</th><th>Number of Participants</th><th>Total Training Hours (Number of Participants * Hours)</th></tr><tr><td>Sustainable Development, Insider Trading, and Corporate Governance Training</td><td>160</td><td>320</td></tr><tr><td>Preparation of the 2024 Sustainability Report</td><td>36</td><td>108</td></tr><tr><td>Human Rights Due Diligence and Social Responsibility in Factory Audit Practices</td><td>16</td><td>48</td></tr><tr><td>New Employee Orientation - Human Rights Policy</td><td>38</td><td>9.5</td></tr></table></div> | Name of Course | Number of Participants | Total Training Hours (Number of Participants * Hours) | Sustainable Development, Insider Trading, and Corporate Governance Training | 160 | 320 | Preparation of the 2024 Sustainability Report | 36 | 108 | Human Rights Due Diligence and Social Responsibility in Factory Audit Practices | 16 | 48 | New Employee Orientation - Human Rights Policy | 38 | 9.5 | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| Name of Course | Number of Participants | Total Training Hours (Number of Participants * Hours) | | | | | | | | | | | | | | | | | |
| Sustainable Development, Insider Trading, and Corporate Governance Training | 160 | 320 | | | | | | | | | | | | | | | | | |
| Preparation of the 2024 Sustainability Report | 36 | 108 | | | | | | | | | | | | | | | | | |
| Human Rights Due Diligence and Social Responsibility in Factory Audit Practices | 16 | 48 | | | | | | | | | | | | | | | | | |
| New Employee Orientation - Human Rights Policy | 38 | 9.5 | | | | | | | | | | | | | | | | | |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|--|----------------|----|---|---|
| | Yes | No | Summary | |
| III. Implementation of the Company's whistle-blowing system | | | | |
| (I) Has the company established specific reporting and incentive systems, along with an accessible whistle-blowing channel? Does the company designate appropriate personnel to handle reported cases? | ✓ | | The Company has established and announced an independent reporting mailbox in accordance with the Procedures for Reporting Cases of Illegal, Immoral, or Dishonest Conduct for internal and external personnel to use. Reporting mailbox: suggestion@wahlee.com. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| (II) Does the company establish standard operating procedures for investigating reported cases, follow-up measures to be taken after investigations, and related confidentiality mechanisms? | ✓ | | The Company's Ethical Corporate Management Best Practice Principles stipulate the procedures for conducting investigations. The parties involved shall maintain confidentiality and conduct the investigation in accordance with these principles. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| (III) Does the company implement measures to protect whistle-blowers from misconduct for making such reports? | ✓ | | The identities of whistle-blowers are protected throughout the complaint process, and they will not be subject to inappropriate measures as a result of making a complaint. | Consistent with the requirements of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| IV. Strengthening information disclosure | | | | |
| (I) Has the company disclosed the content and implementation results of its | ✓ | | The Company's relevant regulations in Ethical Corporate Management Best Practice Principles is disclosed on the company | Consistent with the requirements of |

| Assessment criteria | Implementation | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| formulated Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System? | | | website, in the annual report, and on the Market Observation Post System (MOPS). Relevant implementation results are also periodically updated on the company website. | Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. |
| <p>V. If the company has established its principles for ethical corporate management based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe its implementation and any deviations from such principles: To establish a corporate culture of integrity and promote sound operations, the Company formulated the Ethical Corporate Management Best Practice Principles by referring to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies of the Financial Supervisory Commission. The Company has observed these principles in its operations, and there is no discrepancy or inconsistency between the operations and these principles.</p> | | | | |
| <p>VI. Other important information that is helpful in understanding the company's implementation of ethical corporate management (such as review and revision of the company's formulated ethical corporate management best practice principles): Integrity is the primary core value of the Company's culture. By upholding its commitment, mutual trust, and reciprocity, the Company insists on professional ethics and morality of the utmost level when conducting all operating activities. In compliance with the regulations of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, the Company's Board of Directors approved the amendment and announcement of the Ethical Corporate Management Best Practice Principles on August 9, 2017. On August 8, 2023, the Board of Directors approved the revision of the "Procedures for Reporting Cases of Illegal, Immoral, or Dishonest Conduct." The main revisions include the addition and amendment of the different levels of acceptance for various reporting subjects, the procedures for handling named and anonymous reports, data retention mechanisms and periods, and disciplinary actions.</p> | | | | |

(VII) Other important information that may enhance the understanding of the implementation of corporate governance of the Company: Please refer to pages 39 to 56 of the Annual Report for details.

(VIII) Disclosure of the implementation of the internal control system should include the following matters:

1. Statement of Internal Control System:

For detailed information, please visit the Market Observation Post System > Single Company > Corporate Governance > Company Regulations/Internal Control > Announcement of Internal Control Statement

<https://mops.twse.com.tw/mops/#/web/home>

2. The company which entrusts an accountant to examine the internal control system shall disclose the accountant's review report: None.

(IX) Major resolutions made in shareholders' meetings and the Board of Directors in the latest year and up to the publication date of the annual report:

1. Significant Resolutions of the Shareholders' Meeting and Their Implementation Status

| Name and date of the meeting | Major resolutions | Implementation |
|--|--|---|
| 2024 Shareholders' Meeting (2024.05.28) | 1. Approved the 2023 Business Report and financial statements. | Resolution approved. |
| | 2. Approved the earnings distribution for 2023. | The Board of Directors approved on May 28, 2024 that the ex-dividend base date was set on July 30, 2024, and the cash dividends of NT\$1,284,309,780 were distributed to shareholders on August 15, 2024. |
| | 3. Approved the amendment of some provisions of the Articles of Incorporation. | Effective following the resolution passed at the shareholders' meeting on May 28, 2024. |

2. Major resolutions of the Board of Directors

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors |
|-----------------------|---------|---|-----------------------------------|
| 2024.01.31 | First | 1. Approved the proposal on the Company's overdue accounts receivable in the fourth quarter of 2023 should not be listed as financing provided to others. | Resolution passed unanimously |
| | | 2. Approved the business plans of the Company for 2024. | Resolution passed unanimously |
| | | 3. Approved the authorization of the Company's banking facilities and transactions in 2024. | Resolution passed unanimously |
| | | 4. Approved to apply for medium-term working capital loan from banks. | Resolution passed unanimously |
| | | 5. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee (Vietnam) Co., Ltd. (US\$14.9 million) | Resolution passed unanimously |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors |
|-----------------------|---------|---|-----------------------------------|
| 2024.03.14 | | 6. Approval of the 2024 financial statements and tax reports, and the proposal for the appointment and remuneration of the auditing CPA. | Resolution passed unanimously |
| | | 7. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock in the fourth quarter of 2023. | Resolution passed unanimously |
| | | 8. Approved the amendment of some provisions of the Rules of Managing the Delegation of Authority. | Resolution passed unanimously |
| | | 9. Approved the date and place of the 2024 Shareholders' Meeting. | Resolution passed unanimously |
| | | 10. Approval of the change in the Company's head of internal audit office. | Resolution passed unanimously |
| | Second | 1. Approved the 2023 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements. | Resolution passed unanimously |
| | | 2. Approved the earnings distribution for 2023. | Resolution passed unanimously |
| | | 3. Approved the appropriation of the Company's Directors' remuneration and employees' compensation for 2023. | Resolution passed unanimously |
| | | 4. Approved the ratio of the Company's Directors' remuneration and employees' compensation for 2024. | Resolution passed unanimously |
| | | 5. Approved to continue to provide performance guarantee of purchase of materials for subsidiaries Raycong Industrial (Hong Kong) Limited, Dongguan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. to Shinkong Synthetic Fibers Corporation and Shinkong Applied Materials (Jiangsu) Co., Ltd. (NT\$150 million) | Resolution passed unanimously |
| | | 6. Approved to continue the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$25,194 thousand) | Resolution passed unanimously |
| | | 7. Approved to continue the guarantee provided to the investee, Nagase Wahlee Plastics Corp. (NT\$400 million for bank loans and NT\$6.7 million for the purchase of materials) | Resolution passed unanimously |
| | | 8. Approved to continue the guarantee provided to the investee, Shanghai Hua Chang Trading Co., Ltd. (US\$22.8 million for bank loans and US\$6 million for the purchase of materials) | Resolution passed unanimously |
| | | 9. Approved the amendment to some provisions of the Company's Articles of Incorporation. | Resolution passed unanimously |
| | | 10. Approved to issue the Company's 2023 internal control system statements. | Resolution passed unanimously |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors |
|-----------------------|---------|--|-----------------------------------|
| 2024.05.14 | Third | 1. Approved the Consolidated Financial Statements for the first quarter of 2024. | Resolution passed unanimously |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the first quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously |
| | | 3. Approved to continue the bank guarantee provided to the subsidiary, Hightech Polymer Sdn Bhd. (US\$11 million) | Resolution passed unanimously |
| | | 4. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee Tech (Singapore) Pte., Ltd. (US\$10.5 million) | Resolution passed unanimously |
| | | 5. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock in the first quarter of 2024. | Resolution passed unanimously |
| | | 6. Approval of the change in manager in the Company's Taichung branch. | Resolution passed unanimously |
| | | 7. Approval of the redemption of the Company's third domestic unsecured convertible bonds. | Resolution passed unanimously |
| | | 8. Approval of the issuance of the Company's 2023 Sustainability Report. | Resolution passed unanimously |
| 2024.05.28 | Fourth | 1. Approved the proposal on the purchase of liability insurance for the Company's Directors and managers. (Insurance limit of US\$5 million) (June 18, 2024-June 18, 2025) | Resolution passed unanimously |
| | | 2. Approved matters related to the distribution of cash dividend for 2023. | Resolution passed unanimously |
| | | 3. Approved the amendment of some provisions of the Company's Rules of Procedures for Board of Directors Meetings. | Resolution passed unanimously |
| | | 4. Approved the amendment of some provisions of the Company's Rules of Procedures for Audit Committee Meetings. | Resolution passed unanimously |
| 2024.08.08 | Fifth | 1. Approved the Consolidated Financial Statements for the second quarter of 2024. | Resolution passed unanimously |
| | | 2. Approval of the 2023 remuneration for the managers of the Company. | Resolution passed unanimously |
| | | 3. Approved the amendment of some provisions of the Company's Rules of Procedures for Board of Directors Meetings. | Resolution passed unanimously |
| | | 4. Approved the proposal on the Company's overdue accounts receivable in the second quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously |
| | | 5. Approval of the record date for the issuance of new shares for the domestic third unsecured convertible bonds converted into common stock. | Resolution passed unanimously |
| | | 6. Approved to continue the bank guarantee provided to the subsidiary, Wahlee | Resolution passed unanimously |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors |
|-----------------------|---------|---|-----------------------------------|
| | | Innovation Materials Private Limited. (INR 145,000,000) | |
| | | 7. Approved to the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$66,279.6 thousand) | Resolution passed unanimously |
| 2024.11.08 | Sixth | 1. Approved the Consolidated Financial Statements for the third quarter of 2024. | Resolution passed unanimously |
| | | 2. Approved the proposal on the Company's overdue accounts receivable in the third quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously |
| | | 3. Approved to continue to provide bank guarantee to the subsidiary, Regent King International Ltd. (US\$1 million) | Resolution passed unanimously |
| | | 4. Approved to continue the bank guarantee provided to the subsidiary, Wah Lee Philippines Inc. (US\$1 million) | Resolution passed unanimously |
| | | 5. Approved to continue to the bank guarantee provided to the subsidiary, PT. Wah Lee Indonesia. (US\$2 million) | Resolution passed unanimously |
| | | 6. Approval of the closure of the Company's account at the Hua Nan Commercial Bank Hong Kong Branch. | Resolution passed unanimously |
| | | 7. Approval of the addition of the Company's "Rules for Sustainability Information Management Procedures." | Resolution passed unanimously |
| | | 8. Approved the audit plans of the Company for 2025. | Resolution passed unanimously |
| 2025.02.19 | First | 1. Approved the proposal on the Company's overdue accounts receivable in the fourth quarter of 2024 should not be listed as financing provided to others. | Resolution passed unanimously |
| | | 2. Approved the business plans of the Company for 2025. | Resolution passed unanimously |
| | | 3. Approved the authorization of the Company's banking facilities and transactions in 2025. | Resolution passed unanimously |
| | | 4. Approved to apply for medium-term working capital loan from banks. | Resolution passed unanimously |
| | | 5. Approved to continue and reducing the bank guarantee for the subsidiary, Wah Lee (Vietnam) Co., Ltd. (US\$8.9 million) | Resolution passed unanimously |
| | | 6. Approval of the 2025 financial statements and tax reports, and the proposal for the appointment and remuneration of the auditing CPA. | Resolution passed unanimously |
| | | 7. Approved the date and place of the 2025 Shareholders' Meeting. | Resolution passed unanimously |
| 2025.03.12 | Second | 1. Approved the 2024 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements. | Resolution passed unanimously |
| | | 2. Approved the earnings distribution for 2024. | Resolution passed unanimously |

| Date of Board Meeting | Session | Resolution | Opinions of Independent Directors |
|-----------------------|---------|---|-----------------------------------|
| | | 3. Approved the amendment to some provisions of the Company's Articles of Incorporation. | |
| | | 4. Approved the appropriation of the Company's Directors' remuneration and employees' compensation for 2024. | Resolution passed unanimously |
| | | 5. Approved the ratio of the Company's Directors' remuneration and employees' compensation for 2025. | Resolution passed unanimously |
| | | 6. Approved to continue to provide performance guarantee of purchase of materials for subsidiaries Raycong Industrial (Hong Kong) Limited, Dongguan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. to Shinkong Synthetic Fibers Corporation and Shinkong Applied Materials (Jiangsu) Co., Ltd. (NT\$150 million) | Resolution passed unanimously |
| | | 7. Approved to continue the bank guarantee provided to the investee, Asahi Kasei Wah Lee Hi-Tech Corp. (NT\$25,194 thousand) | Resolution passed unanimously |
| | | 8. Approved to continue the guarantee provided to the investee, Nagase Wahlee Plastics Corp. (NT\$400 million for bank loans and NT\$6.7 million for the purchase of materials) | Resolution passed unanimously |
| | | 9. Approved to continue the guarantee provided to the investee, Shanghai Hua Chang Trading Co., Ltd. (US\$19.5 million for bank loans and US\$6.5 million for the purchase of materials) | Resolution passed unanimously |
| | | 10. Approved to issue the Company's 2024 internal control system statements. | Resolution passed unanimously |

(X) In the latest year and up to the publication date of the annual report, issues of records or written statements made by directors or supervisors dissenting to major resolutions approved by the Board of Directors: None.

IV Information on the audit fees of auditors:

Unit: NT\$ thousand

| Name of Accounting Firm | Names of Accountants | Audit Period of Accountants | Audit Fees | Non-audit Fees | Total | Remarks |
|-------------------------|----------------------|-----------------------------|------------|----------------|----------|--|
| Deloitte & Touche | Wu, Chiu-Yen | 2024.01.01-2024.12.31 | 5,655 | 1. 220 | 2. 5,875 | NT\$50,000 for the declaration of salaries of non-supervisory employees and NT\$170,000 for others |
| | Hsu, Jui-Hsuan | | | | | |

| | | | | | | |
|--|----------------|-----------------------|---|--------|--------|---|
| | Lai, Yung-Fa | 2024.01.01-2024.12.31 | - | 3. 895 | 4. 895 | NT\$420,000 for tax compliance audit and NT\$475,000 for others |
| | Chang, Wei-Chu | 2024.01.01-2024.12.31 | - | 5. 116 | 6. 116 | Change in the representative of the corporate director and manager, as well as registration of changes due to the conversion of convertible bonds into common stocks. |

- (I) When the accounting firm is replaced and the audit fees paid for the year of such replacement are lower than those for the previous year, the amounts of audit fees before and after the replacement and the reasons therefor shall be disclosed: None.
- (II) When the reduction of audit fees are more than 10% compared to the previous year, the amounts, percentage, and reasons of reduction of audit fees shall be disclosed: None.

V Information on Replacement of Auditors:

- (I) About the former auditors

| | | | |
|--|--|------------|------------------------------------|
| Date of replacement | Resolutions of the Board of Directors made on March 22, 2022 | | |
| Reasons for replacement and explanation | The original auditors of the Company were Accountant Wu, Chiu-Yen and Accountant Chen, Chen-Li of Deloitte & Touche. Due to internal organization adjustments and changes, the financial statements have been certified by Accountant Wu, Chiu-Yen and Accountant Hsu, Jui-Hsuan of Deloitte & Touche starting from the first quarter of 2022. | | |
| Specify whether it was the appointer or the auditors that ended or declined further engagement | Party Involved | Accountant | Appointer |
| | Condition | N/A | |
| | Voluntary termination of appointment | | |
| | Declined (discontinued) appointment | | |
| Opinions and reasons of audit reports other than unqualified opinions issued in the past two years | N/A | | |
| Opinions differing from the issuer | Yes | | Accounting principles or practices |
| | | | Disclosure of financial statements |

| | | |
|--|-----------------|-------------------------|
| | | Scope or steps of audit |
| | | Others |
| | No | |
| | Specify details | N/A |
| Other disclosures (Disclosures under Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines) | No | |

(II) About the succeeding auditors

| | |
|--|--|
| Name of Firm | Deloitte & Touche |
| Names of auditors | Accountant Wu, Chiu-Yen and Accountant Hsu, Jui-Hsuan |
| Date of Appointment | Determined by the Board of Directors on March 22, 2022 |
| Inquiries into and results of accounting treatments or accounting principles for specific transactions, and possible audit opinions on financial statements before appointment | N/A |
| Succeeding accountants' written opinion of disagreement with former accountants | N/A |

(III) Reply from former accountants in pursuant of Item 1 and Item 2-3, Subparagraph 6, Article 10: None.

VI For any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the most recent year, their name, title, and tenure of employment shall be disclosed: None.

VII Changes in equity transfers and equity pledges of directors, managers, and shareholders with percentage of ownership of 10% or more in the latest year and up to the publication date of the annual report:

(I) Changes in equity transfers and equity pledges of directors, managers, and major shareholders:

| Title | Name | 2024 | | As of March 31, 2025 | |
|--|----------------------------------|--|--|--|--|
| | | Increase (decrease) in shares held | Increase (decrease) in shares pledged | Increase (decrease) in shares held | Increase (decrease) in shares pledged |
| Corporate Directors | Kang Tai Investment Co., Ltd. | 108,000 | 0 | 0 | 0 |
| Representative of the Corporate Directors, Chairman, President, and Chief Executive Officer. | Chang, Tsuen-Hsien | 66,000 | 0 | 0 | 0 |
| Representative of Corporate Director | Huang, Lu-Hwei (Note 2) | 0 | 0 | 0 | 0 |
| Director | Yeh, Ching-Pin | 0 | 0 | 0 | 0 |
| Director | Lin, Yu-Chin | 0 | 0 | 0 | 0 |
| Independent Director | Wang, Yea-Kang | 0 | 0 | 0 | 0 |
| Independent Director | Shyu, So-De | 0 | 0 | 0 | 0 |
| Independent Director | Guu, Yuan-Kuang | 0 | 0 | 0 | 0 |
| Independent Director | Chang, Chi-Nan | 0 | 0 | 0 | 0 |
| Vice President | Liu, Feng-Roung | 0 | 0 | 0 | 0 |
| Vice President | Yeh, Ching-Wen | 0 | 0 | 0 | 0 |
| Vice President | Lu, Jui-Ming | 0 | 0 | 0 | 0 |
| Director | Yang, Chen-Ming | 0 | 0 | 0 | 0 |
| Director | Yu, Ching-Tien | 0 | 0 | 0 | 0 |
| Director | Tsai, Ken-Tang | 0 | 0 | 0 | 0 |
| Director | Chen, Yi-Jen | 0 | 0 | 0 | 0 |
| Director | Shih, Ching-Hsien | 0 | 0 | 0 | 0 |
| Director | Yang, Cheng-Ju | 0 | 0 | 0 | 0 |
| Director | Chang, Chi-An | 0 | 0 | 0 | 0 |
| Director | Tsai, Shu-Fen | 7,000 | 0 | 0 | 0 |
| Director | Chen, Mao-Hua | 0 | 0 | 0 | 0 |
| Director | Lin, Wei-Chih | 0 | 0 | 0 | 0 |
| Director | Chiang, Kuo-Jui | 0 | 0 | 0 | 0 |
| Director | Lee, Chi-Shan | 0 | 0 | 0 | 0 |
| Director | Shih, Chia-Sheng | 0 | 0 | 0 | 0 |
| Director | Yang, Yu-Kuang | 0 | 0 | 0 | 0 |
| Director | Shan, Tzu-Hao | 0 | 0 | 0 | 0 |
| Director | Zhang, Chih-hao (Note 2) | 0 | 0 | 0 | 0 |

| Title | Name | 2024 | | As of March 31, 2025 | |
|--|---------------------------|--|--|--|--|
| | | Increase (decrease) in shares held | Increase (decrease) in shares pledged | Increase (decrease) in shares held | Increase (decrease) in shares pledged |
| Director | Chen, Hsin-yi (Note 2) | 0 | 0 | 0 | 0 |
| Director | Cheng, Nai-Chung (Note 2) | 0 | 0 | 0 | 0 |
| Director | Hsu, Hui-lan (Note 2) | 0 | 0 | 0 | 0 |
| Director, Head of Finance, and Corporate Governance Officer | Lin, Jen-Chih | 0 | 0 | 0 | 0 |
| Director, and Head of Accounting | Lee, Kuo-Ping | 0 | 0 | 0 | 0 |

Note 1: Those in office as of the date of publication of the annual report.

Note 2: Appointed in 2024.

(II) Information on transfer of equity: None.

(III) Information on equity pledge: None.

VIII Information on the percentage of ownership of 10 largest shareholders and their relationship

March 30, 2025

| Name | Number Of Shares Held By Oneself | | Number Of Shares Held By Spouse And Minor Children | | Total Number Of Shares Held Through Nominee Shareholders | | Names And Relations Of Anyone Who Is A Related Party, Or A Spouse Or A Relative Within The Second Degree Of Kinship Among 10 Largest Shareholders | | Remarks |
|--|----------------------------------|-----------------------------|--|-----------------------------|--|-----------------------------|---|--|---------|
| | Shares | Shareholding Percentage (%) | Shares | Shareholding Percentage (%) | Shares | Shareholding Percentage (%) | Name | Relationship | |
| Kang Tai Investment Co., Ltd. | 20,011,338 | 7.71% | 0 | 0.00% | 0 | 0.00% | Fortune Investment Co., Ltd. | Parent company of the Company | |
| Kang Tai Investment Co., Ltd. Representative: Tsai, Shu-Fen | 109,285 | 0.04% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Fortune Investment Co., Ltd. | 15,996,494 | 6.17% | 0 | 0.00% | 0 | 0.00% | Kang Tai Investment Co., Ltd. | Subsidiary of the Company | |
| Fortune Investment Co., Ltd. Representative: Chang, Yu-Jen | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Dragon Investment Co., Ltd. | 12,749,950 | 4.91% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Dragon Investment Co., Ltd. Representative: Hsieh, Hsin-Mo | 62 | 0.00% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of the Fuh Hwa Taiwan Technology High Yield ETF Securities Investment Trust Fund Special Account. | 9,314,000 | 3.59% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Ding Pao Co., Ltd. | 8,314,320 | 3.20% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Ding Pao Co., Ltd. Representative: Chang, Tsuen-Hsien | 1,350,200 | 0.52% | 0 | 0.00% | 0 | 0.00% | Wah Hong Industrial Corp. | Same person as the Representative Chang, Tsuen-Hsien | |
| Taiwan Bank is entrusted with the custody of the Yuanta Taiwan High | 7,783,000 | 3.00% | 0 | 0.00% | 0 | 0.00% | No | No | |

| Name | Number Of Shares Held By Oneself | | Number Of Shares Held By Spouse And Minor Children | | Total Number Of Shares Held Through Nominee Shareholders | | Names And Relations Of Anyone Who Is A Related Party, Or A Spouse Or A Relative Within The Second Degree Of Kinship Among 10 Largest Shareholders | | Remarks |
|--|----------------------------------|-----------------------------|--|-----------------------------|--|-----------------------------|---|--|---------|
| | Shares | Shareholding Percentage (%) | Shares | Shareholding Percentage (%) | Shares | Shareholding Percentage (%) | Name | Relationship | |
| Dividend Low Volatility ETF Securities Investment Trust Fund Special Account. | | | | | | | | | |
| Crystal Investment Co., Ltd. | 7,210,579 | 2.78% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Crystal Investment Co., Ltd. Representative: Lin, Li-Hsiu | 34,560 | 0.01% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Wah Hong Industrial Corp. | 6,312,559 | 2.43% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Wah Hong Industrial Corp. Representative: Chang, Tsuen-Hsien | 1,350,200 | 0.52% | 0 | 0.00% | 0 | 0.00% | Ding Pao Co., Ltd. | Same person as the Representative Chang, Tsuen-Hsien | |
| Chang, Ray-Ching | 5,762,364 | 2.22% | 0 | 0.00% | 0 | 0.00% | No | No | |
| Trust account of Wah Lee Industrial Corporation's employee stocks entrusted to CTBC Bank | 5,717,612 | 2.20% | 0 | 0.00% | 0 | 0.00% | No | No | |

IX Aggregate percentage of ownership:

December 31, 2024; Unit: Share

| Investees (Note 1) | Investments of the Company | | Investment by Directors, Supervisors, Managers, and Companies Directly or Indirectly Controlled by the Company | | Aggregate Investment | |
|--|----------------------------|--------------------|--|--------------------|----------------------|--------------------|
| | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio |
| Wah Lee Holding Ltd. | 13,070,000 | 100.00% | 0 | 0.00% | 13,070,000 | 100.00% |
| Raycong Industrial (Hong Kong) Limited | 56,000,000 | 53.69% | 48,296,655 | 46.31% | 104,296,655 | 100.00% |
| CWE Inc. | 197,902,180 | 28.06% | 5,333,770 | 0.74% | 203,235,950 | 28.01% |
| Nagase Wahlee Plastics Corp. | 4,000,000 | 40.00% | 0 | 0.00% | 4,000,000 | 40.00% |
| Wah Hong Industrial Corp. | 27,135,978 | 27.13% | 4,281,395 | 4.28% | 31,417,373 | 31.42% |
| ORC Technology Corp. | 600,000 | 35.00% | 0 | 0.00% | 600,000 | 35.00% |
| ORC Electrical Machinery Corp. (ORC Corp.) | 400,000 | 40.00% | 0 | 0.00% | 400,000 | 40.00% |
| Tranceed Logistics Co., Ltd. | 9,500,000 | 63.33% | 0 | 0.00% | 9,500,000 | 63.33% |
| Cyuan Cheng Logistics Co., Ltd. | 0 | 0.00% | 5,500,000 | 100.00% | 5,500,000 | 100.00% |
| Evergreen New Energy Corporation | 13,000,000 | 100.00% | 0 | 0.00% | 13,000,000 | 100.00% |
| Fanxin Development Co., Ltd. | 0 | 0.00% | 4,500,000 | 100.00% | 4,500,000 | 100.00% |
| Fansheng Development Co., Ltd. | 0 | 0.00% | 3,200,000 | 100.00% | 3,200,000 | 100.00% |
| Kingstone Energy Technology Corporation | 35,067,582 | 99.57% | 0 | 0.00% | 35,067,582 | 99.57% |
| KSB Energy Corporation | 0 | 0.00% | 5,113,000 | 100.00% | 5,113,000 | 100.00% |
| KSC Energy Corporation | 0 | 0.00% | 5,400,000 | 100.00% | 5,400,000 | 100.00% |
| Wah Lee Japan Corp. | 1,500 | 83.33% | 0 | 0.00% | 1,500 | 83.33% |
| Perpetual New Energy Co., Ltd. | 4,800,000 | 12.00% | 0 | 0.00% | 4,800,000 | 12.00% |
| High Tech Gas Company Ltd. | 9,000,000 | 60.00% | 0 | 0.00% | 9,000,000 | 60.00% |
| Innovation Service Co., Ltd. | 3,500,000 | 58.33% | 0 | 0.00% | 3,500,000 | 58.33% |
| Wah Lee Korea Ltd. | 147,000 | 100.00% | 0 | 0.00% | 147,000 | 100.00% |
| Sakuragawa Solar Godogaisha | - (Note 2) | 99.99% | - (Note 2) | 0.00% | - (Note 2) | 99.99% |
| Miyazaki Solar Godogaisha | - (Note 2) | 99.99% | - (Note 2) | 0.00% | - (Note 2) | 99.99% |
| Regent King International Ltd. | - | 0.00% | 10,000 | 100.00% | 10,000 | 100.00% |
| Dongguan Hua Gang International Trading Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 100.00% | - (Note 2) | 100.00% |
| Shanghai Yi Kang Chemicals & Industries Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 70.00% | - (Note 2) | 70.00% |
| Huaying Supply Chain Management (Shenzhen) Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 100.00% | - (Note 2) | 100.00% |
| SHC Holding Ltd. | 0 | 0.00% | 1,290,000 | 100.00% | 1,290,000 | 100.00% |
| Shanghai Hua Chang Trading Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 30.00% | - (Note 2) | 30.00% |
| Meditek (Shanghai) Co.,Ltd. | - (Note 2) | 0.00% | - (Note 2) | 49.00% (Note 3) | - (Note 2) | 49.00% (Note 3) |

| Investees (Note 1) | Investments of the Company | | Investment by Directors, Supervisors, Managers, and Companies Directly or Indirectly Controlled by the Company | | Aggregate Investment | |
|---|----------------------------|--------------------|--|--------------------|----------------------|--------------------|
| | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio |
| Crown Medical Equipment (Shanghai) Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 48.98% (Note 3) | - (Note 2) | 48.98% (Note 3) |
| Guangzhou Xingxian Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 100.00% | - (Note 2) | 100.00% |
| Fenghuang Xingwah Shouzheng Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 49.00% | - (Note 2) | 52.50% (Note 3) |
| Anhua Huixinkang Co., Ltd. | - (Note 2) | 0.00% | - (Note 2) | 100.00% | - (Note 2) | 100.00% |
| Xiamen Huashengda Logistics Co., Ltd. | - | 0.00% | - (Note 2) | 70.00% | - (Note 2) | 70.00% |
| Xiamen JianYuan Rung Logistic Co., Ltd. | - | 0.00% | - (Note 2) | 30.00% | - (Note 2) | 30.00% |
| Xiamen Jia Sheng Yuan Trading and Development Co., Ltd. | - | 0.00% | - (Note 2) | 30.00% | - (Note 2) | 30.00% |
| Wah Lee Tech (Singapore) Pte. Ltd. | 1,600,000 | 100.00% | - | 0.00% | 1,600,000 | 100.00% |
| PT. Wah Lee Indonesia | 1,610,000 | 70.00% | 0 | 0.00% | 1,610,000 | 70.00% |
| Wah Lee Vietnam Co., Ltd. | - | 100.00% | - (Note 2) | 0.00% | - | 100.00% |
| Wah Tech Industrial | 7,650 | 51.00% | 0 | 0.00% | 7,650 | 51.00% |
| PT. Wah Tech Indonesia | - | 0.00% | 18,150 | 66.00% | 18,150 | 66.00% |
| Hightech Polymer | 7,650,000 | 51.00% | 0 | 0.00% | 7,650,000 | 51.00% |
| Wah Lee Philippines International Corp. | 127,495 | 99.99% | 1 | 0.00% | 127,496 | 99.99% |
| Wah Lee Philippines Inc. | 126,997 | 99.99% | 1 | 0.00% | 126,998 | 99.99% |
| Wahlee Innovation Materials Private Limited (India) | 3,861,000 | 99.00% | 39,000 | 1.00% | 3,900,000 | 100.00% |
| Advance Hightech Solutions Inc.(U.S.A.) | 1,200,000 | 100.00% | 0 | 0.00% | 1,200,000 | 100.00% |
| Raycong (Vietnam) | - | 0.00% | 1,358 | 100.00% | 1,358 | 100.00% |
| Born Tech | - | 0.00% | 9,800 | 49.00% | 9,800 | 49.00% |

Note 1: Referring to long-term investments of the Company accounted for using equity method.

Note 2: Referring to limited company with no shares.

Note 3: The Company and its wholly-owned subsidiary Wah Lee Holding Ltd. hold a combined stake of 100% in Raycong Industrial (Hong Kong) Limited; Raycong Industrial (Hong Kong) Limited holds a 70% stake in Shanghai Yi Kang Chemicals & Industries Co., Ltd.; Shanghai Yi Kang Chemicals & Industries Co., Ltd. holds a 70% stake in Adi International Trade (Shanghai) Co., Ltd., 69.97% stake in Shanghai Lihuang Co., Ltd., and 75% stake in Fenghuang Xingwah Shouzheng Co., Ltd., respectively. Therefore, the Company's aggregate shareholding in Adi International Trade (Shanghai) Co., Ltd., Shanghai Lihuang Co., Ltd. and Fenghuang Xingwah Shouzheng Co., Ltd. is 49%, 48.98% and 52.5%, respectively.

Chapter 3 Capital Overview

I Capital and Shares:

(I) Source of Capital

March 31, 2025; Unit: shares/NT\$

| Year / Month | Issue Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|--------------|-------------|--------------------|---------------|-----------------|---------------|---|--|---|
| | | Shares | Amount | Shares | Amount | Source of capital | Assets other than cash contributed as equity capital | Others |
| 2006.02 | NT\$ 10 | 240,000,000 | 2,400,000,000 | 196,495,062 | 1,964,950,620 | Corporate bonds converted to shares NT\$ 7,667,270 | None | February 20, 2006 DOC, MOEA Doc. No. 09501028140 |
| 2006.06 | NT\$ 10 | 300,000,000 | 3,000,000,000 | 209,354,864 | 2,093,548,640 | Capitalization of retained earnings NT\$ 128,598,020 | None | June 6, 2006 JSFB, FSC Doc. No. 0950122737 |
| 2007.06 | NT\$ 10 | 300,000,000 | 3,000,000,000 | 219,635,510 | 2,196,355,100 | Capitalization of retained earnings NT\$ 102,806,460 | None | June 28, 2007 JSFB, FSC Doc. No. 0960032751 |
| 2008.08 | NT\$ 10 | 300,000,000 | 3,000,000,000 | 230,134,006 | 2,301,340,060 | Capitalization of retained earnings NT\$ 104,984,960 | None | August 6, 2008 JSFB, FSC Doc. No. 0970039612 |
| 2009.06 | NT\$ 10 | 300,000,000 | 3,000,000,000 | 234,409,138 | 2,344,091,380 | Capitalization of retained earnings NT\$ 42,751,320 | None | June 23, 2009 CFD, SFB, FSC Doc. No. 0980031087 |
| 2010.06 | NT\$ 10 | 300,000,000 | 3,000,000,000 | 231,390,138 | 2,313,901,380 | Treasury shares retired NT\$ 30,190,000 | None | June 30, 2010 DOC, MOEA Doc. No. 09901134430 Change of Registration |
| 2019.06 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 231,390,138 | 2,313,901,380 | — | None | June 21, 2019 DOC, MOEA Doc. No. 10801072090 Change of Registration |
| 2021.10 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 236,017,941 | 2,360,179,410 | Capitalization of capital reserves NT\$ 46,278,030 | None | October 07, 2021 JSS Zi No. 11001180610 Change of Registration |
| 2023.12 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 236,239,248 | 2,362,392,480 | Corporate bonds converted to shares NT\$2,213,070 | None | March 1, 2024 JSS Zi No. 11330029000 Change of Registration |
| 2024.03 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 250,767,117 | 2,507,671,170 | Corporate bonds converted to shares NT\$145,278,690 | None | June 13, 2024 JSS Zi No. 11330092570 Change of Registration |
| 2024.07 | NT\$ 10 | 500,000,000 | 5,000,000,000 | 259,436,817 | 2,594,368,170 | Corporate bonds converted to shares NT\$86,697,000 | None | September 19, 2024 JSS Zi No. 11330156870 Change of Registration |

March 31, 2025; Unit: shares

| Type of shares | Authorized Capital | | | Remarks |
|----------------|--------------------|-----------------|-------------|-------------|
| | Outstanding shares | Unissued shares | Total | |
| Common share | 259,436,817 | 240,563,183 | 500,000,000 | TWSE-listed |

2. Information on shelf registration: None.

(II) Major Shareholders

March 29, 2025

| Shareholders | Shareholding Number of shares held | Shareholding percentage |
|--|--|----------------------------|
| Kang Tai Investment Co., Ltd. | 20,011,338 | 7.71% |
| Fortune Investment Co., Ltd. | 15,996,494 | 6.17% |
| Dragon Investment Co., Ltd. | 12,749,950 | 4.91% |
| Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody of the Fuh Hwa Taiwan Technology High Yield ETF Securities Investment Trust Fund Special Account. | 9,314,000 | 3.59% |
| Ting Bao Co., Ltd. | 8,314,320 | 3.20% |
| Taiwan Bank is entrusted with the custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account. | 7,783,000 | 3.00% |
| Crystal Investment Co., Ltd. | 7,210,579 | 2.78% |
| Wah Hong Industrial Corp. | 6,312,559 | 2.43% |
| Chang, Ray-Ching | 5,762,364 | 2.22% |
| Special account of Wah Lee Industrial's employee stocks entrusted to CTBC Bank | 5,717,612 | 2.20% |

(III) Dividend Policy and Implementation

1. Dividend Policy:

Where the Company made an earning in a fiscal year, the earning shall be used to pay taxes and offset losses of previous years. 10% of the remaining earning shall be set aside as legal reserve. However, if the legal reserve has reached the amount of the paid-in capital, no appropriation shall be made. The remaining earning shall be appropriated to or subject to reversal of special reserve in accordance with the laws and regulations. Any remaining earning is taken as the accumulated undistributed earnings and distributes to common stock dividend after the preferred stock dividend is distributed in accordance with Article 5 (1) of the Company's Articles of Incorporation. When the Board of Directors prepares a proposal for the distribution of earnings in the form of issuing new shares, it shall be distributed after submitting to the shareholders' meeting for a resolution; When it is distributed in cash, it shall be subject to resolution of the Board of Directors. The Company, according to Articles 240 and 241 of the Company Act, authorizes the Board of Directors to distribute the whole or part of dividends and bonus, capital reserves or statutory surplus reserves in cash and report to the shareholders' meeting in the presence of at least two thirds of the directors and by resolution of a majority of the directors present; When it is distributed by issuing new shares, it shall be handled by resolution of the shareholders' meeting in accordance with the provisions.

The dividend policy of the Company is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the interests of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings are less than 1% of the Company's paid-in capital, the Company should not make appropriation for dividends. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall not be less than 50% of the total dividends.

2. The Board of Directors resolved the dividend distribution of Year 2024:

- (1) The Board of Directors resolved to distribute cash dividends in the amount of NT\$1,375,015,131 (NT\$5.3 per share) in common stock.
- (2) If, as a result of a subsequent change in the number of outstanding shares of the Company, a change in the dividend per share allocation ratio to shareholders occurs and the ratio needs to be revised, the Chairman is hereby authorized to adjust the allocation ratio in accordance with the total amount of the distribution based on the actual number of outstanding shares of the Company as of the date of the dividend allocation.

(IV) The impact on the Company's operating performance and EPS of Stock Dividend Distribution proposed by the shareholder's meeting: none.

(V) Employees' compensation and director remuneration:

1. Employee compensation and director remuneration policies stated in the Articles of Incorporation:

If the Company makes a profit in a year, the Company shall set aside no less than 2% of the profit for employee compensation and no more than 2% of the profit for director remuneration. However, the amount shall be reserved when there are accumulated losses yet to be offset.

Employee compensation stated above may be made in cash or stock and shall also be allocated to employees of affiliated companies who have met certain criteria.

The two items above shall be executed according to the board's resolution and reported in the shareholders' meeting

2. The estimation basis of the employee compensation, and director remuneration for the current period, the computation basis for the number of shares issued as stock dividend serving as employee compensation, and accounting treatments for any discrepancies between the estimation and the actual allotment:

The employee compensation and director remuneration for 2024 are NT\$257,211,000 and NT\$32,866,000 respectively, which are appropriated in accordance with the Articles of Incorporation, Article 20. Any discrepancy between the amount approved by the Board and the estimation recognized shall be treated as a change in accounting estimate in the following year.

3. Employee compensation and director remuneration proposal approved by the Board of Directors:
 - (1) Employee compensation and director remuneration distributed in cash or stock:
The Company's Board of Directors approved the distribution of employee compensation and director remuneration in 2024 in the amounts of NT\$257,211,000 and NT\$32,866,000, respectively, which is the same amounts recognized for employee and director expenses in 2024.
 - (2) Percentage of compensation to employees by stock dividends over net income in stand-alone Financial Statements, and over total compensation to employees: Not applicable, as the Company did not distribute stock dividends as employee compensation for the current period.
 4. Actual disbursement of employee compensation and director remuneration in the previous year:
The Company's 2023 earnings were distributed in cash in the amount of NT\$248,332,000 for employee compensation and NT\$31,731,000 for director remuneration as resolved by the Board of Directors' meeting held on March 16, 2024, and there was no difference between the actual amount distributed in 2024 and the amount recognized in 2023.
- (VI) Share repurchase by the Company: None.

II Corporate Bonds:

(I) Issuance of Corporate Bonds

| | |
|----------------------------|---|
| Type of corporate bonds: | The Third Domestic Unsecured Convertible Corporate Bonds |
| Issue date | August 24, 2021 |
| Face value | NT\$100,000 per face value |
| Place of issue and trading | Taipei Exchange |
| Issue price | NT\$100.25 (Issuance at a premium) |
| Total | NT\$2,000,000,000 |
| Interest rate | 0% |
| Time limit | 3-year, Maturity date: August 24, 2024 |
| Guarantee mechanism | None |
| Trustee | Trust Department of Hua Nan Commercial Bank, Ltd. |
| Underwriting agency | Yuanta Securities Co., Ltd. |
| Licensing lawyer | Taipei Law Attorneys-at-Law Lawyer Huang, Pei-Sheng and Chen, Chun-Chih |
| Certified accountant | Deloitte & Touche Accountant Wu, Chiu-Yen and Chen, Chen-Li |
| Method of repayment | Except for early conversion or early collection by the Company, it will be |

| | | |
|--|--|--|
| | | repaid in cash in one lump sum at maturity. |
| Outstanding principal | | NT\$0 |
| Redemption or early redemption clause | | Please refer to the corporate bond issuance and conversion procedures |
| Restriction clause | | Please refer to the corporate bond issuance and conversion procedures |
| Name of credit rating agency, rating date and corporate bond rating results | | None |
| Additional rights | Amount of common stock, overseas depository receipts or other marketable securities converted (exchanged or subscribed) as at the date of publication of the annual report | The Company's third domestic unsecured convertible bonds have been fully converted into common stock, amounting to NT\$234,188,760. |
| | Issuance and conversion (exchange or subscription) method | Please refer to the bond issuance information in the Debt Information section of the Market Observation Post System. |
| Issuance and conversion, exchange or subscription, and possible dilution of the issuing conditions to equity and impact on existing shareholders' equity | | The Company's third domestic unsecured convertible bonds have been fully converted into 23,418,876 common shares. The bonds was ceased over-the-counter trading on July 3, 2024. |
| Name of the institution entrusted to exchange the subject matter | | None |

(II) Information of conversion corporate bonds:

| Type of corporate bonds: | | The Third Domestic Unsecured Convertible Corporate Bonds | |
|--|---------|---|----------------------|
| Item | Year | 2024 | As of March 31, 2025 |
| | | | |
| Market price of conversion corporate bonds: | Highest | 168.00 | N/A |
| | Lowest | 112.20 | N/A |
| | Average | 131.38 | N/A |
| Conversion price | | 85.4 | N/A |
| Date of issue (handling) and conversion price at issue | | Issuing date: August 24, 2021 Conversion price at issue: NT\$ 105.30 | |
| Manner of performing the conversion obligation | | Issue new shares | |

- III Preference share: None.**
- IV Overseas depositary receipts: None.**
- V Employee stock option certificates and new shares with restricted employee rights: None.**
- VI Acquisition or transfer of shares of other companies to issue new shares: None.**
- VII Fund utilization plan: None.**

Chapter 4 Operational Highlights

I. Business Activities:

(I) Scope of business

1. Main Contents of Business

- (1) International Trade.
- (2) Wholesale of Electronic Materials.
- (3) Wholesale of Batteries.
- (4) Wholesale of Telecommunication Equipment.
- (5) Retail Sale of Electrical Appliances.
- (6) Wholesale of Medical Devices.
- (7) Wholesale of Industrial Catalyst.
- (8) Wholesale of Pollution Controlling Equipment.
- (9) Wholesale of Refractory Materials.
- (10) Wholesale of Other Chemical Products.
- (11) Wholesale of Precision Equipment.
- (12) Wholesale of Animal Feeds.
- (13) Retail Sale of Animal Feeds.
- (14) Renewable energy self-use power generation equipment.
- (15) Electric Appliance installation.
- (16) Energy Technical Services.
- (17) Information Software Services.
- (18) Data Processing Services.
- (19) Waste Treatment.
- (20) Wastewater (Sewage) Treatment.
- (21) Resource Recycling.
- (22) Wholesale of Plumbing Materials.
- (23) Wholesale of Furniture, Bedding Kitchen Appliances and Fixtures.
- (24) Wholesale of Ceramic and Glassware.
- (25) Wholesale of Chemical Materials.
- (26) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Current Business Composition of the Company's Main Products

Unit: NT\$ 1000

| Product | 2024 Consolidated Operating Revenues | Sales Percentage (%) |
|--|---|-------------------------|
| Electronic information and communications industry | 22,465,456 | 28.1 |
| Flat panel display industry | 22,943,534 | 28.7 |

| | | |
|--|------------|-------|
| Semiconductor industry | 21,085,450 | 26.3 |
| Printed circuit board/motherboard industry | 8,021,939 | 10 |
| Green energy industry | 931,996 | 1.2 |
| Others | 4,582,539 | 5.7 |
| Total | 80,030,914 | 100.0 |

3. Current Products of the Company

The company's business focus is to introduce cutting-edge materials, components, systems, equipment, gases, technologies, and integrated services in key or trend industries around the world. We then market these products to customers in Greater China, Southeast Asia, and global markets, catering to the needs of high-tech, major, and star industry chain customer's need for one-stop shopping services. Currently, the main scope of business covers (1) information/communication and electronic assembly, (2) semiconductors, (3) optoelectronics, optical communication, and flat panel displays, (4) green energy, energy conservation, and storage, and (5) environmental protection, biomedicine, and others. The table below displays the product categories in different industry sectors within the business scope.

| Industry | Main product categories |
|--|--|
| Information, communication, and electronic assembly | High-performance engineering plastics, thermosetting engineering plastics, general-purpose engineering plastics, film and sheet materials, and fiberglass. Dry film, substrates, exposure machines and components, release films, other PCB assembly materials, chemicals, and equipment, high-frequency application materials, appearance inspection machines, secondary battery-related business, active and passive electronic components, as well as wide bandgap power devices, substrates, and epitaxial wafers. |
| Semiconductors | Photoresist, electronic-grade specialty gases, IC chemicals, removers, silicon wafers, advanced packaging materials, slurry, developer, spare parts, polyimide, targets, and more. |
| Optoelectronics, optical communications, and flat panel displays | Flat panel display terminal systems, optoelectronic display chips, materials, and equipment, optoelectronic equipment and components, OLED materials and components, optical communication materials, TV motherboards and control chips, and Mini LED application solutions and semi-finished products. |
| Green energy, energy efficiency, and energy storage | Solar cell materials, solar cells, solar modules, solar systems, and equipment, solar water ground- and roof-mounted power stations, solar system engineering, energy storage devices, energy-saving equipment, wind turbine blade materials, secondary battery materials, and lithium batteries. |
| Environmental protection, biomedicine, and | Engines and components for ships, refrigerants and foaming agents, graphite fibers, resins, core materials, functional materials, specialty chemicals, silicon powder, automated equipment and control |

| | |
|--------|--|
| others | components, other industrial materials, other biotechnology products, and antibody-related products. |
|--------|--|

4. Development of new products

The Company is committed to promoting and meeting the development and market needs of the Greater China region, Southeast Asia, and the global industry. Therefore, we closely monitor the trends and market demands of related industries and actively engage in collaborative research and development (R&D) with suppliers to introduce the latest products and technologies. Our goal is to provide the manufacturing industry and market customers with high-quality, high-performance, and reasonably priced materials, components, modules, gases, and equipment/consumables. Additionally, we collaborate with relevant partners to develop and offer integrated solutions, serving as a competent industry integrator and total solution provider. The Company will continue to focus on AI as its core in the future, while developing across various key industries. This includes accelerating the deployment of automation and autonomous mobility equipment, software, information security, cloud and edge computing, aerospace, communications and military industries, as well as new energy and thermal management sectors. At the same time, the Company is also expanding its international operations. The new product categories for 2024 included materials related to AI servers, AMR (Automated Mobile Robot) and factory automation solutions, green/environmentally friendly/circular economy, thermal management, optoelectronic systems, optoelectronic electrochemistry and optical materials, semiconductor front-end materials, passive and magnetic components, wide bandgap compound power devices, batteries and energy storage, optical communication modules, semiconductor advanced packaging, bulk consumer goods, and environmental ship propulsion, among others.

(II) Industry Overview

1. Current Status and Development of the Industry

(1) Overall Industry Development

In 2024, global industry development was influenced by multiple factors, such as technological innovation, global economic recovery, and changes in geopolitics. The U.S. government continues to implement tough suppression policies on China's high-tech industries, strengthening export controls and imposing higher tariff demands. During its economic recovery process, China also faces structural challenges, including an aging population and a slowdown in the growth for domestic demands. On the other hand, the uncertainty in the petroleum market caused by the Israeli-Palestinian conflict has also led to instability in global energy prices. As for the Russo-Ukrainian War, it has evolved into a prolonged war of attrition. Nevertheless, the accelerated development of AI technology continues to drive transformation and innovation across various industries. Overall, 2024 has been a year of strong economic recovery. According to the latest forecast by the World Semiconductor Trade Statistics

(WSTS), the global semiconductor market value in 2024 is projected to be approximately \$627 billion, a 19% growth compared to the previous year. Meanwhile, the Company has long been adept at capturing industry growth trends and diversifying its operations, with revenue reaching NT\$80.03 billion. Looking ahead to 2025, the emerging technology industries driven by AI are expected to thrive, and the global economy will continue to be viewed with optimism. The Company is confident in sustaining growth and achieving exceptional results through the distinctive industry layout and efficient marketing channels.

(2) Development of information & communication, and electronics assembly industry

In 2024, the output value of Taiwan's PCB industry is expected to grow by approximately 8.3%. In terms of products, the annual growth rate for IC substrates, which are closely linked to semiconductors, is 5%. The annual growth rate for multilayer PCB is between 5% and 10%. For flexible print circuit, which benefits from the rebound of the smartphone market and steady shipments of automotive FPCs, the production value is also anticipated to grow by 5% to 10%. The Electronic Packaging Business Division of the Company, in addition to its existing operations, is actively developing new products and exploring new business areas, (such as automation equipment, third-generation semiconductors, and high-end packaging materials for semiconductors. We have already begun to see results, particularly in the field of automation equipment, which has made the most significant contribution to revenue growth in 2024.

Looking ahead to 2025, AI remains a significant trend in the industry. Generative AI is expected to play a central role in the development of the global information, communications technology and software industries in 2025. It is gradually being integrated into a wider range of end-user devices and emerges in various applications. The rapid development of generative AI has driven a new wave of demand for AI inference servers. As AI seeks faster transmission speeds and lower losses, modifications to PCB materials have naturally become an industry trend. The resurgence of consumer electronics, coupled with the growth momentum generated by new applications such as eVTOL, AI servers, and satellite communications, has elevated expectations for the development of the global electronic packaging and information communication industry by 2025. It is projected that Taiwan's electronic packaging industry will experience a growth rate of 9.1%." Given the rise in high-end packaging for high-power modules, the continued growth of electric vehicles, the increasing adoption of compound semiconductor substrates and modules, as well as the surging demand for high-frequency materials, high-efficiency high-density power supplies, and high-speed wireless connectivity, the Electronic Packaging Division is expected to maintain steady growth.

(3) Semiconductor industry

In 2024, following the completion of inventory adjustments and the recovery of

the consumer market, the global semiconductor industry experienced an annual growth of 19.7%. According to the latest research by IDC, with the explosive growth in global demand for artificial intelligence and high-performance computing, along with the recovery of market demand for smartphones, notebooks & PCs, servers, and automobiles, the semiconductor industry is expected to enter a new wave of growth. Semiconductor products include logic chips, analog chips, microcomponents, and memory. With original manufacturers of memory strictly controlling supply to drive up prices, and the growing demand for AI integration across all applications, the overall semiconductor market is expected to maintain strong growth momentum in 2025. Annual growth is projected to reach as high as 19.8%. The semiconductor supply chain includes industries such as design, manufacturing, and packaging and testing. The projected revenue for Company's Semiconductor Business Division is anticipated to increase relative to 2024.

(4) Optoelectronics, optical communication, and flat-panel displays industry

In 2024, the global display industry is rebounding from a recession and experiencing a slight growth of 3%. This recovery is driven by the near completion of panel inventory digestion, increased promotional efforts by brand manufacturers, and production cuts by the four major panel manufacturers in Mainland China. Furthermore, panel manufacturers in mainland China, bolstered by significant investments from the government, are actively participating in price wars to gain market share. This has led to operational challenges for the industry as a whole. In the future, the Optoelectronics Division will develop in four major areas: chips, systems, materials, and equipment. In addition to chips, there will be growth in the expansion of system product applications, the transformation of equipment products, and the stabilization of material products.

The shipment volume of automotive panels reached approximately 220 million units in 2024, making it as the most stable growth market. This growth is expected to persist into 2025. The size of panels will continue to increase, and panel manufacturers will consistently add more value to automotive panels to meet customer demands. The acceptance of LCDs equipped with MiniLED BLU in the automotive market is expected to increase significantly, while AMOLED panels will focus on high-end vehicles, with their penetration rate anticipated to rise gradually. In the realm of new display technologies, MiniLED backlighting has emerged as the first technology to achieve scale. It has already formed a relatively complete industry chain, covering equipment, materials, chips, components, modules, and panels. In recent years, driven by robust support from brands and the industry supply chain, MiniLED backlight products have expanded into a wide range of application scenarios. These include consumer electronics and IT products such as televisions, monitors, laptops, tablets, automotive displays, and VR smart wearable devices. This expansion presents significant opportunities for Taiwanese panel manufacturers. Looking ahead to 2025, with China's "trade-in" policy, along with inventory replenishment in the North

American market, the panel industry is expected to experience moderate growth. The Optoelectronics Division aims to resume an upward trend in annual revenue.

With the rise of AI, various data center operators are increasingly engaging in generative AI arms race. However, the computational requirements for AI training are growing at an estimated tenfold annually. Given the high data throughput of AI models, high-bandwidth transmission is essential, making efficiency critically important. This not only needs to align with operational costs but also requires high-speed characteristics. Consequently, research institutions estimate that the global market value of optical transceiver modules will be approximately \$13.6 billion in 2024, and by 2029, this value is projected to reach \$25 billion, with AI accounting for over 40% of the market share. This indicates that AI will significantly drive the growth of optical transceiver modules more than other application markets. As 5G technology becomes increasingly widespread, visions and application scenarios for the development of 6G have already begun to emerge. The integration of low Earth orbit satellites, cloud computing, artificial intelligence, and the Internet of Things is driving the global optical communication industry into a new era of rapid development.

(5) Green energy, energy efficiency, and energy storage industry

Looking at the global solar market in 2024, it has been a year of steady growth, driven by technological innovation, supportive policies, and rising global demand. While the overall supply chain may still encounter temporary overcapacity issues in the short term, the global transition toward renewable energy is already set in motion, and long-term demand is anticipated to continue growing.

Taiwan's solar photovoltaic installations are expected to see mid- to long-term growth momentum, driven by factors such as large electricity consumers complying with renewable energy regulatory restrictions, international supply chain requirements, international supply chains driving voluntary users, and mandates requiring new buildings to install rooftop solar systems. Wah Lee Corp. Group is projected to complete and commission solar project sites with a total capacity of 70.06 MW by 2025, representing an increase from 65.06 MW in 2024.

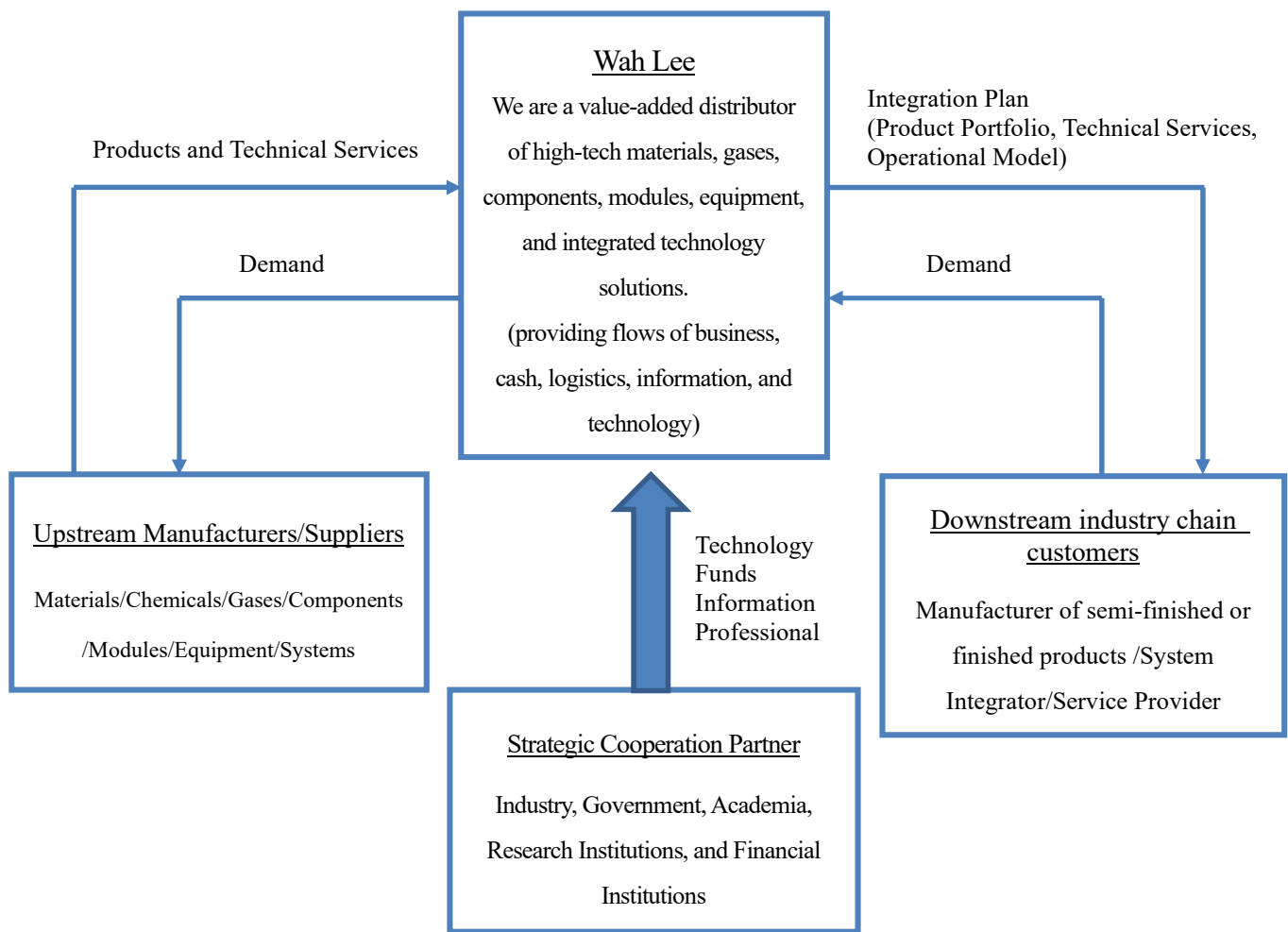
The future goal of achieving net-zero carbon emissions will become increasingly significant under the trend of energy transformation. This also drives the integration and response of energy storage systems. Wah Lee Corp. Group will plan towards the direction of optoelectronics, energy storage, and electricity trading. In the future, with respect to the development of the green energy circular industry, we will continue to develop ground-mounted and rooftop solar projects, along with the sales of related materials, components, and modules. Additionally, the company is also actively exploring new directions such as hydrogen energy and small-scale hydropower generation.

Under China's double carbon policy, environmentally friendly technological solutions continue to receive attention. Affordable renewable energy systems equipped with sufficient energy storage represent a long-term solution for China to achieve energy self-sufficiency. Over the past decade, China has made significant

efforts to establish the necessary infrastructure. The most evident achievement is its global leadership across the upstream, midstream, and downstream value chains of the photovoltaic, onshore wind, and lithium battery industries. This has enabled China to consistently drive down the cost of photovoltaic, wind, and electrochemical energy storage systems. InfoLink estimates that by 2025, the actual installation volume of electrochemical energy storage (ESS) will be nearly three times the target set by government agencies. The main reason for this optimistic expectation is China's rapid electrification, which is leading to an increasing dependence on electricity. At the same time, the large-scale integration of intermittent renewable energy sources, such as solar and wind power, is changing the conventional operation of the power grid. These sources pose challenges to grid stability, making energy storage even more critical to balancing the power system and maintaining stable electricity supply and demand. Based on the needs of China's power system, it is estimated that by 2030, it will require a cumulative total of 460 GW of energy storage. Of this, 350 GW will come from batteries and other forms of electrochemical storage, while the remaining 110 GW will be provided by pumped hydro storage.

2. The association between the upstream, midstream, and downstream sectors of the industry

The Company is a professional provider/distributor of high-tech materials, chemicals, gases, components, modules, equipment, technical support services, and integrated solutions in the midstream and upstream sectors of the industry. We serve customers from various industries, including the information and communications and electronic assembly industry, semiconductor industry, optoelectronics, optical communications, and flat panel display industry, green energy, energy conservation, and storage industry, biotechnology and medical industry, consumer goods/environmental protection industry, and materials and chemical industry. The Company's upstream sector primarily comprises domestic and foreign manufacturers and suppliers in the mentioned industries. The downstream sector, on the other hand, includes manufacturers, system integrators, and service providers of finished or semi-finished products in the same industries. The Company serves as an agent/distributor for upstream manufacturers/suppliers and offers integrated technical services to downstream customers. Additionally, we facilitate connections and collaborations with suppliers, customers, and various institutions from industry, government, academia, and research and financial institutions. This enables us to do R&D jointly, make investments, and develop innovative business models. The relevance between the upstream, midstream, and downstream sectors of the industry is shown in the figure below.



3. Product development trends

The Company is a product and total solution supplier of high-tech materials, chemicals, gases, components, modules, and equipment. We represent a wide range of products. The development of each business and product is closely related to the growth process of high-tech industries and the evolution of market demand in Greater China, Southeast Asia, and the world.

The Company has long paid attention to the future demand trends and emerging industries, including people's daily consumption, green energy, environmental safety, medical care, regenerative medicine, preparations, quality of life, industrial localization, AI-based production or production automation, high-performance computing, 5G communications, data centers, AIOT, metaverse, IoT, biomedicine, and electric vehicles, as well as the expansion of international operations, and has stepped up efforts to enhance the development in related product fields with results gradually yielded.

The Company has remained a leader in high-performance engineering plastics required by the information and communications industry and successfully entered the fields of optical lens raw materials, smartphone antenna modules, automotive components that replace metals, autonomous driving lens modules, and medical devices. In recent years, we have included bio-based engineering plastics in our agency business to respond to the issues of environmental protection, energy conservation, carbon reduction, and carbon

neutrality, and applied for International Sustainability & Carbon Certification (ISCC+). We continue to maintain our leadership in high-end manufacturing processes of the semiconductor industry by providing high-end electronic-grade chemicals, components, gases, and other consumables, to continue to increase our revenue of the semiconductor sector. The Company's strengths in the PCB/electronic assembly industry lie in high-end dry films and copper clad laminates (CCL), and other consumables. With the advent of the era of high-end applications, such as 5G communications, cloud computing, high-frequency transmission, smartphones, and automotive electronics, we will provide corresponding raw materials, consumables, and equipment to seize the opportunities from the rapid growth of 5G applications and third-generation semiconductors in the electronic assembly industry. As the industry's demand for chemical consumables, optical boards, and electronic components is gradually increasing, and we succeeded in developing next-generation electronic products and systems in the European, American and Indian markets, our performance in the optoelectronic industry continues to rise. Furthermore, the government has actively promoted the development of the green energy industry in recent years. The Company provides raw materials and equipment and has integrated upstream and downstream systems by acquiring a solar power station EPC company and is actively building solar power stations and investing in wind power-related companies in Taiwan, creating stable income to the Company, while fulfilling our corporate social responsibility and benefiting the public.

We will uphold the tradition of steady business operation and develop the next-generation market with caution and optimism, including the emerging biotech medical industry, clean and environmental protection industry, 5G/6G communication market, AI, IoT, electric vehicles (EV), and self-driving cars, as the foundation for the Company's sustained growth in the future, and we believe it will open up a path of steady growth in an adverse environment.

Looking back on the development history of the Company is like witnessing the history of industrial development in Taiwan and Greater China. In addition to developing our core business in the materials supply chain, we are working on vertical integration and establishment of export destinations. This will ensure the robust development of our well-established products in the domestic market, providing the Company with growing sales momentum each year and driving high-performance growth in our core business. It will also create a continuous stream of new ventures. We will continue to play an important role in leading constant innovation and vibrant development in the Greater China and Southeast Asia regions as well as the global industry.

4. Status of Product Competition

The Group sells products in more than 700 categories, there are 103 products each generating annual revenue over NT\$100 million in 2024 and 177 products each generating revenue over NT\$10 million. We have nearly 5,200 customers, among them, over 700 companies has purchased our products for more than NT\$10 million. This shows that the

products and services sold by our company are extremely competitive and accepted in the market.

Furthermore, the Company will also segment the markets for different products based on their unique attributes and market characteristics and then chooses the most competitive target market. The Company focuses on the middle- and high-end markets and customers, and we have successfully gained a significant market share of our target customers. Given the wide range of product categories and diverse customer base across various industries, each with varying market shares, we would list only part of the top three product categories in terms of market share in our target markets: engineering plastics, materials related to flat panel displays, ICs and equipment, refrigerants, photoresists, photoresist strippers, developers, CVD precursors, bulk chemicals, dry film photoresists, marine engines, etc.. Please find below for details:

The Company has maintained a prominent position in the high-end engineering plastics market for a long period of time. Our products are widely applied in IT/IA products, mobile/wearable devices, automotive components, medical devices, food packaging, etc. Additionally, we have made successful inroads into the markets for EV charging station components and smart phone wireless charger applications. Our high-end engineering plastics have been experiencing double-digit growth in recent years. The Company has clearly established a strong leadership in the field of high-end engineering plastics.

The Company has actively engaged in the semiconductor industry for many years and is a significant supplier in the semiconductor industry on both sides of the Taiwan Strait. We have consistently achieved remarkable revenue growth in this industry every year. The Company serves as a distributor for leading global manufacturers' advanced semiconductor process chemicals, gases, materials, and equipment. We frequently receive invitations to engage in collaborative R&D with our customers and thus benefit from whenever they achieve advancements in their processes.

The Company has been actively engaged in the PCB/electronic assembly industry for over 40 years. Alongside traditional markets, like telecommunications, servers, and semiconductors, we have embraced the new era of cloud computing, next-generation high-frequency communication/5G, power modules, passive electronic components, wide bandgap power devices/substrates/epitaxial wafers, IoT, and mobile device products and integrated solutions. In recent years, we have proactively pursued development in the related upstream and downstream sectors, leading to consistent revenue growth for our electronic assembly division.

Due to the active promotion of material and equipment localization by both governments on both sides of the Taiwan Strait, local manufacturers/suppliers have emerged and their technology has significantly improved. Consequently, the Company and the original equipment manufacturer are now facing intensified competition from local manufacturers/suppliers who offer lower prices. In order to solve this issue, the Company not only integrates services and enhances technological content to increase added value but

also strives to develop next-generation materials, equipment, and total solutions. Moreover, the Company actively collaborates with the localized production trend and the trade and economic policies in countries where our operations are located. We seek local strategic partners to establish plants for manufacturing and R&D, aiming to decrease manufacturing and transportation costs, work with local industry chains, and lead local industry innovation and improvement. This approach gives the Company a competitive edge in terms of technology, quality, service, pricing, and after-sales support. In addition to the Greater China market, the Company is actively expanding the sales of its existing product lines to markets outside of Greater China.

(III) Overview of technology and R&D

1. R&D expenses

The Company is a distributor in the industry chain and fully handle the industry and market trends and business opportunities through various channels. For example, we have joined paid membership of think tanks in industries, become a strategic partner of industrial innovation centers in colleges and universities, and closely worked and exchanged information with industry, government, academia, and research and financial institutions. We are on the frontline to stay up-to-date with market and customer needs and supplier R&D blueprints and working closely with customers and suppliers to actively create new industries/products and new operational models. All our employees treat the adoption of new products and new technologies as an important task, and we strengthen the development of new industries and new products by establishing new business development units at the group or division level and engaging marketing/business personnel of each business division. We also continue to invest in companies related to our alliances to accelerate the development of new products and new technologies. In addition, we launched new business development rewards and development funds to help facilitate company-wide development activities, thereby effectively improving the efficiency of new product development projects and accelerating and stabilizing new business development. The Group's revenue (before offsetting) from new business development in 2024 exceeded NT\$10.8 billion, representing a year-on-year growth rate of approximately 25% compared to 2023 with an achievement rate of approximately 120.73%. Due to the effectiveness of the Company's new business development mechanisms, we are not only able to control risks but also continue to grow.

Considering the above, when we are preparing R&D expense budget, it has been considered and applied together with existing business promotion in order to produce synergistic effects. In addition, the Company is in the distribution industry, so we do not prepare separate R&D expenses. Based on a rough estimate of the Company's education and training expenses, industry think tank establishment expenses, the new business development department's operating expenses, and new business development rewards, the Company's 2024 R&D expenses are estimated to be about NT\$90 million, representing a 50% increase compared to 2023. However, the actual expenses and investments associated

with the establishment of new businesses and development of new products greatly surpass this figure. In addition to budgeting approximately the same expenses for 2025, additional resources will be allocated based on demand.

The development achievements in 2024 are as follows (only the main categories of completely new products are listed, excluding new specifications, new applications, and new suppliers).

| Industry | New Product Agency or Distribution Development |
|--|---|
| Information, communication, and electronic assembly | <ul style="list-style-type: none"> • Products used in the automotive and semiconductor industries, such as mPPE foam and insulation paper • Environmental and recycled materials, including PCR and PBS • Automated equipment and solutions, such as hoists and AGV, MCS, WMS, RCS • Automated systems and other production equipment and solutions such as soldering, storage, scanning, transportation, vision, cleaning, and placement and other automated equipment • Wide band gap compound semiconductors and power module packaging materials, such as SiC • High-frequency application materials in 5G, such as LCP • Lightweight aluminum-based composite materials |
| Semiconductors | <ul style="list-style-type: none"> • New-generation front-end semiconductor materials, such as EUV photoresist and PDMAT • Advanced packaging materials, such as Stripper, Cu, and Ti Etchant • Circular economy products, such as the recycled regenerated wafers • Semiconductor consumables • Photoresist resin |
| Optoelectronics, optical communications, and flat panel displays | <ul style="list-style-type: none"> • Equipment, such as automated equipment • Chips, such as microcontroller units (MCUs) and application-specific integrated circuits (ASIC) • System products, materials, and components, such as PID, electronic paper, and electronic whiteboard products • Mini LED direct-view application • Electronic chemical and optical materials, such as black photosensitive gap materials and RGB photoresist |

| Industry | New Product Agency or Distribution Development |
|---|---|
| Green energy, energy efficiency, and energy storage | <ul style="list-style-type: none"> • Materials and systems related to batteries and energy storage, such as positive and negative electrode materials and electrolytes • Components required for solar power plants, such as components, frames, and inverters • Solar power station design, construction, and operation assessment, electricity sales on behalf of customers, green power procurement and trade services • Energy storage systems/solar power stations, household small energy storage devices, slow/fast chargers, and low-temperature cracking furnace • High-quality conductive carbon black products • Catalyst carrier for waste gas treatment |
| Environmental protection, biomedicine, and others | <ul style="list-style-type: none"> • Thermal management materials, such as nanocarbon tubes • Wastewater treatment equipment and sludge dryers • Marine diesel engines, motors, and spare parts, as well as electric boat power and monitoring systems. • Automated equipment and components, such as pneumatic and transmission components • Consumables used in cardiac progenitor cell mass production, antibody development, and 100% biodegradable medical food packaging materials. • Materials for dialysis, hemodialysis equipment and consumables, organoids, and cosmetic additives. • Graphite fiber recycled materials • Specialty chemicals, such as prepreg resins and anti-hydrolysis agents |

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

1. Short-term Development Plan

(1) Marketing Strategy

- A. We aim to strengthen our relationships with key customers, broaden our product portfolio, improve our integrated solutions, increase our market share in existing markets and existing customers, and offer localized services.
- B. We will actively pursue the distributorship for new products from our existing suppliers to achieve an optimal product portfolio.
- C. We will adjust our product portfolio and pricing strategy as well as explore new applications for our existing products, to reach new customers.
- D. We will focus on popular end-user products and strive to integrate and develop other relevant products within the industry chain.
- E. We will work with suppliers to collectively develop key customers.

(2) Product Development Trends

- A. We aim to broaden the application range of engineering plastic products, encompassing household appliances, medical devices, food packaging, containers, consumer goods, EV, lighting, electronic products, solar energy, and communications applications; and we are committed to developing new technologies and applications.
- B. In the optoelectronics and flat panel display industry, we consistently introduce both existing and next-generation materials, ICs, components, modules, and equipment. We work with end-user application providers to jointly develop appropriate solutions and adopt the required materials, components, and systems.
- C. We will continuously develop products and solutions in the areas of green new energy, energy conservation, environmental protection, biotechnology and medical care, mobile devices, cloud computing and IoT, next-generation communications, and other related fields. This allows us to lead the industry forward.
- D. As for the semiconductor industry, we will align with customers' next-generation production lines to conduct joint research and continuously adopt new materials and gases in line with their needs.

2. Medium and Long-term Plans

(1) Marketing Strategy

- A. Our objective is to leverage the resources in Greater China to increase our sales volume and market share in China, Southeast Asia, and Northeast Asia. Additionally, we aim to establish a presence in the European and U.S. markets.
- B. We aim to continuously enhance the technological content and integration capabilities of the Group, while consistently delivering high-value-added services and integrated solutions.
- C. We are seeking to acquire additional overseas distributorship, exclusive distributorship, and long-term supply commitments from original equipment manufacturers.
- D. We should actively pursue strategic investments for supply chain synergy to acquire high-quality and prioritized procurement sources and sales channels.
- E. We will actively engage in the development of new industries, applications, and operational models, while strengthening our strategic investments and alliances.

(2) Product Development Trends

- A. We closely monitor and develop materials, gases, components, equipment, and

solutions for future mainstream industries.

- B. Focus on developing high-value-added products and high-tech industries that are eligible for government investment incentives.
- C. To achieve a balance between our core performance, innovation and development, and growth, while continuously increasing the revenue from our development efforts.

II. Market and Production Overview:

(I) Market Analysis

1. Main Product Sales Region

Unit: NT\$ 1000

| Fiscal year | | 2022 | | 2023 | | 2024 | |
|--------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| Sales Region | | Sales Amount | % | Sales Amount | % | Sales Amount | % |
| Domestic | | 19,519,742 | 26.5 | 17,494,320 | 26.2 | 21,137,814 | 26.4 |
| Export | Asia | 44,413,608 | 60.4 | 40,986,980 | 61.4 | 48,595,923 | 60.7 |
| | The Americas | 5,878,156 | 8 | 4,143,519 | 6.2 | 5,647,792 | 7.1 |
| | Europe | 3,628,106 | 4.9 | 3,915,379 | 5.9 | 4,343,609 | 5.4 |
| | Others | 130,684 | 0.2 | 242,212 | 0.4 | 305,776 | 0.4 |
| | Total | 54,050,554 | 73.5 | 49,288,090 | 73.8 | 58,893,100 | 73.6 |
| Total | | 73,570,296 | 100.0 | 66,782,410 | 100.0 | 80,030,914 | 100.0 |

2. Primary Competitors and Market Share

(1) Primary Competitors

The Company primarily acts as a distributor for the sales of the upstream and midstream materials and equipment. Recently, we have been actively providing integrated services with added technical value and vertically integrating the industry chain. We have also ventured into investing in overseas markets, such as the establishment and operation of solar power stations in Japan and Taiwan, as well as investing in solar power stations and wastewater treatment EPC companies. Therefore, our focus differs from most TWSE-/TPEX-listed information, communication, and IC distribution companies, which mainly specialize in the agency of midstream and downstream products and components. Only companies, like WPG Holdings Limited, EDOM Technology Co., Ltd., Supreme Electronics Co., Ltd., Topco Scientific Co., Ltd., and Tongyi Industry Co., Ltd., have similar business scope to our Optoelectronics, semiconductor, and engineering plastics divisions. However, due to the diverse product portfolio and different target application markets, it is unable to estimate and compare the respective market shares. But when comparing the revenue and gross profit growth rates between 2024 and 2023, the Company still belonged to the leading

group.

The Company operates business in multiple industries and stays ahead of the latest industry trends. This has given us a strong ability to integrate and add value to industry chains. Our importance of facilitating overall industry development is growing every day. As a result, the Company has been acknowledged by the CommonWealth Magazine as a leading company in the 2.5th-generation industry, as well as a representative company of Resource Integration and Technological Innovation in the Ministry of Economic Affairs' 2025 Taiwan Industrial Outlook Research. This core competitiveness has set us apart from regular distributors.

In the future, we will actively use the collective power of industry, government, academia, and research and financial institutions. This will be accomplished through the introduction of new products and strategic investments and alliances. We will expand our business sectors horizontally, diversify business models, devise operational strategies, and vertically integrate multiple segments of the industry chain. Additionally, we will continuously accumulate technological expertise, which will provide us with a distinct competitive advantage and business model.

(2) The Outlook of Market Supply and Demand and Growth Prospects

Since the future growth of the company's main markets is closely related to the rise and fall of the downstream industry and end user markets, we strive to keep abreast of the growth potential of the Company's main markets by analyzing the market trends of the products we distribute and represent in key sectors, such as information and communications/electronic assembly, semiconductor, and green energy, as well as the change in market.

A. Information and communication/electronics assembly and semiconductor industry

With global economy recovering, despite the ongoing impact of geopolitical issues and wars on consumer electronics demand. However, inventory destocking is almost finished, with an increasing demand for AI-related products. This demand was clearly seen at the CES exhibition and has contributed to the growth of the industry. With increasing optimism in 2025 compared to 2024, mainstream applications, like servers, automotive electronics, and 5G (moving toward 6G) and AI technology will further drive the information and communications technology, electronic assembly, and semiconductor industries to move forward.

According to the ASML's Annual Report, the semiconductor application market (as shown below) across various application areas, including consumer electronics, automotive electronics, industrial electronics, and wireless communications, is projected to experience significant market demand in the future. These application markets are also the primary markets for our engineering plastics, semiconductor, and electronic assembly division's products. As the industry technology is advancing the Company is actively embracing

corresponding, and even pioneering, materials and technologies.

| Smartphone | Personal computing | Consumer electronics | Automotive | Industrial electronics | Wired and wireless infrastructure | Servers, data centers and storage | Total |
|--|---|---|--|--|---|--|------------|
|  |  |  |  |  |  |  | |
| Key driver Continued refresh of all semiconductor content including image sensors and edge AI processors | High-end compute and Memory, fast conversion to solid-state drive (SSD), edge AI processors | Both low-power and high-bandwidth connectivity, sensors | Strong IC content growth: graphics processing unit (GPU), sensors, vehicle-to-everything (V2X) communication sensing | Connectivity, edge processors, sensors | High-bandwidth connectivity, edge processors | High processor and Memory growth, hardware accelerations including GPU for AI applications | |
| 2020 market size (\$bn) | | | | | | | |
| 117 | 100 | 50 | 40 | 51 | 38 | 76 | 471 |
| 2023 market size (\$bn) | | | | | | | |
| 104 | 89 | 60 | 79 | 74 | 50 | 78 | 534 |
| 2025 market opportunity (\$bn) | | | | | | | |
| 146 | 107 | 74 | 104 | 94 | 60 | 136 | 721 |
| Outlook CAGR 2020-2025 (%) | | | | | | | |
| 5% | 2% | 8% | 21% | 14% | 10% | 12% | 9% |

Below are the industry trends that are relevant to the Company, many of which we represent and sell:

- The chiplet packaging market scale was approximately US\$3.1 billion (approximately NT\$95.9 billion) in 2023 and will expand to US\$107 billion (approximately NT\$3.31 trillion) by 2033. The market demand is huge, with a compound growth rate of 42.5%. The main applications are servers, high-end smartphones, and notebook computers. ABF carrier boards (for packaging) are used in most high-end computing products, which will further drive the use of ABF carrier boards.
- Based on IDC's forecast, the global semiconductor market is projected to experience a recovery starting in 2024, with an annual growth rate of 20%.
- The projected demand for silicon wafers in the global semiconductor industry in 2025 is estimated to be 14,800,000 m². With the advancement of technology transitioning from ArF immersion photoresists to EUV photoresists, the market growth rate is projected to continue rising, leading to an expansion of the market starting from 2022. It is estimated that certain chip production will shift from using KrF photoresist to ArF.
- Because of its high cost, 2.5D Package technology is mainly used for high-performance computing chips in servers and network communication equipment. Among them, the demand for server CPUs is experiencing significant growth and is projected to reach nearly 100 times of 2022 sales volume by 2025.
- The World Fab Forecast report by SEMI predicts an 8% increase in semiconductor wafer fab capacity in 2024, with the investments in fab

expansion estimated to reach US\$10.75 billion, a 6.5% rise compared to 2023.

- f. Consistently improving the performance of Low Dk, Low Df, and Low CTE, while ensuring compatibility between materials in packaging technology, is the ongoing research focus for advanced chip assembly materials. Continuously researching environmentally friendly and high-value materials could be a potential solution for maintaining industry competitiveness.

B. Zero carbon business opportunities in the information and communication industry

The demand for information and communication end user products is rebounded, and economic indicators are showing optimism. The Industrial Technology Research Institute (ITRI) estimates that the output value of Taiwan's information and communication industry will grow by approximately 1.2% in 2025, reaching NT\$1.29 trillion. The semiconductor industry in the sector of high-end manufacturing processes and packaging, experiencing continuous growth in production capacity and a positive outlook for output value. The utilization of low earth orbit satellites, drones, and robots have emerged as new catalysts for economic expansion. The applications of 6G and AI have led to a surge in the development of high-specification and high-value electronic products. The cross-industry application of AIoT and data empowerment technology is crucial for achieving the goal of net-zero emissions in 2050 and is driving the next wave of growth in the ICT industry.

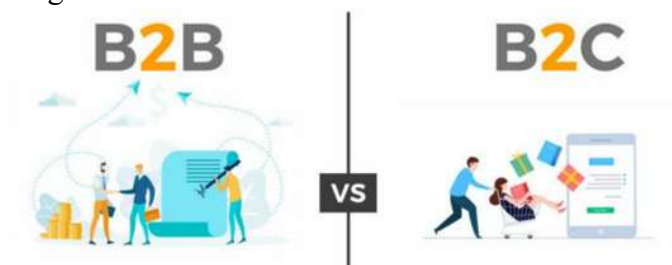
C. Taiwan solar photovoltaic

The current development of the solar photovoltaic industry in Taiwan is outlined as follows:

- a. Following a period of turmoil from 2018 to 2019, Taiwan's solar energy industry has steadily stabilized. Numerous domestic companies have begun establishing solar power systems in their suppliers' sites or their warehouses to achieve the renewable energy usage targets of the international supply chain under the RE100 initiative. After the net-zero strategies released by various countries, Taiwan government has also promulgated policies on clean energy development and set a short-term target of solar power generated reaching 20GW by 2025. This trend will help drive the growth of demand for solar cells and modules.
- b. The prices of upstream silicon and silicon wafers, and raw materials, like silver and copper, have been steadily increasing, which is affecting businesses' profitability.
- c. Exploring potential business opportunities based on foreign solar power companies' localized manufacturing and net-zero demand trend.

D. Battery applications and development of major end products

Based on the analysis report by IEK dated January 3, 2024, the feedback from the battery application market in 2023 indicated that B2C applications, excluding PCs, have predominantly shown negative growth. Only B2B, electric vehicles, and wearable devices have remained stable and positive in growth. As shown in the figure below.



| Interview in Q4 of 2023 | Projected growth rate for 2024 |
|-----------------------------------|--------------------------------|
| EV market | +16~25%(↘) |
| Communications/Servers | +3~6% |
| Wearable devices | +9~16% |
| Energy Storage for the Power Grid | +10~14% |
| Surplus power storage | +2~7% |

| Interview in Q4 of 2023 | Market expectations for 2024 |
|-----------------------------|--|
| NB/Tablet | Optimistic expectation: +3% to +8% |
| Cellphone | Return with a 2-5% annual decline |
| Electric two-wheel vehicles | Inventory issues should be resolved within 24 hours. |
| Machine tools /Gardening | There is a high level of uncertainty about inventory and inflation issues. |
| Drone | The prospect of the market for entertainment purposes is pessimistic, while that for specialty purposes continues to see growth. |

- a. The global communications industry market is expected to reach USD 2.58 trillion in 2024, with an annual growth rate of 6.9%. Driven by generative AI, cloud migration in the telecommunications industry, and digital transformation in enterprises, cloud services have experienced significant growth. In terms of communications equipment, products such as cloud-based high-speed switching equipment, WLAN, fiber broadband networks, and mobile broadband equipment are all experiencing positive growth. As 5G technology becomes increasingly widespread and 6G is on the verge of launching, new application scenarios are emerging. Coupled with the integration of low Earth orbit satellites, cloud computing, artificial intelligence, and the Internet of Things, the global communications industry is expected to continue growing by 6.8% in 2025, reaching USD 2.76 trillion.
- b. The global movement toward achieving the net-zero goal and carbon neutrality is fueling the shift toward EVs, energy transition, as well as supply chain transformation. This has become an international objective.

- c. There is a high demand for long-lasting batteries in power tools and gardening tools, and the demand for batteries in the emerging eVTOL sector is also steadily increasing.
 - d. It is projected that the number of electric scooters will surpass 5 million by 2024, with a growth rate of 20-25%. The primary market for electric scooters is in Asia, accounting for 80-90%. Each country has introduced subsidy policy for electric scooters, and Taiwan also offers a subsidy of NT\$7,000 for each electric scooter purchased. It is anticipated that this market will continue to grow in 2025, leading to an increase in the demand for batteries.
3. Analysis of favorable and unfavorable factors and corresponding strategies for competitive niches and development prospects:
- (1) Competitive niches
- A. For more than fifty years, the Company has fostered a culture of integrity and all-round and forward-thinking leadership, which has shaped our brand image.
 - B. We are a trustworthy and mutually beneficial long-term partner for our customers and suppliers. We specialize in developing highly flexible and customized integrated services based on demand. Our offerings include a complete product line, excellent technical services, comprehensive solutions, and value-added services. We have the ability to integrate the industrial chain and work closely with our suppliers and customers to establish a presence in the international market.
 - C. By staying ahead of the curve, we effectively introduce the latest products, technological information, technologies, and potential business opportunities from countries, such as China, the United States, and Japan. This enables us to gain a competitive edge and be at the forefront of launching cutting-edge materials, equipment, and technologies. We successfully guide supplier and customer needs, as well as R&D initiatives, while enhancing our technological integration capabilities. We serve as a model for the 2.5th generation industry and global resource integration.
 - D. We are actively expanding into the Greater China region, Southeast Asian, Northeast Asian, and the European and American markets, while effectively extending our regional distributorship. Comprehensive and diversified industry layout caters to customers' demand for one-stop shopping. This approach can maintain a balance between business operations and the cyclical risks inherent in the industry.
 - E. We have developed a comprehensive and diversified industry layout to meet customers' demand for one-stop shopping. This allows us to effectively manage operational and industry cyclical risks.
 - F. We have a strong technical team as well as a globally excellent marketing and market development team.

(2) Favorable factors

- A. The economic and industrial development of the Greater China market, along with the global trends in environmental change, align with the direction and pace of the Company's industry and product development.
- B. As the industry expands westward and ASEAN countries continue to rise, the Company has strategically positioned itself in the Chinese and Southeast Asian markets for the long term. We are actively expanding into mainland China, South Korea, and Japan, and our efforts to strengthen customer relationships have yielded positive results. By assisting existing customers in transitioning to new regional markets, we have successfully seized business opportunities.
- C. High-tech companies have a strong demand for suppliers that can offer integrated products and services, in response to the growing trend of diversified operations and business groups' purchasing requirements. This emphasizes the advantages and value of the Company as a comprehensive distributor and global resource integrator.

(3) Unfavorable factors

- A. Like other distributors, we also encounter the potential risks of suppliers engaging in direct sales and establishing direct branches to compete in the market.

Countermeasures:

- (a) Our goal is to establish service stations at customers' sites, to stable partnerships and deliver exceptional sales and service to them nearby.
 - (b) We will offer product information and technical support nearby and integrate logistics systems and provide maintenance or repair consultation services. Furthermore, we develop value-added services to establish a competitive advantage and a niche that is hard to replicate.
 - (c) By focusing on comprehensive solutions, developing integrated product advantages, and providing bundled services and solutions, we will gain a competitive edge and a unique position compared to separate sales of individual products.
 - (d) Strengthen and highlight the added value provided by distributors in terms of cash flows, logistics, and operations.
 - (e) We are committed to upholding the principles of integrity and providing considerate services, and become an important strategic partner for our customers and suppliers.
 - (f) We will continuously develop markets, industries, and corresponding customers and suppliers who can fully capitalize on the value of distribution businesses.
- B. The rapid replacement of industrial products and technological advancements present a formidable challenge to distributors.

Countermeasures:

- (a) We will improve personnel professional training and build up a culture of all-employee marketing to enhance awareness of market changes and responsiveness.
 - (b) To strengthen collaboration with external production and research institutions as well as academic units, it is important to extensively collect industry information and establish a complete industry think tank. This will enhance relevant personnel' industry analysis skills and enable proactive development of potential products and related technologies. Additionally, it is crucial to develop new distribution channels and rapidly innovate new products, technologies, services, and business models through strategic investments and alliances.
 - (c) To meet the growing demand in the end user market, develop diverse applications, and establish a sustainable competitive advantage for the materials we represent.
 - (d) Introduce new teams in a timely manner that align with our development and industry needs.
- C. The future trend toward the "meager profit era" presents substantial challenges to organizational performance.

Countermeasures:

- (a) To develop value-added services and bundle sales, while continuously creating unique, high-value, and high-tech products that are highly profitable, to enhance the value and profitability of our total solutions.
 - (b) To improve control over product procurement, sales, and inventory management to boost inventory turnover and decrease excess inventory.
 - (c) To optimize the organization to enhance the suitability and contribution of our employees.
 - (d) We will continuously enhance our customer credit risk investigation and control processes and effectively manage our accounts receivable and payable.
- D. The effects of significant environmental changes, such as epidemics, trade wars, and conflicts,

Countermeasures:

- (a) We will ensure close monitoring of customers' payment status and enhance it with thorough and real-time analysis of customer credit to mitigate risks.
- (b) We will minimize expenses and effectively manage operating costs while ensuring appropriate use.
- (c) By leveraging the functions and value as a large international distributor with global connectivity, we can actively grasp and develop market demand and supply sources. This approach not only ensures a reliable

supply for our existing customers but also allows us to seize business opportunities that arise from supply-demand imbalances. As a result, we can acquire new customers, expand our product lines, and adopt new business models that provide added value.

(II) Significant functions and production processes of main products

1. Significant functions of main products

| Main product category | Main products | Scope of application |
|---|--|---|
| Materials, components, and equipment for the information, communications, electronics assembly, and PCB industries | High-performance engineering plastics, thermosetting engineering plastics, general-purpose engineering plastics, plastic film and sheet materials, and fiberglass. Dry film, substrates, exposure machines and components, release films, other PCB assembly materials, chemicals, and equipment, high-frequency application materials, appearance inspection machines, secondary battery-related business, active and passive electronic components, as well as wide bandgap power devices, substrates, and epitaxial wafers. | For the production of electronic products, handheld and wearable devices, computer casings, connectors, antenna base stations, data modems, gaming consoles, PCB, motherboards, electrical product components, various types of film/substrates for the FPD industry, automotive industry, consumer goods, medical devices, and packaging materials . |
| Materials for the semiconductor industry and chemicals, gases, and equipment for manufacturing processes. | Photoresist, electronic-grade specialty gases, IC chemicals, removers, silicon wafers, advanced packaging materials, slurry, developer, spare parts, polyimide, and targets for manufacturing processes. | The semiconductor wafer manufacturing and advanced packaging and testing industries. |
| Materials, equipment, components, modules, systems, and solutions for the optoelectronics, optical communications, and flat panel display industries. | Flat panel display terminal systems, optoelectronic display chips, materials, and equipment, optoelectronic equipment and components, OLED materials and components, and thinned glass; optical communication materials, TV motherboards and control chips, and Mini LED application solutions and semi-finished products. | For the manufacturing of liquid crystal displays, touch panels, and OLED panels. The market for flat panel display end applications and the optical communication market. |

| Main product category | Main products | Scope of application |
|---|---|--|
| Materials, equipment, components, modules, systems, and solutions for the green energy, energy conservation, and energy storage industries. | Solar cell materials, solar cells, solar modules, solar systems, and equipment, solar system engineering, energy storage devices, secondary battery materials, and lithium batteries. | For the manufacturing of solar energy systems, energy storage systems, LED, wind power systems, and lithium batteries. |
| Materials, equipment, components, modules, systems, and solutions for the environmental protection and other industries | <p><u>Environmental protection business:</u> Equipment and materials for the purification of waste water and air pollution, such as wastewater ammonia nitrogen treatment, water treatment membranes, and sludge dryers.</p> <p><u>Industrial materials:</u> 1. Composite materials, including fiberglass, core materials, and resin; 2. marine engines: diesel generators designed for yachts; 3. bulletproof fibers, graphite fibers, high-strength fibers, and friction materials; 4. environmentally friendly refrigerants; 5. specialty chemicals, such as silicon powder and antistatic agents; 6. other industrial products, including graphene and nanomaterials.</p> <p><u>Other businesses include:</u> (1) Biotechnology materials, (2) antibody development and reagents; (3) medical devices; (4) enzyme applications; (5) medical food packaging materials/biomaterials and biodegradable materials, and (6) hemodialysis materials, equipment, and services.</p> | For the manufacturing of plastics, household appliances, refrigeration, painting, heat dissipation, aerospace products, national defense, automotive, sports equipment, fire-resistant materials, household products, precision ceramic components, environmental protection systems, ships, biomedical products, models, packaging materials, environmental industry, and advanced manufacturing. |

2. Production processes of main products: N/A

(The Company does not engage in manufacturing, and therefore there is no production process to specify.)

(III) Status of main product supply

| Main product categories | Main Suppliers (in alphabetical order) | Supply Status |
|---|--|---------------|
| Information/communications industry materials (engineering plastics) | SUMIDUREZ SINGAPORE PTE., LTD. MEP Taiwan Limited Sumika Electronic Materials (Shanghai) Corporation CHIMEI Corporation MGC Trading (Shanghai) Co., Ltd. Wanhua Chemical (Yantai) Trading Co., Ltd. | Good |
| Semiconductor manufacturing, packaging, and testing industry materials and process chemicals, gases, and equipment | JSR CORPORATION JSR Corporation Taiwan Branch Mitsubishi Chemical Taiwan Co., Ltd. EKC Technology Inc. | Good |
| Materials, equipment, components, modules, systems, and solutions for the optoelectronics, optical communications, and flat panel display industries. | DB HITEK CO., LTD LX SEMICON CO.,LTD SAMSUNG SDI (WUXI) CO., LTD. CHIMEI Corporation Shiyuan (HK) Ltd. Guangzhou Shikun Electronics Technology Co., Ltd. | Good |
| Materials, components, and equipment for the information, communications, electronics assembly, and PCB industries | ORC MANUFACTURING CO., LTD. Panasonic Industrial Devices Materials Taiwan Co., Ltd. Asahi Kasei Electronics Materials (Suzhou) Co., Ltd. Asahi Kasei Wah Lee Hi-Tech Corporation | Good |
| Materials, equipment, components, modules, systems, and solutions for the environmental protection and other industries | YANMAR ENGINE (SHANGHAI) CO.,LTD. Sumitomo Bakelite (Nantong)Co., Ltd. Zhejiang Ruiteliang Micro Electronics Materials Co., Ltd. | Good |

(IV) Information on suppliers/customers accounting for more than 10 percent of the total purchases (sales) of goods in any of the most recent two years. Additionally, please explain the factors that have influenced the changes in sales.

1. Information on major suppliers for the most recent two years:

Unit: NT\$ 1000

| Item | 2023 | | | | 2024 | | | |
|------|---------------|------------|--|-------------------------------|---------------|------------|--|-------------------------------|
| | Name | Amount | Percentage of annual net purchases (%) | Relationship with the Company | Name | Amount | Percentage of annual net purchases (%) | Relationship with the Company |
| 1 | Company A | 6,968,890 | 12% | None | Company A | 11,329,302 | 15% | No |
| 2 | Others | 51,950,593 | 88% | | Others | 62,588,947 | 85% | |
| 3 | Net Purchases | 58,919,483 | 100% | | Net purchases | 73,918,249 | 100% | |

The demand from customers in the semiconductor industry has increased, leading to an increase in the amount of purchases from suppliers.

2. Information on major customers in the most recent two years: The Company did not have any customer who contributed more than 10% to the total sales.

III. Human Resources:

| Fiscal year | | 2023 | 2024 | As of March 31, 2025 |
|----------------------------|--------------------------|--------|--------|----------------------|
| Number of employees | Sales staff | 824 | 977 | 974 |
| | Administrative staff | 285 | 342 | 323 |
| | Total | 1,109 | 1,319 | 1,297 |
| Average Age | | 40.39 | 41.64 | 41.83 |
| Average years of service | | 9.10 | 9.37 | 9.61 |
| Education distribution (%) | Ph.D. | 0.09% | 0.15% | 0.17% |
| | Master's degree | 9.74% | 10.01% | 10.02% |
| | College | 75.66% | 74.38% | 74.47% |
| | Senior High School | 12.26% | 12.81% | 12.41% |
| | Below senior high school | 2.25% | 2.65% | 2.93% |

IV. Environmental expenditure information:

Information on environmental expenses in the most recent year and up to the publication date of the annual report:

| No. | Item | Amount (NT\$) |
|------|--|------------------|
| 1 | Penalty (losses, including compensation) due to environmental pollution | 0 |
| 2 | Operation of the environmental management system | 9 million |
| 2-1 | SGS annual verification of the ISO 14001 environmental management system | |
| 2-2 | BV annual verification of ISCC PLUS biomass material international sustainable development and carbon certification | |
| 2-3 | Adoption of the ISO14064-1 GHG inventory management system and promotion in overseas subsidiaries. | |
| 2-4 | Acceptance of external verification of GHG inventory by LRQA | |
| 2-5 | BV annual verification of the GRS | |
| 2-6 | Continuous greening of the work environment | |
| 2-7 | Maintenance of lighting equipment (T-5 energy-saving light tubes) | |
| 2-8 | Waste classification and recycling | |
| 2-9 | Procurement of environmental, energy-efficient appliances | |
| 2-10 | Reduction of GHG emissions from purchased electricity | |
| 2-11 | Reduction of GHG emissions from water consumption | |
| 2-12 | Continued advocacy for energy efficiency, carbon emission reduction, and waste minimization | |
| 2-13 | Company car replacement | |
| 2-14 | Qualified cleaning companies contracted for disposal of waste materials | |
| 2-15 | Reporting of sales of goods, including toxic and concerned chemical substances as well as existing and new chemicals and joining industry-related alliances or organizations to ensure compliance with laws and regulations and safety requirements. | |
| 2-16 | Participation in climate change adaptation programs launched by suppliers and customers | |
| 2-17 | Enhanced internal standard document network system to facilitate the transition toward a paperless environment. | |
| 2-18 | Continuation of activities related to E (environment), S (social responsibility), and G (governance) | |
| 2-19 | Outsourced indoor air quality testing at each operational site | |
| 2-20 | Establishment of an online registration platform for greenhouse gas inventory | |

V. Labor Management Relations:

(I) The following is a list of the Company's employee benefit measures and training and development programs, pension system, and their current implementation status. It also includes the agreements between labor and management and the measures in place to protect employee rights.

1. Appropriate compensation system:

The compensation standards for all employees of the Company are not determined by gender, race, nationality, age, or any other factors. When hiring employees of both genders for the same position and rank, the base salary ratio of men to women is one to one. Furthermore, annual salary adjustments and promotions are implemented based on job performance, expertise, and other relevant factors.

To maintain our overall salary competitiveness, we actively participate in and refer to industry salary surveys to establish a fair and competitive remuneration system. As a result, we have consistently been listed as a constituent stock in the Taiwan Stock Exchange's Taiwan High Compensation 100 Index.

2. Comprehensive employee benefits:

The Company's Honorary Chairman is a model of self-made success, and he greatly values the personal challenges faced during the entrepreneurial journey as well as the diligent efforts of our employees. Therefore, the Chairman and the management team place great importance on the living and working conditions of employees. They consider providing comprehensive benefit measures and a conducive work environment as their highest guiding principle. In addition to meet the requirements for labor insurance, health insurance, and pension contributions as mandated by law, the Company also offers group insurance and subsidies for employee stock ownership trust. Furthermore, we have established an Employee Welfare Committee to address employee benefit matters.

The Company's main benefit measures are listed below:

- (1) Sponsorship of clubs and recreational activities.
- (2) Group insurance and travel safety insurance.
- (3) Offering of gift vouchers and cash gifts on holidays.
- (4) Recognition and rewards for senior employees
- (5) Holiday and annual year-end lucky draw party.
- (6) Year-end bonuses and profit-sharing bonuses.
- (7) Subsidies for both domestic and international travel.
- (8) Work-related injury or illness condolence money and emergency assistance money.
- (9) Subsidies for marriage, funerals, and childbirth.
- (10) Annual employee health check-up.
- (11) Provision of company notebook computers.
- (12) Employee stock ownership trust incentives.
- (13) Limited paid personal or sick leave.
- (14) Outstanding team recognition.

- (15) Education scholarship.
 - (16) Provision of breastfeeding rooms and the necessary facilities
 - (17) Employee childcare institutions subsidies.
 - (18) Offering flexible work schedules, allowing employees to choose their start/end times.
3. Diverse talent development program:

The Company develops a talent training and development program annually based on job levels or functions. This helps to continuously strengthen the professionalism of employees and enables them to put into practice the Company's customer value proposition. The proposition includes providing customers with comprehensive problem-solving solutions, delivering considerate service, and demonstrating excellent operational efficiency. Talent training and development are primarily divided into the following four areas:

(1) Management competence development:

The unit responsible for training develops annual training projects and related learning activities for first-line, middle, and top-level managers. These projects are based on the governance literacy and various management competencies required by managers at different levels to perform their duties.

(2) Professional development:

We plan and arrange for employees to receive professional training in various areas, including sales, customer service, information services, human resources, financial accounting, legal affairs, credit management, and logistics, based on the knowledge and skills required for each competence.

(3) General education development:

Employees should receive specialized training on essential concepts and skills, including reinforcing the Company's core values, understanding international trade practices, implementing information security measures, ensuring compliance, promoting occupational safety and health, and embracing environmental and social responsibility.

(4) New employee training:

To plan training courses for new employees, the content includes an overview of the Company and an introduction to the management team, personnel administration regulations, employee benefits, human rights policies, and workplace protection. Additionally, explanations on credit management systems and an overview of international trade processes are provided based on different job competencies and requirements. Departmental on-the-job training programs are also offered to assist new employees in quickly demonstrating their performance.

(5-1) Status of employee development and training for 2024:

| Number of training courses | Total number of trainees | Total number of training hours of all trainees |
|----------------------------|--------------------------|--|
| 159 | 1,674 persons | 3,729 hours |

(5-2)Managers' participation in company training in 2024:

| Total number of training classes | Total number of trainees | Total number of training hours of all trainees |
|----------------------------------|--------------------------|--|
| 35 | 95 persons | 267 hours |

(5-3)Managers' participation in corporate governance-related training in 2024:

| Title | Name | Organizer | Course title | Training hours |
|-----------------|--------------------|--|--|----------------|
| Chairman | Chang, Tsuen-Hsien | Wah Lee Industrial Corporation | Carbon Trading Mechanism and Carbon Management Continuing Education Course | 3 |
| Vice President | Liu, Feng-Roung | Wah Lee Industrial Corporation | Carbon Trading Mechanism and Carbon Management Continuing Education Course | 3 |
| Senior Director | Yu, Ching-Tien | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| Senior Director | Yang, Cheng-Ju | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| Senior Director | Shan, Tzu-Hao | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| Senior Director | Chen, Yi-Jen | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| Senior Director | Chiang, Kuo-Jui | Wah Lee Industrial Corporation | Carbon Trading Mechanism and Carbon Management Continuing Education Course | 3 |
| | | | 2024 Sustainable Development and Corporate Governance | 2 |
| | | | Information security is right beside you. | 1 |
| | | | Goal Setting and Performance Management | 7 |
| | | | A Brief Discussion on Greenhouse Gas Inventory | 2 |
| Senior Director | Lee, Kuo-Ping | Accounting Research and Development Foundation | Professional Development Course for Principal Accounting Officers | 12 |
| | | Wah Lee Industrial Corporation | 2024 Sustainable Development and Corporate Governance | 2 |
| | | | Information security is right beside you. | 1 |
| | | Taiwan Stock Exchange | Seminar for the Adoption of International Financial Reporting Standards held by TWSE in 2024 | 3 |
| | | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| | | | A Brief Discussion on Greenhouse Gas Inventory | 2 |
| Senior Director | Lin, Jen-Chih | Stock Exchange | Sustainable Disclosure Practice Workshop for Listed Companies | 9 |
| | | Wah Lee Industrial Corporation | Carbon Trading Mechanism and Carbon Management Continuing Education Course | 3 |
| | | | 2024 Sustainable Development and Corporate Governance | 2 |

| Title | Name | Organizer | Course title | Training hours |
|---------------------|------------------|--|---|----------------|
| | | | Goal Setting and Performance Management | 7 |
| Senior Director | Yang, Chen-Ming | Wah Lee Industrial Corporation | Carbon Trading Mechanism and Carbon Management Continuing Education Course | 3 |
| Director | Shih, Chia-Sheng | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| | | | A Brief Discussion on Greenhouse Gas Inventory | 2 |
| Director | Cheng, Nai-Chung | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| Director | Tsai, Ken-Tang | Wah Lee Industrial Corporation | Goal Setting and Performance Management | 7 |
| Director | Yang, Yu-Kuang | Wah Lee Industrial Corporation | Carbon Trading Mechanism and Carbon Management Continuing Education Course | 3 |
| | | | 2024 Sustainable Development and Corporate Governance | 2 |
| | | | Information security is right beside you. | 1 |
| Director | Chen, Hsin-Yi | Wah Lee Industrial Corporation | Human Rights Due Diligence and Social Responsibility in Factory Audit Practices | 3 |
| | | | 2024 Sustainable Development and Corporate Governance | 2 |
| | | | Prevention and Response to Common Labor-Management Disputes in Business Operations | 2 |
| | | | Current Human Resource Situation in ASEAN and Cross-Border Talent Management Tax Issues | 2 |
| | | | Information security is right beside you. | 1 |
| | | | A Brief Discussion on Greenhouse Gas Inventory | 2 |
| Director | Tsai, Shu-Fen | Accounting Research and Development Foundation | Professional Development Course for Principal Accounting Officers of TWSE | 14 |
| | | Wah Lee Industrial Corporation | 2024 Sustainable Development and Corporate Governance | 2 |
| Business consultant | Chih Ko-Li | Wah Lee Industrial Corporation | 2024 Sustainable Development and Corporate Governance | 2 |
| | | | Information security is right beside you. | 1 |

4. Carefree retirement system:

In compliance with the Labor Standards Act, the Company has formed a Supervisory Committee of Labor Retirement Reserve. Currently, the Company makes a monthly contribution at 8% of the total monthly salary to the retirement reserve fund, which is stored in the Retirement Fund Account at the Department of Trusts, Bank of Taiwan. Since July 1, 2005, as part of the new labor pension scheme, the Company has made a monthly contribution, at no less than 6% of employees' monthly salary to their individual pension account at the Bureau of Labor Insurance. Furthermore, the Company has established an

employee stock ownership trust as the third pillar of our employees' retirement. The Company ensures that employees' lives are well taken care of after retirement, providing them with peace of mind throughout their employment.

5. Effective labor-management communication channel:

All measures and regulations concerning labor-management relations in the Company are implemented in accordance with applicable laws and regulations, and the implementation is satisfactory. All measures pertaining to the improvement of labor rights and benefits are decided through the labor-management meetings with thorough communication and agreement with the employees. This approach ensures the prevention of any potential disputes.

6. Additional measures to protect employee benefits:

In recent years and up to the publication date of the annual report, all measures to safeguard employee rights have been properly handled. In addition to maintaining smooth channels of formal communication between labor and management, the Human Resources Department has implemented the account officer (AO) mechanism for many years. This mechanism is for interacting with employees from various departments and providing services to understand organizational issues and to consolidate, track, handle, or improve them, thereby safeguarding employee rights.

7. Measures for protecting the work environment and ensuring employee personal safety:

| Item | Content |
|---|---|
| Access control security | <p>1. Stringent access control and surveillance systems are implemented round the clock. Upon arrival, visitors are obligated to register their information and will be accompanied by an employee inside the Company.</p> <p>1. We have installed a facial recognition system for employee attendance confirmation and access control. and a security system for both the Company and the building and set up an automatic alarm system with emergency contact numbers connected to the building management office and key personnel in the Company and can enable the locking of the elevators on the entire floor after office hours.</p> |
| Fire equipment maintenance and inspection | <p>1. Monthly inspection of dry powder/foam fire extinguishers:</p> <p>1.1 Confirming that there are no missing or damaged safety pins and nozzles.</p> <p>1.2 Confirming that the pressure indicator is functioning normally.</p> <p>1.3 Confirming the expiration date of the chemicals.</p> <p>1.4 Confirming the area surrounding the fire extinguishers for any clutter.</p> <p>2. The Company has internally installed smoke detection equipment and conducts an annual inspection to ensure the main unit, sensors, and alarms are functioning properly.</p> <p>3. We coordinate with the building to conduct fire drills at least once a year.</p> <p>4. To ensure proper functioning, the batteries of emergency evacuation indicator lights should be charged and discharged every three months.</p> <p>5. The lobby has been equipped with fire doors and smoke exhaust systems.</p> |

| | |
|------------|---|
| Healthcare | <ol style="list-style-type: none"> 1. We conduct regular annual health check-ups for our employees and invite professional physicians to provide reports and consultation services as well as safety and health training. Furthermore, the Company has employed occupational medicine specialist physicians and occupational medicine specialist nurses in compliance with the law to deliver regular on-site health management services. 2. The Company has employed certified occupational physicians and occupational nurses to offer regular on-site health management and consultation services in compliance with the law. Health seminars are held irregularly (Disaster Prevention and Emergency Rescue Education and Training on January 16, 2024, and Discussion on Dysautonomia on August 13, 2024). 3. The janitorial staff is responsible for cleaning the restrooms, organizing the office environment, and managing waste on a daily basis. |
|------------|---|

- (II) Losses resulting from labor disputes during the most recent year and up to the publication date of the annual report, along with estimated amounts and countermeasures for potential future incidents:

Since the Company was established, there has been effective communication and positive interaction between labor and management. Consequently, the labor-management relationship has consistently remained rational and harmonious. Throughout the most recent fiscal year and up to the publication date of the annual report, there have been no instances of labor disputes or losses. Therefore, the likelihood of future labor disputes is also extremely low. Moreover, the Company will consistently adhere to labor laws, improve employee benefit measures, establish multiple channels for communication and complaints, and assign relevant departments to monitor the implementation and resolution of various issues, all in order to maintain optimal labor-management relations.

VI. Cyber Security Management:

- (I) Please provide a concise description of the framework for managing cyber security risks, the policy for cyber security, the specific management plans, and the allocated resources for cyber security management.

1. Information security risk management framework:

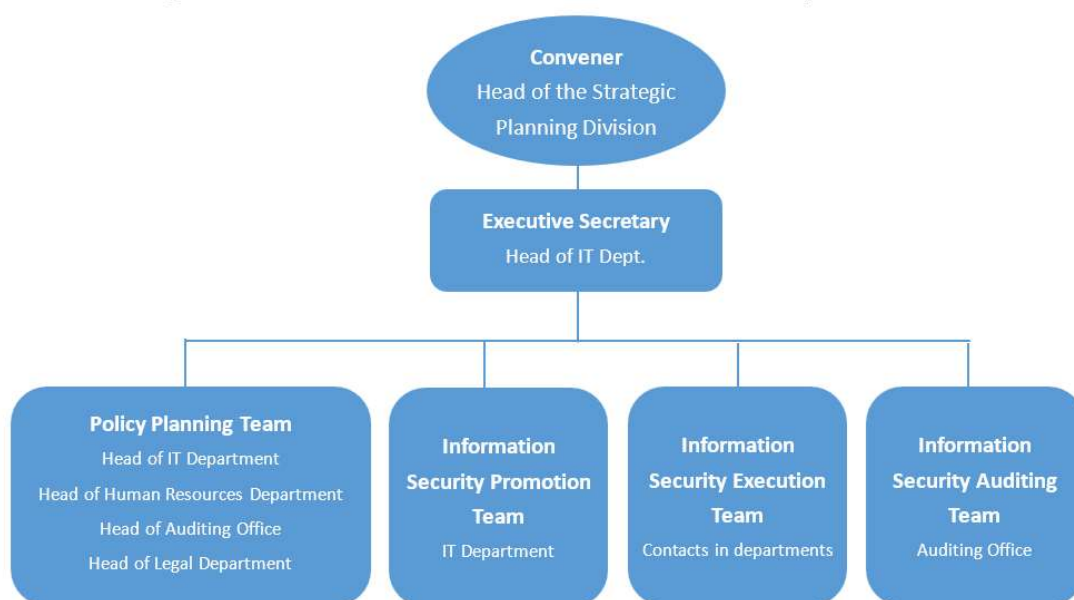
To strengthen information security governance and ensure the protection of the company's core intangible assets as well as the data security of partners in the supply chain (including suppliers and customers), Wah Lee Corp. established the "Information Security Management Committee" in 2015. The committee is responsible for overall planning of information security, regularly reviewing information security and risk management systems, and promoting related information security measures. The committee's is chaired by the highest-ranking supervisor of the Strategic Planning Division (President) as the Convenor, with the Head of the IT Department serving as Executive Secretary, ensuring the

implementation and continuous improvement of the organization's information security mechanisms.

The Information Security Management Committee is divided into four task forces based on their responsibilities, including the "Policy Planning Task Force," the "Information Security Promotion Team," the "Information Security Audit Team," and the "Information Security Execution Team." These groups are responsible for formulating information security policies, guiding and promoting information security management tasks, overseeing information security audit mechanisms, and handling emergency responses to information security incidents. The committee holds regular annual meetings to review and optimize the company and group's information security policies and significant risk issues. It also formulates response strategies to continuously enhance the overall information security management capabilities.

The following is a description of the work content for each group:

Organizational Chart of Wah Lee Information Security Committee



- (1) **Policy Planning Team:** Responsible for the formulation and improvement of information security policies, ensuring compliance with international standards and regulatory requirements. The task force also conducts risk assessments across systems, technologies, operational processes, and customer data, and establishes a comprehensive information security management system.
- (2) **Information Security Promotion Team:** Strengthens information security protection mechanisms through a multi-layered technical architecture (including hardware, networks, application systems, and data security), and continuously monitors and maintains operations to ensure the integrity and security of confidential information.
- (3) **Information Security Audit Team:** Regularly conducts audits of the information security management system and control measures, submits audit reports, and oversees the implementation of improvement measures to ensure the effective execution of information security policies.

- (4) Information Security Implementation Team: Responsible for implementing information security policies, promoting information security activities, education and training within its units, and handling first-line responses and management of information security incidents. Any violations of information security regulations will be appropriately addressed based on the severity of the violation, including personnel disciplinary actions or necessary legal measures, in order to maintain the rigor of the company's information security management.

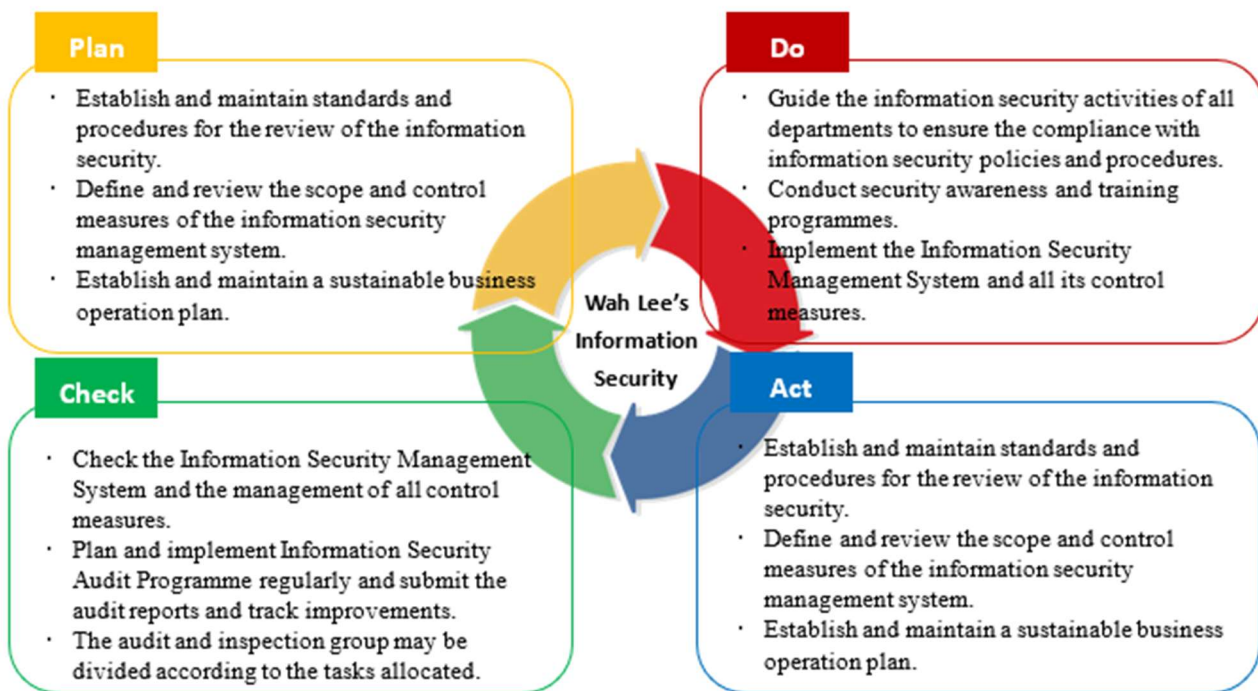
2. Cyber security policy

Wah Lee Corp.'s security policies aim to maintain the company's information security management system, ensuring the security of the company's core data, protecting operational systems, and safeguarding the information of both upstream and downstream supply chain. The policies also aim to reduce information security risks, enhance overall information security resilience, and align with regulatory requirements and international standards as the company's overarching policy objectives. The principles of information security management are as follows:

- (1) Confidentiality: Ensuring that core data is fully protected, with data security safeguarded through access control and encryption technologies.
- (2) Integrity: Ensuring the accuracy, reliability, and immutability of the content of the information, preventing operational risks caused by unauthorized modifications, deletions, or destruction.
- (3) Availability: Ensuring that information systems and critical data remain accessible under authorized access requirements, while minimizing the risk of operational interruption through disaster recovery mechanisms.

The Information Security Management Committee oversees four dedicated task forces that operate according to the PDCA (Plan, Do, Check, Act) cycle management model to ensure the effectiveness and continuity of information security governance.

Wah Lee Corp. will continue to strengthen its information security management system and ensure effective control of information security risks through regular reviews and improvements. These efforts aim to enhance overall operational resilience and competitiveness.



3. Specific plans and implementation of network information security risk management

- (1) **Network security:** The Company's offices including in Taiwan, mainland China, and Southeast Asia. Currently, advanced next-gen firewalls have been installed at each location to prevent viruses from attacking and invading into any office, as well as to provide continuous defense against attempted attacks in other regions. In order to prevent computer hacking or malware incidents, high-end network detection and defense systems with military-grade cybersecurity have been implemented in strategic overseas locations. This allows for the early detection and warning of both known and newly discovered attack behaviors, preventing viruses from successfully carrying out their attacks or invasions. In addition to its establishment of network security, the Company has also implemented systems for host monitoring and email filtering in multiple locations, both domestically and internationally. The systems are equipped with robust protection capabilities against various types of malicious programs, including trojans, worms, viruses, and phishing emails.
- (2) **Device security:** The Company has installed endpoint protection on all personal computer systems both domestically and internationally. To strengthen and identify malicious attacks, the group has also implemented a mobile protection mechanism to prevent unauthorized access to the Company's systems through mobile devices.
- (3) **Email security:** We have an email protection system in place with preventive measures, including a sandbox mechanism, to combat the latest spam emails, phishing emails, and other malicious emails and monitor and filter viruses.
- (4) **Application security:** Ensuring the secure execution of application development processes, testing, and version updates. A dedicated firewall for the web application system has been implemented. This firewall will prevent hackers from launching attacks through the web code or system vulnerabilities, or implanting malicious software.

4. Resource allocated for cyber security management

In the face of increasingly severe global information security threats, businesses are facing a rising risk of new types of cyberattacks and ransomware. It is impossible to fully ensure that internal networks and information systems are protected from these threats. Therefore, Wah Lee Corp. continues to review and strengthen its information security defense measures, actively adopting advanced information security technologies and management mechanisms to enhance its overall information security protection capabilities. The company also conducts information security education and training for employees to raise their awareness.

(1) Dedicated Personnel:

Wah Lee Corp. has appointed a dedicated Chief Information Security Officer (CISO) and one information security personnel. In addition, more than ten IT personnel are responsible for information security-related tasks. The company has also established a Policy Planning Group, Information Security Promotion Group, Information Security Auditing Group, and Information Security Implementation Group to carry out their tasks. Meetings of the Information Security Committee regularly. In 2024, two meetings were held, taking place on April 24 and September 27, to discuss issues related to information security.

(2) Education and Training: To enhance employees' awareness of information security, Wah Lee Corp. conducts annual information security orientation training courses for new employees, along with periodic information security training sessions within the group. In 2024, over five training sessions were held, with a total of 279 participants. Additionally, 11 information security awareness campaigns were carried out to further strengthen employees' understanding of information security.

(3) Intelligence Gathering: The Company is a member of TWCERT (Taiwan Computer Emergency Response Team). The Company regularly collects threat intelligence in information security and implement appropriate preventive measures, thereby reducing potential exposure to risks.

In 2024, Wah Lee Corp. allocated 40% of its total IT department budget to information security defense projects, implementing and continuously strengthening the following key information security systems:

(1) Extended Detection and Response System (XDR): By enabling cross-layer threat detection and automated response mechanisms, XDR enhances the protective capabilities of the corporate's endpoint devices.

(2) Multi-Factor Authentication (MFA): MFA strengthens the security of corporate accounts and reduces the risk of credential leakage. Every employee is required to complete the verification process of the multi-factor authentication system when accessing the company's internal network through a virtual private network (VPN).

(3) Vulnerability Scanning System: This system regularly evaluates the security of both internal and external corporate systems to ensure that vulnerabilities are identified and promptly addressed. In 2024, the total number of vulnerabilities was reduced by 20.3%

- (4) Privileged Access Management (PAM): This system enforces strict control over the use of highest access authority, reducing the risk of internal privilege misuse.
- (5) Web Application Firewall (WAF): WAF protects corporates' application systems from cyberattacks, ensuring the stable operation of critical business systems.

In addition to strengthening technology and infrastructure, we are also actively promoting the development of information security talents and the formation of an information security team. Through professional courses and training programs, we enhance the internal technical team's ability to implement information security standards, operational procedures, and best practices across the organization.

In the future, Wah Lee Corp. will continue to reduce the impact of information security risks on business operations through information security management and improvement plans. The company will ensure the security of sensitive data both within its operations and throughout its upstream and downstream supply chains, while further protecting the best interests of its partners and investors. Wah Lee Corp. will continue to enhance its information security measures to ensure the confidentiality, integrity, and availability of its information assets, laying a solid foundation for the company's sustainable operations.

- (II) Please provide details of any losses, potential impacts, and countermeasures resulting from significant cyber security incidents that occurred during the most recent year and up to the publication date of the annual report. If it is not possible to reasonably estimate the amounts, please explain the reasons for the inability to do so:

There were no significant cyber security incidents in 2024.

VII. Important Contracts:

| Nature of contract | Party concerned | Beginning and end dates of contract | Major content | Restrictive covenants |
|------------------------------|---|--|--|---|
| Agency/distribution contract | Sabic Innovative Plastics Hong Kong Limited | 2021.9.1~2025.12.31 | Agency and distribution of Thor film sheets | Region: Taiwan, Hong Kong, and mainland China |
| Agency/sales contract | KURARAY Trading Co., Ltd. | 2002.1.1~2002.12.31 (automatic renewal) | Agency and sales of high-performance nylon plastics | Region: Mainland China, Taiwan, and Hong Kong |
| Agency/sales contract | Nagase & Co., Ltd. | 1998.1.1~2000.12.31 (automatic renewal) | Engineering plastics | Location: Taiwan |
| Agency/sales contract | Sumidurez Singapore Pte. Ltd. | 1999.8.20~2001.8.19 (automatic renewal) | Agency and sales of bakelite plastics | Location: Taiwan |
| Agency/sales contract | Teijin Dupont Films Japan Ltd. | 2000.1.1~2000.12.31 (automatic renewal) | Agency and sales of PET plastics | Region: Mainland China, Taiwan, and Hong Kong |
| Intermediate sale agreement | CHIMEI Corporation | 1999.1.1~2001.12.31 (automatic renewal) | Agency and sales of engineering plastics | Overseas regions (excluding Taiwan) |
| Distribution contract | Nagase Wahlee Plastics Corp. | 2000.1.1~2003.12.31 (automatic renewal) | Distribution of engineering plastic raw materials | |
| Sales contract | Teijin Kasei Taiwan Co., Ltd. | 2007.9.10~2008.9.9 (automatic renewal) | Distribution of engineering plastic raw materials | |
| Sales basic contract | Sumika Electronic MATERIALS (SHANGHAI) Corporation | 2023.7.1~2024.6.30 | LCP, PES, and etc. | |
| Distribution contract | Victrex Manufacturing Limited. | 2020.6.1~2022.5.31 (automatic renewal) | Distribution of PEEK raw materials | Taiwan and Southeast Asia |
| Agency/sales contract | Fukuoka Cloth Industry Co., Ltd. | 1998.1.1~2000.12.31 (automatic renewal) | Agency and sales of water stop for cables | Region: Customers designated in Taiwan |
| Agency/sales contract | Teijin Shoji | 1992.2.28~1993.2.27 (automatic renewal) | Agency and sales of Teijin Conex | Location: Taiwan |
| Distribution contract | Taiwan Glass Ind. Corp. | 2000.1.1~2002.12.31 (automatic renewal) | Agency and sales of fiberglass | Distributors in Taiwan |
| Distribution contract | Daily Polymer Corp. | 1999.1.1~2001.12.31 (automatic renewal) | Agency and sales of unsaturated polyester resin | One of the distributors in Taiwan |
| Basic transaction contract | Mitsubishi Chemical Taiwan Co., Ltd. | 1999.6.1~ | Bulk chemical sales | |
| Distribution contract | JSR Corporation | 2024.1.1~2026.12.31 | Agency and sales of photoresists, CMP slurries, and PCMP for the semiconductor industry. | |
| Agency contract | Sumitomo Seika Chemicals Co., Ltd. | 2007.11.1~2012.10.31 (automatic renewal) | Sales of gases and PVSA gas generators | |
| Agency/sales contract | Asahi Kasei Corporation (Asahi Chemical Industry Co., Ltd.) | 1997.8.1~1998.7.31 (automatic renewal) | Agency and sales of dry film products | Regions: Taiwan and mainland China |

| Nature of contract | Party concerned | Beginning and end dates of contract | Major content | Restrictive covenants |
|--|---|--|---|---|
| Agency/sales contract | Sumitomo Bakelite Company Ltd. | 2000.1.1~2000.12.31 (automatic renewal) | Agency and sales of release film products | Regions: Taiwan and mainland China |
| Agency contract | Seho Robot Ind. Co., Ltd. | 2008.11.1-2010.10.30 (automatic renewal) | Agency and sales of flexible printed circuit automated equipment | Regions: Taiwan and mainland China |
| Agency/sales contract | Panasonic Corporation | 2014.10.1~ (automatic renewal) | Agency and sales of CCL and films | Regions: Taiwan and mainland China |
| Agency/distribution contract | Cambridge GaN Devices | 2022.8.15~2023.8.14 (automatic renewal) | Agency and sales of high-voltage gallium nitride field-effect power devices | Regions: APAC and Japan |
| Agency/distribution contract | Joint Power eXponent, Ltd. | 2022.4.1~2025.3.31 (automatic renewal) | Agency and sales of high-voltage gallium nitride power on package chips | Regions: Greater China, Southeast Asia, and India |
| Certificate of authorized agency | Para Light Electronics Co., Ltd. | 2023.12.1-2025.11.30 | Agency and sales of power semiconductors and various packaging products. | Region: Worldwide |
| Certificate of authorized agency | Heraeus Materials Technology Shanghai Ltd. | 2023.8.19-2025.12.31 | Agency and sales of semiconductor discrete devices and protective devices | Region: Asia-Pacific region |
| Exclusive purchasing agreement | SL Link Co., Ltd. | 2022.6.1-2023.5.31 (automatic renewal) | Agency and sales of memory modules | Regions: Taiwan and mainland China |
| Agency contract | Jiangsu Jifu Technology Electronics Co., Ltd. | 2023.5.3~ | Agency and sales of power inductor products | Regions: Taiwan and mainland China |
| Agency contract | Mitsubishi Chemical Corporation | 2011.1.1~ (automatic renewal) | Agency and sales of color photoresist products | Regions: Taiwan and parts of mainland China |
| Declaration | <i>Clean Technology Co., LTD.</i> | <i>2014.10.30~</i> | <i>LCD Equipment and Components Related Agency</i> | Region: Taiwan, mainland China |
| Distribution, sales and purchase agreement | Chi Mei Corporation | <i>2024.12.1~2025.12.31</i> | Specialty Chemicals Related Agency | Sales to Designated Customers |
| Distribution contract | Sungrow Power Supply Co., Ltd. | 2022.7.1~2025.7.31 | Sale of solar photovoltaic products | Location: Taiwan |

| Nature of contract | Party concerned | Beginning and end dates of contract | Major content | Restrictive covenants |
|---|--|-------------------------------------|--|---|
| Medium-to-long-term syndicated loan agreement | Mega International Commercial Bank, Land Bank of Taiwan, Hua Nan Bank, Taiwan Cooperative Bank, E. Sun Commercial Bank, Ltd., Bank SinoPac, and First Commercial Bank. | 2022.8~2027.8 | Repayment of loans to financial institutions and increase of mid-term working capital. | <p>The Company's financial ratios should be in line with the following restrictions:</p> <ol style="list-style-type: none"> 1. Current ratio (Current assets/Current liabilities) \geq 100%. 2. Debt ratio (Total debt /Net worth of tangible assets) \leq 200%. 3. Times interest earned (Income before tax + Interest expense + depreciation + amortization)/Interest expense \geq 6. 4. Total net worth of tangible assets (Equity — Intangible assets) \geq NT\$10 billion. |

Chapter 5 Review and Analysis of Financial Positions, Business Results, and Risks

I. Financial positions:

Comparison and analysis of changes in assets, liabilities, and shareholders' equity in the most recent two years Unit: NT\$1000

| Item \ Year | 2023 | 2024 | Difference | |
|--|------------|------------|-------------|-----|
| | | | Amount | % |
| Current Assets | 34,731,916 | 35,926,125 | 1,194,209 | 3 |
| Property, Plant, and Equipment | 5,982,073 | 6,254,491 | 272,418 | 5 |
| Intangible Assets | 9,467,322 | 10,195,234 | 727,912 | 8 |
| Other Assets | 50,181,311 | 52,375,850 | 2,194,539 | 4 |
| Current Liabilities | 22,939,213 | 20,821,148 | (2,118,065) | (9) |
| Long-term Liabilities | 6,818,483 | 7,039,175 | 220,692 | 3 |
| Other Liabilities | 29,757,696 | 27,860,323 | (1,897,373) | (6) |
| Share Capital | 2,362,393 | 2,594,368 | 231,975 | 10 |
| Capital Surplus | 2,092,166 | 3,905,495 | 1,813,329 | 87 |
| Retained Earnings | 13,483,197 | 14,725,229 | 1,242,032 | 9 |
| Shareholders' equity | 20,423,615 | 24,515,527 | 4,091,912 | 20 |
| <p>1. Main reasons for major changes (20% or more) in the last two years:</p> <p>The increase in capital surplus is primarily attributable to the conversion of convertible corporate bonds into share capital.</p> <p>The total equity of shareholders is primarily attributed to the conversion of convertible corporate bonds into share capital, along with the increase in exchange differences recognized from the translation of financial statements of foreign operating entities .</p> <p>2. Impact of major changes and future response plan in the last two years:</p> <p>There have been no major changes in the last two years. The Company will continue to operate and develop business as necessary, making timely adjustments to procurement and sales strategies, and focusing on managing working capital.</p> | | | | |

II. Financial Performance:

Comparison and analysis of operation results in the most recent two years Unit: NT\$1000

| Item \ Year | 2023 | 2024 | Increase (Decrease) by Amount | Change (%) |
|-----------------------------------|------------|------------|-------------------------------------|---------------|
| | | | | |
| Net Operating Revenue | 66,782,410 | 80,030,914 | 13,248,504 | 20 |
| Operating Costs | 61,256,065 | 74,072,856 | 12,816,791 | 21 |
| Gross Profit | 5,526,345 | 5,958,058 | 431,713 | 8 |
| Operating Expenses | 3,024,790 | 3,291,834 | 267,044 | 9 |
| Operating Income | 2,501,555 | 2,666,224 | 164,669 | 7 |
| Non-operating Income and Profit | 905,778 | 1,013,958 | 108,180 | 12 |
| Non-operating Expenses and Losses | 328,721 | 406,112 | 77,391 | 24 |

| | | | | |
|---|-----------|-----------|-----------|-----|
| Income Before Tax from Continuing Operations | 3,078,612 | 3,274,070 | 195,458 | 6 |
| Income Tax Expense | 762,437 | 734,219 | (28,218) | (4) |
| Income After Tax from Continuing Operations | 2,316,175 | 2,539,851 | 223,676 | 10 |
| <p>1. Main reasons for major changes (over 20%) in the last two years:</p> <p>The net operating revenue and operating costs have increased, primarily due to the growth in customer demand in the electronic communications industry, flat panel display industry, semiconductor industry, and printed circuit board sector this year.</p> <p>The increase in non-operating expenses and losses is primarily attributed to the recognition of gains from investment disposals in 2023.</p> <p>2. For the sales forecast quantities and basis, the potential impact on the Company's future financial operation and business, and action plans, please see the overview of operations and the letter to shareholders provided in this annual report.</p> | | | | |

III. Cash flow:

(I) Analysis of cash flow changes in 2024 parent company only financial reports:

Unit: NT\$1000

| Opening Balance of Cash | Annual Net Cash Flow from Operating Activities | Annual Cash Inflow (Outflow) | Amount of Cash Surplus or (Deficit) | Cash Deficit Improvement Plans | |
|-------------------------|--|------------------------------|-------------------------------------|--------------------------------|----------------|
| | | | | Investment Plan | Financial Plan |
| 1,703,009 | (245,250) | 749,362 | 2,207,121 | - | - |

1. Analysis of cash flow changes:

- (1) This year's parent company only revenue and working capital demand increased, resulting in a net cash outflow from operating activities.
- (2) The parent company only cash inflows were mainly due to loans received from subsidiaries to repay bank loans, in line with financial planning and fund allocation needs.

2. Improvement plan for insufficient cash liquidity: It is not applicable as there is no insufficient liquidity.

3. Cash flow liquidity analysis for the next year: N/A.

(II) Analysis of cash flow changes in 2024 consolidated financial reports:

Unit: NT\$1000

| Opening Balance of Consolidated Cash | Annual Net Consolidated Cash Flow from Operating Activities | Annual Consolidated Cash Inflow (Outflow) | Amount of Consolidated Cash Surplus or (Deficit) | Consolidated Cash Deficit Improvement Plans | |
|--------------------------------------|---|---|--|---|----------------|
| | | | | Investment Plan | Financial Plan |
| 6,456,514 | (102,696) | (1,687,612) | 4,666,206 | - | - |

1. Analysis of cash flow changes:

- (1) This year's consolidated revenue and working capital has increased, resulting in a net cash outflow from operating activities.

(2) The consolidated cash outflows are primarily attributed to loan repayments, cash dividend distributions, and the establishment of a logistics center in the southern region of Taiwan to support operational development.

2. Improvement plan for insufficient cash liquidity: It is not applicable as there is no insufficient liquidity.
3. Cash flow liquidity analysis for the next year: N/A.

IV. Impact of the most recent year's major capital expenditure on financial operation and business:

The major capital expenditures in recent years are mainly due to the establishment of a logistics center in the southern region of Taiwan to meet the operational development needs. The funding for these primarily came from internal funds and bank loans, and it had no significant impact on financial operations.

V. The investment policy in the most recent year, the main reasons for its profits or losses, improvement plans, and investment for the next year:

| Details Investee | Policy | Main Reason for Profit or Loss | Improvement Plan | Investment Plan for the Next Year |
|--|--|--|------------------|--|
| Wah Lee Holding (including Shanghai Yi Kang, Shanghai Hua Chang, Raycong Industrial (including Dong Guan Hua Gang), and Regent King International Limited) | To align with the customers' relocation, expand the business operation to China and Hong Kong. | It is a holding company and is recognized the investment income generated from its subsidiaries, primarily responsible for buying and selling materials in China's market. With effective management and control, it ensures stable profitability, including subsidiaries. | None | Further evaluation should be conducted based on the demand for expanding into international markets. |
| Nagase Wahlee Plastics Corp. ORC Technology Corp. ORC Corp. | Enhance collaboration with Japan's suppliers and strive for stock dividends. | It is mainly responsible for buying and selling synthetic esters and exposure machines, and parts. In addition to transferring all business operations to ORC Corp., ORC Technology Corp. will undergo a liquidation procedure. Due to the proper management and control of the remaining reinvested companies, the Company as a whole | None | The evaluation will be conducted according to the operational needs of the Company. |

| Investee \ Details | Policy | Main Reason for Profit or Loss | Improvement Plan | Investment Plan for the Next Year |
|--|---|--|---|---|
| | | continues to maintain stable profits.. | | |
| CWE Inc. | Investment for the long term and earn dividends in return. | The Company's main focus is on the trading of semiconductor packaging and testing materials and equipment. Due to the stable semiconductor industry, the Company has consistently remained profitable. | None | The evaluation will be conducted according to the operational needs of the Company. |
| Wah Hong Industrial Corp. | Investment for the long term and earn dividends in return. | The Company's main focus is on the manufacturing and trading of LCD materials. Due to the proper management and control, the Company has consistently remained profitable. | None | The evaluation will be conducted according to the operational needs of the Company. |
| Sakuragawa Solar Godogaisha and Miyazaki Solar Godogaisha | Continue to invest in solar power stations to establish the connection with the end customer for solar energy materials and further expand solar energy business. | Sakuragawa and Miyazaki's solar power stations have consistently generated electricity and maintained stable profitability. | None | None |
| Meditek (Shanghai) Co., Ltd. Guangzhou Xingxian Medical Management Consulting Co., Ltd. | Enhance long-term operational momentum by developing the medical care industry. | Its years of development in the healthcare industry has made substantial achievement. Nevertheless, the Company's performance has been negatively impacted by the COVID-19 lockdown measures in China, as well as the uneven allocation of | It aims to continuously and actively expand the business while reducing expenses. | The evaluation will be conducted according to the operational needs of the Company. |

| Investee \ Details | Policy | Main Reason for Profit or Loss | Improvement Plan | Investment Plan for the Next Year |
|---|--|--|--|---|
| | | resources in the healthcare industry. As a result, there has been a slight overall loss. | | |
| Tranceed Logistics Co., Ltd. Cyuan Cheng Logistic Co., Ltd. | In order to fulfill the logistics requirements of current customers, it aims to expedite the logistics process, minimize logistics expenses, and provide value-added services. | The continuous expansion of its business has significantly boosted the logistics revenue. However, the expansion of its operations has also resulted in higher personnel and administrative costs, leading to a slight decrease in profits compared to the previous year. However, due to the continuous growth in new business development and a significant increase in revenue, profitability has significantly improved. The consolidated operating profit of Tranceed Logistics and Cyuan Cheng Logistics has shown stable profitability. | None | The evaluation will be conducted according to the operational needs of the Company. |
| Xiamen Huashengda Logistics Co., Ltd. Huaying Supply Chain Management (SZ) Co., Ltd. | As per the Company's strategic plan, it aims to expand the business in China's logistics market. | In 2024, Xiamen Huashengda Logistics incurred a slight loss due to China's economic downturn; the demand for domestic logistics services in China has not stabilized, and the global shortage of shipping containers has impeded revenue growth. | Revenue is anticipated to be stabilized, and it is proactively expanding the logistics services in other sectors, to increase Xiamen Huashengda's revenue. A turnaround from losses to profits in this | None |

| Investee \ Details | Policy | Main Reason for Profit or Loss | Improvement Plan | Investment Plan for the Next Year |
|---|---|--|--|---|
| | | | year is expected. | |
| Wah Tech Industrial Co. Ltd. (Thailand) Hightech Polymer Sdn Bhd (Malaysia) Wah Lee Vietnam WL Indonesia WLPI and WLPIC (the Philippines) WL Tech (Singapore) WL India Raycong (Vietnam) Born Tech (Thailand) | By establishing and operating local businesses in Thailand, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, and India, we can effectively expand our presence in Southeast Asia and South Asia. | The companies primarily engage in the trading of industrial materials in Thailand, Malaysia, Vietnam, India, Indonesia, the Philippines, and Singapore. With effective management and control, except for the businesses in Vietnam, Indonesia, the Philippines, and India, which are still in the developing stage, and profits are not stabilized yet, the remaining investees have consistently maintained overall profitability. | None | Further evaluation should be conducted based on the demand for expanding into overseas markets. |
| Kingstone Energy Technology Corporation Evergreen New Energy corporation | Investing in domestic solar power stations to enable the generation of stable income from electricity fees and the expansion of solar energy-related businesses. | Upon the completion of the contracted solar power stations, a steady income is generated from electricity fees, ensuring consistent profitability. | It is continuously constructing contracted solar power stations and developing new projects. | It will continue to develop new projects and make appropriate investments. |

VI. Risk Management Analysis and Evaluation:

(I) Risk management policy:

The risk management policies of the Company and subsidiaries is to define various risks in accordance with the Company's overall operating policy, and prevent potential losses within the acceptable risk range, in order to protect the interests of employees, shareholders, partners, and customers, enhance the Company's value, and achieve the optimization of resource allocation.

(II) Risk management strategies:

| | |
|---|--|
| Active opportunity management: | When market or industry trends present opportunities, we proactively implement the following management strategies to ensure the effective utilization of these opportunities while minimizing risks. Our management strategies include regularly analyzing trends in the technology materials and equipment industry to forecast technological changes and shifts in customer demand. We also expand our partnerships and source of suppliers to maintain supply flexibility and reduce dependency on a single market or product. Additionally, we actively explore emerging markets such as renewable energy, advanced manufacturing of semiconductors, and low-carbon materials. By introducing innovative, eco-friendly, and energy-efficient materials and equipment to enhance business growth momentum. |
| Risk prevention and management: | In response to potential negative impacts related to financial, environmental, regulations, and human rights issues, the Company has established an ESG audit mechanism for suppliers to enhance supply chain resilience and ensure that products comply with global environmental regulations for electronic products, such as RoHS and REACH. Internal regulation compliance reviews have been strengthened to reduce the risk of penalties resulting from regulatory changes. In addition, credit risk management is implemented to ensure the financial stability of customers. |
| Remedial Measures for Negative Impacts: | In the event of negative impacts, we will promptly activate our response mechanisms to minimize losses and restore normal operations. We have established an emergency inventory mechanism to ensure that the critical materials and equipment maintain a safe stock level. In the event of a customer's financial crisis, we will strengthen credit reviews and collection procedures. If market changes occur, we will adjust our product strategy and accelerate the transition toward growth in markets. |

(III) Risk management organizational structure:

The Board of Directors of the Company plays a crucial role in identifying and managing a wide range of risks, including economic and other risks. The Company's risk management is organized into different management units according to the nature of the tasks. The details are specified below:

1. Board of Directors:

As the highest risk management unit of the Company, its objective is to comply with law and regulations and supervise the implementation of risk management across the organization. It strives to have a comprehensive understanding of the risks involved in our operations and ensure the effectiveness of our risk management.

2. Corporate governance team:

The corporate governance team is established under the Sustainable Development Committee which report directly to the Board of Directors. Under the corporate governance team, a risk management team is established, with the convener served or designated by the CEO. The risk management team is responsible for implementing risk management, coordinating relevant departments to carry out risk identification, assessment, control, and supervision, and regularly reporting the implementation to the corporate governance team. The corporate governance team is responsible for overseeing and ensuring the implementation of risk management in accordance with the policies set by the Board of Directors. They provide an annual report to the Board of Directors on the overall execution of risk management.

3. Audit Office

As an independent department under the Board of Directors, it is responsible for conducting internal audits to assist the board and management in examining and addressing defects in the internal control system, measuring the effectiveness and efficiency of operations, and providing timely improvement suggestions to ensure the continuous and effective implementation of the internal control system as the basis for reviewing and modifying the internal control system.

4. Business execution unit:

Every business execution unit should take on the responsibility of managing frontline risks in their daily operations. The head of each business execution unit is accountable for overseeing and controlling the relevant risks within the unit, ensuring that the Company's risk management system can effectively control these risks.

(IV) Risk management processes:

The risk management process include: risk identification, risk measurement, risk monitoring, risk response, and risk reporting and disclosure.



(V) Risk categories:

| | |
|-----------------------------|---|
| Information security risks: | Refer to the potential risks that a company's information assets may be exposed to, where the confidentiality, integrity, and availability of information cannot be guaranteed. These risks include unauthorized access to information, inability to ensure the accuracy and integrity of information content and processing methods, and authorized users' inability to access information and use related assets in a timely manner, resulting in potential losses. |
| Hazard risks: | Refer to the risks of probability of occurrence of natural or man-made major hazardous events and losses. |
| Environmental risks: | Refer to significant changes in the overall economic, political, or social environment that have negative impacts on various business strategies |
| Operational risks: | Refers to the risk that uncertainties in the company's business operations may affect the company's normal operations including , but not limited to, sales risk, supply chain risk, labor-management relations risk, and the shaping and maintenance of corporate image. |
| Financial risks: | Refer to various types of risks in the financial market, including market risk, exchange rate risk, interest rate risk, credit risk, liquidity risk, and operation risk. |
| Legal risks: | Refer to the potential losses caused by failure to comply with applicable laws and regulations set by the competent authority, as well as the ineffectiveness of signed contracts, unauthorized actions, clause omissions, inadequate regulations, and other factors that may render the contracts invalid. |
| Other risks: | In addition to the risks mentioned above, any other risks should be managed and addressed using appropriate risk control procedures, taking into account their characteristics and the level of impact. |

(VI) Status of Operations:

The Sustainable Development Committee conducted analysis using the principle of materiality of the ESG Report. They also engaged in communication with internal and external stakeholders and evaluated the material issues based on experts' opinions, while establishing effective risk management policies for effective identification, measurement, evaluation, monitoring, and control and adopting specific action plans, to mitigate the impact of such risks.

VII. Analysis and Evaluation of Risks:

(I) The impact of interest rate changes, exchange rate changes, and inflation on the Company's profit and loss, and future countermeasures:

1. Interest rate changes:

The Company is exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's profit before tax in 2024 and 2023 would have been lower/higher by NT\$58,669 thousand and NT\$49,620 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate deposits and borrowings.

To mitigate interest rate risk, the company continuously monitors the change in interest rate and maintains close communication with financial institutions to secure more favorable interest rate conditions.

2. The impact of exchange rate changes on the Company's profit and loss as well as future countermeasures:

The Company's exchange rate risk mainly arises from its operating activities and is primarily influenced by fluctuations in the USD exchange rate. Based on the position as of December 31, 2024, the sensitivity ratio used by the Company to report the exchange rate risk to senior management is 1%. The sensitivity analysis includes only foreign currency monetary items outstanding as of the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the profit before tax in 2024 and 2023 would have been higher (lower) by NT\$44,541 thousand and NT\$43,414 thousand, respectively.

To mitigate exchange rate risk, the company's foreign exchange operations are based on the foreign currency positions arising from its business operations, and do not involve any speculative activities.

3. The impact of inflation on the Company's profit and loss, as well as future countermeasures:

The Company is a distributor of electronic materials, with a short turn-over cycle. We strive to maintain strong relationships with our suppliers and customers, while continuously reducing our inventory turnover days to mitigate the potential impacts of inflation.

(II) Policy for high-risk, highly leveraged investments, loans to others, endorsements/guarantees, and derivatives trading, the main reasons for profit or loss, and future response measures:

1. The Company has adhered to the principles of focusing on our core business and being pragmatic in our operations. We do not engage in high-risk, highly leveraged investments, and all investments are made after careful evaluation.
2. The Company provides loans or endorsements/guarantees to others as per the Operating Procedures for Loaning of Funds to Others and the Operating Procedures for Endorsements and Guarantees. We make announcements in accordance with laws and regulations with a reference book established and reviewed regularly to control risks.

3. The Company conducts all derivative transactions in accordance with its 'Asset Acquisition or Disposal Processing Procedure.' These transactions mainly involve foreign currency transactions and requirements that arise from the Company's business operations. They are considered hedging transactions not speculative transactions.

(III) Future R&D plans and estimated R&D expenditure:

The Company is a distributor in the industry chain and fully catch the industry and market trends and business opportunities through various channels. For example, we have joined paid membership of Industry think tanks, become a strategic partner of industrial innovation centers in colleges and universities, and closely worked and exchanged information with industry, government, academia, and research and financial institutions. We are on the frontline to stay up-to-date with market and customer needs and supplier R&D blueprints and working closely with customers and suppliers to actively create new industries/products and new operational models. All our employees understand the adoption of new products and new technologies as an important task, and we strengthen the development of new industries and new products by establishing new business development units at the group or division level and engaging marketing/business personnel of each business division. We also continue to invest in companies related to our alliances to accelerate the development of new products and new technologies. In addition, we launched new business development rewards and development funds to facilitate company-wide development activities, thereby effectively improving the efficiency of new product development projects and accelerating and stabilizing new business development. The Group's revenue before offsetting from new business development in 2024 exceeded NT\$10.8 billion, representing a year-on-year growth rate of approximately 25% compared to 2023 with an achievement rate of approximately 120.73%. As the Company places great importance on the risk profile for development projects, we foresaw relatively slow industry performance in 2023. Nevertheless, our effective mechanisms for new business development have allowed us to mitigate risks to the best of our ability and maintain the level of our development revenue in the past.

Considering the above, when we are preparing an R&D expense budget, we take into account our existing business development to create synergy. In addition, the Company is in the distribution industry, so we do not prepare separate R&D expenses. Based on a rough estimate of the Company's education and training expenses, industry think tank establishment expenses, the new business development department's operating expenses, and new business development rewards, the Company's 2024 R&D expenses are estimated to be about NT\$90 million, representing a 50% increase compared to 2023. Nevertheless, the actual expenses and investments associated with the establishment of new businesses and development of new products greatly surpass this figure. In addition to budgeting approximately the same expenses for 2025, additional resources will be allocated based on demand.

The development achievements in 2024 are as follows (only the main categories of completely new products are listed, excluding new specifications, new applications, and new suppliers).

| Industry | New Product Agency or Distribution Development |
|--|---|
| Information, communication, and electronic assembly | <ul style="list-style-type: none"> • Products used in the automotive and semiconductor industries, such as mPPE foam and insulation paper • Environmental and recycled materials, including PCR and PBS • Automated equipment and solutions, such as lifts, AGV, MCS, WMS, RCS • Automated systems and other production equipment and solutions such as soldering, storage, scanning, transportation, vision, cleaning, and placement and other automated equipment • Wide band gap compound semiconductors and power module packaging materials, such as SiC • High-frequency application materials in 5G, such as LCP • Lightweight aluminum-based composite materials |
| Semiconductors | <ul style="list-style-type: none"> • New-generation front-end semiconductor materials, such as EUV photoresist and PDMAT • Advanced packaging materials, such as Stripper, Cu & Ti Etchant • Circular economy products, such as the recycled regenerated wafers • Semiconductor consumables • Photoresist resin |
| Optoelectronics, optical communications, and flat panel displays | <ul style="list-style-type: none"> • Equipment, such as automated equipment • Chips, such as microcontroller units (MCUs) and application-specific integrated circuits (ASIC) • System products, materials, and components, such as PID, electronic paper, electronic whiteboard products, and Mini LED direct-view application • Electronic chemical and optical materials, such as black photosensitive gap materials and RGB photoresist |

| Industry | New Product Agency or Distribution Development |
|---|--|
| Green energy, energy efficiency, and energy storage | <ul style="list-style-type: none"> • Materials and systems related to batteries and energy storage, such as positive and negative electrode materials and electrolytes • Components required for solar power stations, such as components, frames, and inverters • Solar power station design, construction, and operation assessment, electricity sales on behalf of customers, green power procurement and trade services • Energy storage systems/solar power stations, household small energy storage devices, slow/fast chargers, and low-temperature cracking furnace • High-quality conductive carbon black products • Catalyst carrier for waste gas treatment |
| Environmental protection, biomedicine, and others | <ul style="list-style-type: none"> • Thermal management materials, such as nanocarbon tubes • Wastewater treatment equipment and sludge dryers • Marine diesel engines, motors, and spare parts, as well as electric boat power and monitoring systems • Automated equipment and components, such as pneumatic and transmission components • Consumables used in cardiac progenitor cell mass production, antibody development, 100% biodegradable medical food packaging materials, hemodialysis equipment and consumables, organoids, and cosmetic additives. • Graphite fiber recycled materials |

(IV) The impact of domestic and international policy and legal changes on the Company's financial operation and business and countermeasures:

Due to the impact of declining birth rates, the average number of dependents under the National Health Insurance system has been gradually reduced. From January 1, 2024, the average number of dependents has been adjusted from 0.57 to 0.56. The total number of people covered by the insured unit, which includes the individual and the average number of dependents 0.56, totaling 1.56 people, a decrease of approximately 0.64%, accounting for about 0.079% of the total salary ratio.

(V) The Impact of technological changes (including information security risks) and industry transformation on the Company's financial operation and business and countermeasures:

Regarding the operating results of the Company in the major industries and markets in 2024, the changes in consolidated uneliminated revenue compared to 2023: Information/Communications industry grew by about 17.5%; electronic packaging industry grew by about 33.3%; semiconductor industry grew by 23%; optoelectronics, optical communication, and flat panel display industry grew by 19.4%. Nearly all industries have shown growth recovery, primarily due to the gradual recovery of the overall economic environment, with AI driving stable development

in related industries. Below is an explanation of the key technological changes and industry changes, as well as the countermeasures of the Company:

In 2024, global industry development was influenced by multiple factors, such as technological innovation, global economic recovery, and changes in geopolitics. The U.S. government continues to implement tough suppression policies on China's high-tech industries, strengthening export controls and imposing higher tariff demands. During its economic recovery process, China also faces structural challenges, including an aging population and a slowdown in the growth for domestic demands. On the other hand, the uncertainty in the petroleum market caused by the Israeli-Palestinian conflict has also led to instability in global energy prices. As for the Russo-Ukrainian War, it has evolved into a prolonged war of attrition. Nevertheless, the accelerated development of AI technology continues to drive transformation and innovation across various industries. Overall, 2024 has been a year of strong economic recovery. According to the latest forecast by the World Semiconductor Trade Statistics (WSTS), the global semiconductor market value in 2024 is projected to be approximately US\$627 billion, a 19% growth compared to the previous year. Meanwhile, the Company has long been adept at capturing industry growth trends and diversifying its operations, with revenue reaching NT\$80.03 billion.

Looking ahead to 2025, the emerging technology industries driven by AI are expected to thrive, and the global economy will continue to be viewed with optimism. In the information and communication technology industry, more applications will emerge. The rapid development of generative AI will also drive a new wave of demand for AI servers. This demand will simultaneously propel the strong growth trend of the semiconductor supply chain and its sales market. Additionally, the goal of achieving net-zero carbon emissions will become increasingly significant under the trend of energy transformation, driving the integration and response of energy storage systems. Faced with an environment with great potential for business development in 2025, the Company is confident in sustaining growth and achieving exceptional results through the distinctive industry layout and efficient marketing channels. The main response strategies of the Company are as follows:

1. To adapt to industry trends, we are actively pursuing the development of new businesses, products, applications, markets, and suppliers.
2. We will facilitate the internal transfer and expansion of successful cases within the Group.
3. Targeting markets with declining competitiveness, we will actively seek support from both existing and new suppliers in order to enhance our market share.
4. To optimize the management of operating assets, including accounts receivable, accounts payable, procurement, and inventory strategy and management, to effectively minimize inventory losses caused by environmental risks.
5. To accelerate our global expansion in key markets, such as Korea, the United States, Japan, Southeast Asia, India, Central America, and Eastern Europe.
6. To offer additional value through services, such as gas packaging, purification, and warehousing logistics, as well as integrated solutions.
7. To allocate additional operational resources to both the upstream and downstream segments of the industrial chain.

8. The Company is actively adjusting the product portfolio by eliminating products that are either too small in scale or low profitability. In the future, we will partner with existing or new suppliers to develop products that are more competitively priced and on a larger scale.
9. We will actively adjust management and selling expenses to maximize the marginal benefits of expenses and manpower utilization.

The Company constantly remains at the forefront of emerging industries and market demands, promptly and proactively adopting relevant materials, components, modules, systems, and equipment. As a result, our revenue has continuously and significantly increased. Through our long-standing diversified and rapidly evolving business strategies, we have successfully mitigated the adverse effects of the up and down in the overall environment and industry and managed to thrive against all odds!

Cyber security risks:

In 2024, the global sociopolitical landscape remained complex and changing. The popularity of social media has exacerbated the spread of misinformation and online scams, while phishing and social engineering attacks targeting corporates have increased. Rapid changes in the global economy have further heightened uncertainty, making corporates more susceptible to becoming targets of cybercriminals, who often attempt to encrypt corporate data and demand ransom, resulting in a surge of ransomware attacks. The rapid advancement of AI technologies has introduced new information security risks, as hackers can leverage AI techniques to automate attack processes, increasing both the efficiency and accuracy of their attacks. The Company is fully aware of these challenges. In response, the company not only regularly analyzes internal and external information security risks but also strengthens its internal information security safety net. Routine vulnerability scans and penetration tests are conducted to safeguard corporate information assets, ensuring the continuity of business operations and the security of its systems.

The following outlines the internal and external information security risks identified by the company in 2024, along with the corresponding protection measures:

- Internal information security risks:
 1. Internal Employee Negligence: Employees may lack awareness of information security, leaking company's confidential information to external parties unintentionally, or infecting the company's network due to malware on their personal computers or smartphones, thereby increasing information security risks.
 2. Artificial Intelligence Safety Risks: AI technologies are extensively used for data search and integration, with open-source generative AI software becoming increasingly common. Employees may expose confidential information of the company to the publicly accessible internet due to momentary negligence. It is essential to pay close attention to the safety risks posed by artificial intelligence and implement appropriate protection measures.

3. Cloud Security Risks: As many companies transfer their data to the cloud for storage, insufficient security measures by cloud service providers may lead to risks such as data leakage and theft.
- External information security risks:
 1. Social Engineering Attacks: Hackers exploit human vulnerabilities by using phishing emails or impersonation tactics to deceive employees into disclosing sensitive information or clicking malicious links. As the Company's employees frequently communicate with international clients and suppliers, they are more susceptible to being targeted by social engineering attacks.
 2. Ransomware Attacks: Hackers exploit vulnerabilities in operating systems to infiltrate company systems and encrypt critical data, using ransomware attacks to gain financial gains. If the company is attacked by ransomware, it could result in business disruption, data loss, and reputational damage.
 3. Impersonation and Fraudulent Transactions: Hackers may impersonate customers or suppliers to carry out fraudulent transactions. If the Company inadvertently falls into such scams, it could lead to financial losses and reputational damage.
 4. Safety Risks from Third-Party Suppliers: When corporates establish partnerships with third-party suppliers, they often lack direct control over the suppliers' information security protection measures. Security vulnerabilities of suppliers may pose hidden risks to the corporate's information security. For the relevant risks faced by the company, such as attacks through supply chain data transmission vulnerabilities and data leakage.

In order to effectively prevent the aforementioned information security risks, The Company has implemented the following internal and external information security management measures to enhance security mechanisms and reduce corporate risks:

- Strengthen internal cybersecurity protections
 1. Regularly review the completeness of the information security policy: Update the contents of the policies regularly to address new internal and external threats.
 2. Enhance employee's information security education and training: Increase employees' awareness of information security risks and teach them how to identify and prevent threats such as social engineering attacks and malware.
 3. Conduct regular information security risk assessments: Identify weaknesses in the company's information security and implement corresponding improvement actions.
 4. Establish a comprehensive incident response mechanism: Develop an information security incident response plan and conduct regular drills to ensure a swift and effective response in case of an incident.
 5. Implement rigorous permission control and regularly review employees' system and network access permissions to prevent internal staff from misusing their permissions.
- Strengthen external cybersecurity protections
 1. Regularly update systems and software: Patch cybersecurity and operating system vulnerabilities to reduce the risk of attacks.

2. Establish an information security intelligence sharing mechanism: Share information security intelligence with other corporates and information security organizations to collectively prevent information security threats.
3. Strengthen suppliers' information security management: Require suppliers to meet certain information security standards and regularly review their information security protection capabilities.
4. Implement intrusion detection systems and other security devices: Establish network perimeter defenses to block external malicious attacks.
5. Use cloud security services: Choose cloud service providers with strong information security protection capabilities.
6. Implement multi-factor authentication: Enhance the security of identity verification to prevent hackers from taking over accounts.

In 2024, amid the complex and changing social, economic, and technological circumstances, the Company faces increasingly severe information security risks. To ensure the stability and sustainable development of the company, the Company must actively strengthen both internal and external information security management, effectively utilize technology to enhance information security protection capabilities, and establish a comprehensive incident response mechanism. Additionally, the Company regularly review the information security strategies and make adjustments based on emerging threats to ensure that our information security protection capabilities remain up-to-date.

(VI) Impact of changes in corporate image on corporate crisis management and countermeasures: None.

(VII) Expected benefits and potential risks of mergers and acquisitions and countermeasures: None.

(VIII) Expected benefits and potential risks of factory expansion and countermeasures: None.

(IX) Risks of supplier or customer concentration and countermeasures:

1. The Company evenly distributes sales and purchases among five major industries. In the most recent two years, we have no single customer who accounted for at least 10% of our consolidated revenue. Additionally, we have been continuing to expand our customer base to reduce the risk of excessive sales concentration.
2. In the last two years, only one supplier has accounted for more than 10% of the total consolidated procurement for the year, indicating no risk of excessive concentration in purchases. Additionally, the Company maintains stable cooperation with its key product suppliers, and procurement conditions remain stable.
3. The Company's overall operations and profitability are relatively unaffected by cyclical fluctuations in a single industry. This is because we have diversified operations across multiple industry sectors and do not rely heavily on specific companies for sales and purchases.

(X) Impact of massive transfer or replacement of shares by the directors, supervisors, or shareholders, each holding more than 10 % of the shares on the Company, the risk thereof, and countermeasures: None.

- (XI) Impact of changes in the management right on the Company, the risk thereof, and countermeasures: None.
- (XII) A court case or a non-contentious case, specify the names of the directors, supervisors, general manager, substantial person in charge, shareholders, each holding more than 10% of company shares, or subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price:
1. Company A filed a lawsuit with the court against Kingstone Energy Technology Corporation, a subsidiary of the Company for failing to fulfill its obligation of placing orders under a purchase agreement and demanded compensation of NT\$50,363 thousand. In October 2020, the first instance verdict was in favor of Company A; Kingstone appealed and recognized the related loss provision of \$50,363 thousand in 2021. As of the date the consolidated financial statements are approved, the case is still under trial, and the outcome of the final trial is highly uncertain.
 2. Company B filed a letter to Kingstone Energy in November 2020 to terminate a lease agreement, requested Kingstone to pay a default penalty of \$41,704 thousand and confiscate the guarantee deposit. Kingstone, based on the advice from the legal counsel, believed that there were unavoidable reasons for it to waive the default penalty. Therefore, Kingstone recognized the aforementioned guarantee deposit and related construction in progress and recorded losses in 2020, but no loss related to the default penalty was recognized. In addition, Kingstone has filed a lawsuit against Company B. The lawsuit was ruled in favor of Kingstone in the first instance in May 2023. Company B has filed an appeal and it is currently under second-instance review.
- (XIII) Other important risks and countermeasures: None.

VIII. Other Important Items:

On March 22, 2022, the Board of Directors of the Company approved the formulation of the "Intellectual Property Management Plan". To safeguard the Company's intellectual property rights and ensure sustainable operations, the Company is dedicated to consistently promoting intellectual property management.

(I) Protective measures:

1. **Patents**

(1) Regular maintenance and evaluation:

Review the usage status of the patents and their relevance to the product to determine the need for continued maintenance.

(2) Promotion of patent concepts:

Adopt a project-based model Improve employees' comprehension of patents and their adherence to patent rights to ensure a thorough understanding of the legal limits of product sales.

2. **Trademarks**

(1) Trademark application:

The Company has made significant efforts over the years to apply for trademarks that cover a wide range of important products. Currently, the Company is in the process of registration in its main sales countries/regions, including Taiwan and China.

(2) Regular maintenance and evaluation:

Review the usage of registered trademarks to determine the need for continued maintenance. Monitor the Company's future planning and development and proactively initiate new trademark registration applications.

3. **Copyright**

(1) Internal management system:

The Company has formed an information team to create a dedicated internal management system. This system is designed to closely align with the Company's specific requirements and offer improved functionality.

(2) Other application software:

Obtain legal software licenses.

(3) Regular maintenance and evaluation:

Review the usage status and future utilization planning of authorized works to determine the need for continued license acquisition.

4. **Protection of business secrets**

(1) Access control management:

The Company has implemented access control systems at various locations. Employees are required to use fingerprint or facial recognition to enter and exit. In particularly important areas, only authorized employees have the right to access, and they must log their purpose each time they enter or exit. Non-employees visiting the premises are required to register their identity and are limited to certain public areas, accompanied by the Company's employees at all times.

(2) Information security management:

All computer equipment in the Company is accessed and identified using employees' personal account passwords, which must be changed regularly.

(3) Dedicated area for departments:

The Company provides each department with its own dedicated physical and virtual file storage spaces, which are independently planned and utilized by each department. Keys are provided and properly kept for physical spaces, and read-write access permissions are set for virtual spaces.

(4) Promotion of confidential awareness:

Adopt a project-based model to ensure that all personnel are aware of business secrets in order to effectively promote the establishment of legal awareness.

(II) Implementation status:

The Company provides regular reports on intellectual property matters to the Board of Directors

in the fourth quarter of each year. The latest report was submitted on November 8, 2024.

- In 2024, four trademark registrations in Taiwan has extended to April 15, 2034 and to September 15, 2034.
- In 2024, one trademark registration in Taiwan has extended to June 30, 2033.
- In 2023, one trademark registration in China has extended to March 13, 2034.
- The Intellectual Property Management Plan was formulated in March 2022.
- In 2022, the Intellectual Property Management Plan page on the official website was made.
- In 2022, the Company has processed a total of eight cases for patent fees and extensions in both Japan and China, four cases per country.
- In 2021, one trademark registration in China has extended to 2031.

Chapter 6. Special Notes

I. Information on Affiliated Companies:

(I) Consolidated Business Report of Affiliates

For detailed information, please visit the Market Observation Post System (MOPS) website> Single Company > Download Electronic Document > Affiliates Section.

<https://emops.twse.com.tw/>

(II) Consolidated Financial Statements for Affiliated Enterprises

For detailed information, please visit the Market Observation Post System (MOPS) website> Single Company > Download Electronic Document > Affiliates Section.

<https://emops.twse.com.tw/>

(III) Relationship report

For detailed information, please visit the Market Observation Post System (MOPS) website> Single Company > Download Electronic Document > Affiliates Section.

<https://emops.twse.com.tw/>

II. Private placements of securities in the most recent year and as of the date of report publication: None.

III. Other supplementary information and note: None.

Chapter 7. Events with Material Impacts on Equity or Stock Price

Any events in the most recent year and as of the date of report publication that had material impacts on shareholders' interests or securities prices as stated in Item 3 Paragraph 2 of Article 36 under Securities and Exchange Law of Taiwan: None.