Stock Code: 4721

MECHEMA INTERNATIONAL GROUP

2024 Annual Report

Website for annual report: http://mops.twse.com.tw

Website for Mechema: http://www.mechema.com/

Printed on May 12, 2025

1. Spokesperson, proxy spokesperson name, title, contact phone number, email address:

Spokesperson:	Wen-Chi Yen
Title:	President
Contact phone number:	+886-3-483-3788
E-mail address:	nick@mechema.com
Proxy spokesperson:	Chong-Yi Wang
Title:	Special Assistant
Contact phone number:	+886-3-483-3788
E-mail address:	tom.wang@mechema.com

2. Address and telephone number of head office, branch office and factory:

Head office address:	No. 15, Datong 1st Road, Guan Yin District, Taoyuan City
Tel:	+886-3-483-3788
Factory (1) address:	No. 15, Datong 1st Road, Guan Yin District, Taoyuan City
Tel:	+886-3-483-3788
Factory (2) address:	No. 1, Datong 1st Road, Guan Yin District, Taoyuan City
Tel:	+886-3-483-3788

3. Name, address, website, and telephone number of the stock transfer agent:

Name:	Name: Horizon Securities Co., Ltd.
Address:	3F, No. 236, Sec. 4, Xinyi Road, Da'an District, Taipei, Taiwan
Web address:	http://www.honsec.com.tw
Tel:	+886-2-2326-8818

4. Name, Name of CPA firm, address, website, and Tel of the CPA for the Latest Annual Financial Report:

CPA:	CPA Yung-Ming Chiu, CPA Jin-Ming Xu
Name of firm:	Deloitte Touche Tohmatsu Limited (DTTL)
Address:	20F, No. 100, Songren Road, Hsinyi District, Taipei, Taiwan
Web address:	http://www.deloitte.com.tw
Tel:	+886-2-2725-9988

5. Trading venues for overseas securities and access to information on such overseas securities: None

6. Company Web address: http://www.mechema.com

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Chapter 1 Letter to Shareholders

Dear shareholders,

The Company's consolidated operating revenues for 2024 amounted to NT$2,121,654 thousand, a decrease of NT$194,710 thousand from NT$2,316,364 thousand in 2023. However, in 2024, the decline in raw material prices led to reduced production costs, resulting in an improved gross margin, rising from 10% in 2023 to 19% in 2024, and turning losses into profits. Therefore, the consolidated net profit after tax for 2024 was NT$251,917 thousand, and the basic earnings per share after tax were NT$3.36.

I. Operating results for the year ended December 31, 2024:

(I) Implementation results of the business plan:

Unit: NT$ in thousand, %

Item \ Year	2024 amount	2023 amount	Amount of increase (decrease)
Operating revenue	2,121,654	2,316,364	(194,710)
Operating costs	1,706,592	2,082,298	(375,706)
Gross profit	415,062	234,066	180,996
Realized gross operating profit	418,776	237,926	180,850
Operating expenses	150,178	121,929	28,249
Operating profit	268,598	115,997	152,601
Non-operating income and expenses	14,567	(111,060)	125,627
Net income before tax	283,165	4,937	278,228
Income tax expense	(31,248)	(29,480)	(1,768)
Net income (loss) for the year	251,917	(24,543)	276,460

(II) Budget implementation: None.

(III) Analysis of financial income and expenses and profitability:

Unit: NT$/share, %

Item	2024	2023
Debt to assets ratio	31.00	31.89
Long-term capital to fixed assets ratio	339.79	304.20
Mobility ratio	248.62	229.33
Quick Ratio	180.44	145.42
Return on assets	14.58	(0.68)
Return on equity	19.21	(2.19)
Net yield (%)	11.87%	(1.06)
Earnings per share (NT$/share)	3.36	(0.33)

(IV) Research Development Status:

1. In terms of production technology, we continue to carry out various related research projects with the Industrial Technology Research Institute and major domestic universities. In addition to the relatively mature "oxidation catalyst" and cobalt and manganese recycling technology (R-1401, R-1103), products related to "positive electrode materials," including cobalt sulfate and nickel sulfate, whether electroplating grade, battery grade, or electronic grade, all meet the strict quality requirements of customers.

   "Magnetic material" nickel oxide is also available in various specifications and supplied to relevant markets domestically and internationally.

2. R&D Results for 2024:

   Nickel oxide completed mass production, and the recycling technology certification for cobalt sulfate and nickel sulfate.

3. Future development direction of R&D work:

   Due to the maturity of the technology for recovering cobalt metal from waste cobalt manganese catalysts, The Company is currently developing research on converting other waste into relevant technologies that customers can reuse, aiming to achieve the sustainable goal of a green circular economy.

II. Influenced by the external competitive environment, regulatory environment and overall business environment:

With President Trump returning to the White House and prioritizing the implementation of tariff increases, this has brought significant uncertainty to the global economy, in addition to. Besides the impact of Trump's policies, factors such as climate change and geopolitical tensions will remain the main economic risks globally.

Overall, in 2025, the global economy will present a situation where opportunities and risks coexist. Nevertheless, we will adhere to our consistent and prudent business philosophy, striving to seek the greatest sustainable competitiveness for all stakeholders.

Wishing all shareholders

Sincerely,

Chairman Lung-Tsai Yen

Respectfully submitted.

Chapter 2 Corporate Governance Report

I. Information on Directors, Supervisors, Presidents, Vice Presidents, Associates, Heads of Departments, and Branches:

(I) Directors, Independent Directors:

April 28, 2025

Title	Nationality or place of incorporation	Name	Gender age	Date of election (inauguration)	Tenure	Initial elected date (Note 3)	Shareholding when elected		Current holdings		Spouse, minor children current holdings		Use of others' names		Major experience (academic)	Currently holding concurrent positions in the Company and other companies	Other officers, directors or supervisors who are spouses or within two degrees of consanguinity			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding RATIO			Title	Name	Relation	
Chairman	R.O.C.	Lung-Tsai Yen	Male 71-80 years old	2023.06.27	3 years	1999.06.02	8,086,725	10.78%	8,086,725	10.78%	3,618,770	4.83%	None	None	Taipei University of Technology Honorary Doctorate	1. The Chairman of the Company 2. Chairman of Taipei Tech Developing Corp. 3. Director, TSM Smart Materials Co., Ltd. 4. Other company positions: (Note 1)	Director	Wen-Zhi Yen	Father-Son	(Note 4)
Director	R.O.C.	Kuo-Kuang Yeh	Male 71-80 years old	2023.06.27	3 years	1999.06.02	386,000	0.51%	386,000	0.51%	35,000	0.05%	None	None	National Chung Hsing University Department of Law	1. To serve as a director of the Company 2. Chairman of Cheng Kee Construction Development Co,.Ltd.	None	None	None	
Director	R.O.C.	Wen-Zhi Yen	Male 41-50 years old	2023.06.27	3 years	2011.06.28	591,276	0.79%	591,276	0.79%	None	None	None	None	Long Island University, New York Institute of Corporate Management	1. President of the Company. 2. Chairman of Mechema Toda Corporation 3. Other company positions: (Note 2)	Chairman	Lung-Tsai Yen	Father-Son	
Independent Director	R.O.C.	Gao-Jin Wang	Male 81-90 years old	2023.06.27	3 years	2017.06.26	None	None	None	None	None	None	None	None	University of North Dakota Master of Economics	1. The Company's Independent Director. 2. Independent Director and Member of the Remuneration Committee of the Company	None	None	None	
Independent Director	R.O.C.	Meng-Xiu Lee	Male 61-70 years old	2023.06.27	3 years	2017.06.26	None	None	None	None	None	None	None	None	National Chengchi University M.S. in Accounting	1. Director, Tai Jing Accounting Firm 2. Adjunct professor-level professional technical personnel at National Taipei University of Business 3. Independent Director, Topco Technologies Corp. 4. Independent Director of Jun Du Development Co., Ltd. 5. Independent Director of Pharmo Nexgen Biotechnology Co., Ltd. 6. The Company's Independent Director and a member of the Remuneration Committee.	None	None	None	
Independent Director	R.O.C.	Sheng-Yuan Chen	Male 61-70 years old	2023.06.27	3 years	2020.06.30	None	None	None	None	None	None	None	None	National Taiwan University PhD, Graduate School of Business Administration	1. Distinguished Professor, Department of Finance, National Taipei University of Business 2. Independent Director and Member of the Remuneration Committee of the Company	None	None	None	
Independent Director	R.O.C.	Wei-Chun Chou	Male 41-50 years old	2023.06.27	3 years	2023.06.27	None	None	None	None	None	None	None	None	National Taipei University Bachelor's degree in Law	1. Lee and Li, Attorneys-at-Law (attorney and patent representative) 2. Representative, Lee and Li Investment Corporation 3. Director, Da Shu Property Development Corporation 4. Chairman of public relations, Taoyuan Bar Association 5. Director, Chinese Intellectual Property Protection Association 6. Managing supervisor, Chinese Culture, Tourism, and Economy, and Trading Association 7. Managing supervisor, Taiwan Society of Comparative Criminal Law	None	None	None	

Note1: Chairman Lung-Tsai Yen also serves as the representative of Mechema Chemicals (Thailand) Co.,Ltd., P.T. Mechema Indonesia, Mechema Korea Co.,Ltd., Mechema International Group Malaysia, Catalyst Development Co., Ltd. Representative., Representative of Mechema Chemical (Xiamen) Co., Ltd., Representative of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing.

Note2: Director Wen-Zhi Yen also holds the following positions: Director of Mechema Chemicals (Thailand) Co., Ltd., Director of P.T. Mechema Indonesia, Director of Mechema Korea Co., Ltd., Director of Mechema Malaysia, Director of Mechema Chemical (Xiamen) Co., Ltd., and Director of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing.

Note3: There are no interruptions in service for each director and independent director.

Note4: The Chairman of the Company and the President are related as first-degree relatives, primarily to implement the management succession plan. The Chairman and the President work together to enhance operational efficiency and the execution of various policies, making this a reasonable arrangement that contributes to the Company's sustainable operations. In addition, to implement corporate governance and strengthen the independence of the Board of Directors, the specific measures currently being undertaken by the Company include:

(1) An additional independent director was elected at the 2023 Annual Shareholders' Meeting, and more than half of the directors do not concurrently serve as employees or managers, which is sufficient to strengthen the independence of the Board of Directors.

(2) The independent directors actively attend various meetings (shareholders' meeting, board of directors' meeting, remuneration committee, audit committee, etc.) and fully participate in the discussions, putting forward various proposals to fulfill the spirit of corporate governance.

Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors:

Qualification / Name	Professional qualifications and experience	Independence status	Number of independent directors of other public companies
Lung-Tsai Yen	Academic background: Honorary Doctorate, Taipei University of Technology Working experience: Chairman of Taipei Tech Developing Corp. Director, TSM Smart Materials Co., Ltd. Representative of Mechema Chemicals (Thailand) Co.,Ltd. Representative of P.T. Mechema Indonesia Representative of Mechema Korea Co.,Ltd. Representative of Meechma Chemical (Malaysia) Sdn Bhd Representative of Mechema Chemical (Xiamen) Co., Ltd. Representative of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing. Representative of Catalyst Development Co., Ltd. Professional qualifications: Please refer to the Diversity of the Board of Directors. None of the circumstances under Article 30 of the Company Act apply.	Explanation of the independence of the Board of Directors	None
Kuo-Kuang Yeh	Academic background: Department of Law, National Chung Hsing University Working experience: Chairman of Cheng Kee Construction Development Co., Ltd. Professional qualifications: Please refer to the Diversity of the Board of Directors. None of the circumstances under Article 30 of the Company Act apply.	Explanation of the independence of the Board of Directors	None
Wen-Zhi Yen	Academic background: Master of Business Administration, Long Island University New York Working experience: Chairman of Mechema Toda Corporation Director of Mechema Thailand Director of P.T. Mechema Indonesia Director of Mechema Korea Co.,Ltd. Director of Mechema Malaysia Director of Mechema Chemical (Xiamen) Co., Ltd. Director of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing Professional qualifications: Please refer to the Diversity of the Board of Directors. None of the circumstances under Article 30 of the Company Act apply.	Explanation of the independence of the Board of Directors	None

<table>
<tr><th>Qualification / Name</th><th>Professional qualifications and experience</th><th>Independence status</th><th>Number of independent directors of other public companies</th></tr>
<tr><td>Gao-Jin Wang</td><td>Academic background:
Master of Economics, University of North Dakota
Working Experience:
Member of the Company's Compensation Committee
Member of the Company's Audit Committee
Professional qualifications:
Please refer to the Diversity of the Board of Directors.
None of the circumstances under Article 30 of the Company Act apply.</td><td rowspan="3">1. Neither I, my spouse, nor my relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates.
2. Neither I, my spouse, nor my relatives within the second degree of kinship, or through use of others' names, hold any shares of the Company, amounting to 0 shares and 0%.
3. I do not serve as a director, supervisor, or employee of any company with a specific relationship with the Company.
4. The amount of remuneration obtained for providing business, legal, finance, or accounting services to the Company or its Affiliates in the last two years is 0 dollars.</td><td>None</td></tr>
<tr><td>Meng-Xiu Lee</td><td>Academic background:
M.S. in Accounting, National Chengchi University
Working experience:
Director, Tai Jing Accounting Firm
Adjunct professor-level professional technical personnel at National Taipei University of Business
Independent Director, Topco Technologies Corp.
Independent Director of Jun Du Development Co., Ltd.
Independent Director of Pharmo Nexgen Biotechnology Co., Ltd.
Member of the Company's Compensation Committee
Member of the Company's Audit Committee
Professional qualifications:
Please refer to the Diversity of the Board of Directors.
None of the circumstances under Article 30 of the Company Act apply.</td><td>3 companies</td></tr>
<tr><td>Sheng-Yuan Chen</td><td>Academic background:
PhD, Graduate School of Business Administration, National Taiwan University
Working experience:
Distinguished Professor, Department of Finance, National Taipei University of Business
Member of the Company's Compensation Committee
Member of the Company's Audit Committee
Professional qualifications:
Please refer to the Diversity of the Board of Directors.
None of the circumstances under Article 30 of the Company Act apply.</td><td>None</td></tr>
</table>

Name \ Qualification	Professional qualifications and experience	Independence status	Number of independent directors of other public companies
Wei-Chun Chou	Academic background: Department of Law, National Taipei University Working experience: Lee and Li, Attorneys-at-Law (attorney and patent representative) Representative, Lee and Li Investment Corporation Director, Da Shu Property Development Corporation Chairman of public relations, Taoyuan Bar Association Director, Chinese Intellectual Property Protection Association Managing supervisor, Chinese Culture, Tourism, and Economy, and Trading Association Managing supervisor, Taiwan Society of Comparative Criminal Law Member of the Company's Audit Committee Professional qualifications: Please refer to the Diversity of the Board of Directors. None of the circumstances under Article 30 of the Company Act apply.		None

Diversity and independence of the Board of Directors:

1. Diversity of the Board of Directors:

   The Company has already established policies and specific management objectives regarding board member diversity in the "Code of Corporate Governance."

   Article 20 of the Company's "Code of Corporate Governance" specifies the abilities that the Board of Directors as a whole should possess. The third item states, "The composition of the Board should be diversified, including different professional backgrounds, fields of work, or gender, and should possess the knowledge, skills, and literacy necessary to perform their duties." In order to achieve the ideal goal of corporate governance, it is advisable that the Board of Directors as a whole have the following abilities: operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making abilities.

Implementation of board diversity by the Company's Board of Directors:

Core diversity items / Name of director	Basic composition										Industry experience							
	Nationality	Gender	Company employees	Age				Years served as an Independent Director of the Company			Operational judgment	Financial analysis	Business management	Crisis management	Knowledge of the industry	An international market perspective	Leadership ability	Decision-making ability
				~50	51-60	61-70	71~	0-3	4-6	7-9								
Lung-Tsai Yen Chairman	R.O.C.	Male					V				V	V	V	V	V	V	V	V
Kuo-Kuang Yeh Director		Male					V				V	V	V	V	V	V	V	V
Wen-Zhi Yen Director		Male	V	V							V	V	V	V	V	V	V	V
Gao-Jin Wang Independent Director		Male					V			V	V	V	V	V	V	V	V	V
Meng-Xiu Lee Independent Director		Male				V				V	V	V	V	V	V	V	V	V
Sheng-Yuan Chen Independent Director		Male				V			V		V	V	V	V	V	V	V	V
Wei-Chun Chou Independent Director		Male		V				V			V	V	V	V	V	V	V	V

Members of the Board of Directors all hold bachelor's, master's, and PhD degrees in specialties such as chemical engineering, business administration, law, financial management, accounting, and economics from renowned domestic and international universities. Their professional fields are not only diverse, but their actual working backgrounds and experiences are also rich and comprehensive.

In order to better implement the policies and objectives of board member diversity, we will further enhance focus and adjustments in gender diversity in the future. By achieving gender diversity, we aim to strengthen the Company's ability to cope with drastic economic fluctuations and enhance company profitability, thereby "strengthening the functions of the Board of Directors and enhancing the Company's sustainable value."

2. Independence of the Board of Directors:

   The current Board of Directors consists of a total of 7 members, including 4 independent directors.

   In addition to implementing the management succession plan and collaboratively enhancing operational efficiency and the execution of various policies, this is a reasonable and necessary arrangement at this stage, which aids in the transfer of experience and the Company's sustainable operations. In addition, no circumstances as stipulated in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act have occurred.

3. For the continuing education status of Directors and Supervisors, please refer to the Market Observation Post System.

(II) Presidents, Vice President, Associate, Heads of Departments and Branches:

April 28, 2025

Title	Nationality	Name	Gender	Date of election (inauguration)	Shareholding		Shares held by spouse, minor children		Use of others' names		Major experience (academic)	Currently holding other corporate positions	Managers who are spouses or within two degrees of consanguinity			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
President	R.O.C.	Lung-Tsai Yen	Male	1999.06.02	8,086,725	10.78%	3,618,770	4.83%	None	None	Taipei University of Technology Honorary Doctorate	1. Chairman of Taipei Tech Developing Corp. 2. Director, TSM Smart Materials Co., Ltd. 3. Other company positions (Note 1)	Note 2	Wen-Zhi Yen	Father-Son	(Note 6)
President	R.O.C.	Wen-Zhi Yen	Male	2024.06.20	591,276	0.79%	None	None	None	None	Long Island University, New York Institute of Corporate Management	1. Chairman of Mechema Toda Corporation 2. Other company positions (Note 3)	Note 2	Lung-Tsai Yen	Father-Son	
Vice President	R.O.C.	Wen-Hsun Tsai	Male	2017.08.11	None	None	None	None	None	None	Drexel University, MS Accounting	Independent Director of Lanner Electronics Inc.	None	None	None	(Note 4)
Vice President	R.O.C.	Ming-Cheh Hsieh	Male	2009.03.01	29,361	0.04%	None	None	None	None	National Taipei Institute of Technology Department of Chemical Engineering	1. Director of Mechema Chemical (Xiamen) Co., Ltd. 2. Director of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	None	None	None	
Vice President	R.O.C.	Ren-Jie He	Male	2021.03.18	None	None	None	None	None	None	National Cheng Kung University	None	None	None	None	
Vice President	R.O.C.	Hu Shih-Ching	Female	2024.09.01	None	None	None	None	None	None	Louisiana State University, USA	None	None	None	None	(Note 5)
Accounting Officer Financial Officer Corporate Governance Officer	R.O.C.	Li-Kuan Lo	Female	2024.03.13 2024.03.13 2024.05.03	None	None	None	None	None	None	Fu Jen Catholic University, Department of Finance Fu Jen Catholic University, Master of Finance	None	None	None	None	

Note1: Premier Lung-Tsai Yen also serves as the representative of Mechema Chemicals (Thailand) Co.,Ltd., P.T. Mechema Indonesia, Mechema Korea Co.,Ltd., Mechema International Group Malaysia, Catalyst Development Co., Ltd. Representative., Representative of Mechema Chemical (Xiamen) Co., Ltd., Representative of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing.

Note2: On June 20, 2024, Chairman Lung-Tsai Yen was relieved from the position of President due to job adjustments, and the position was taken over by the original Vice President, Wen-Zhi Yen.

Note3: General Manager Wen-Zhi Yen also holds the following positions: Director of Mechema Thailand, Director of P.T. Mechema Indonesia, Director of Mechema Korea Co., Ltd., Director of Mechema Malaysia, Director of Mechema Chemical (Xiamen) Co., Ltd., and Director of Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing.

Note4: The original Executive Vice President, Wen-Hsun Tsai, stepped down from the position on May 20, 2024.

Note5: The original Special Assistant, Hu Shih-Ching, was appointed as Vice President on September 1, 2024, and stepped down from the position on March 31, 2025.

Note6: The Chairman of the Company and the President are related as first-degree relatives, primarily to implement the management succession plan. The Chairman and the President work together to enhance operational efficiency and the execution of various policies, making this a reasonable arrangement that contributes to the Company's sustainable operations.

In addition, to implement corporate governance and strengthen the independence of the Board of Directors, the specific measures currently being undertaken by the Company include:

(1) An additional independent director was elected at the 2023 Annual Shareholders' Meeting, and more than half of the directors do not concurrently serve as employees or managers, which is sufficient to strengthen the independence of the Board of Directors.

(2) The independent directors actively attend various meetings (shareholders' meeting, board of directors' meeting, remuneration committee, audit committee, etc.) and fully participate in the discussions, putting forward various proposals to fulfill the spirit of corporate governance.

II. Remuneration Paid to Directors, Supervisors, President, Vice Presidents, etc. for the Most Recent Year

(I) Remuneration for general and independent directors (aggregated to match the level of disclosure of names):

Unit: NT$ in thousand, %

Title		Name	Director remuneration								Total amount of items A, B, C and D and percentage of net income after tax (%)		Part-time employees receive related compensation								Total amount of A, B, C, D, E, F and G and their proportion to net income after tax		Remuneration received from invested businesses other than subsidiaries or the parent company
			Compensation (A)		Retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				Salaries, bonuses and special expenses (E)		Retirement pension (F)		Employee compensation (G)						
			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	Chairman	Lung-Tsai Yen	0	0	0	0	15	2,207	360	360	0.15%	1.02%	3,112	11,248	98	98	220	0	220	0	1.51%	5.61%	0
	Director	Kuo-Kuang Yeh																					
	Director	Wen-Zhi Yen																					
Independent Director		Gao-Jin Wang	0	0	0	0	350	350	960	960	0.52%	0.52%	0	0	0	0	0	0	0	0	0.52%	0.52%	0
		Meng-Xiu Lee																					
		Sheng-Yuan Chen																					
		Wei-Chun Chou																					

Note1: The Company's policy, system, standards, and structure for the remuneration of independent directors is based on the general level of the industry and the time commitment.

Note2: In addition to the information disclosed in the above table, the directors of the Company have not received any remuneration for services rendered in the most recent year.

(II) Remuneration for president and Vice President (aggregated to match the level of disclosure of names):

Unit: NT$ in thousand, %

Title	Name	Salary (A)		Retirement pension (B)		Bonus and extraordinary expenses, etc. (C)		Amount of employee compensation (D)				Total amount of items A, B, C and D and percentage of net income after tax (%)		Remuneration received from invested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Lung-Tsai Yen	8,123	12,064	381	381	1,020	5,568	695	0	695	0	4.06%	7.43%	0
President	Wen-Zhi Yen													
Vice President	Wen-Hsun Tsai (Note 1)													
Vice President	Ming-Cheh Hsieh													
Vice President	Ren-Jie He													
Vice President	Hu Shih-Ching (Note 2)													

Note1: The original Executive Vice President, Wen-Hsun Tsai, stepped down from the position on May 20, 2024.

Note2: The original Special Assistant, Hu Shih-Ching, was appointed as Vice President on September 1, 2024, and stepped down from the position on March 31, 2025.

(III) Compensation Scale for general and independent directors:

Levels of remuneration payable to each of the Company's directors	Name of Director			
	The first four total fees (A+B+C+D)		First seven total fees (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements H	The Company	All companies included in the financial statements I
Less than NT$1,000,000	Lung-Tsai Yen, Kuo-Kuang Yeh, Wen-Zhi Yen, Gao-Jin Wang, Meng-Xiu Lee, Sheng-Yuan Chen, Wei-Chun Chou	Lung-Tsai Yen, Kuo-Kuang Yeh, Gao-Jin Wang, Meng-Xiu Lee, Sheng-Yuan Chen, Wei-Chun Chou	Kuo-Kuang Yeh, Gao-Jin Wang, Meng-Xiu Lee, Sheng-Yuan Chen, Wei-Chun Chou	Kuo-Kuang Yeh, Gao-Jin Wang, Meng-Xiu Lee, Sheng-Yuan Chen, Wei-Chun Chou
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	—	Wen-Zhi Yen	Lung-Tsai Yen	—
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	—	—	Wen-Zhi Yen	—
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	—	—	—	—
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	—	—	—	Lung-Tsai Yen; Wen-Zhi Yen
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	—	—	—	—
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	—	—	—	—
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	—	—	—	—
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	—	—	—	—
NT$100,000,000 or more	—	—	—	—
Total	7 persons in total	7 persons in total	7 persons in total	7 persons in total

(IV) Compensation Scale for the President and Vice President:

Remuneration level for each president and vice president of the Company	Name of President and Vice President	
	The Company	All companies included in the financial statements
Less than NT$1,000,000	Hu Shih-Ching	Hu Shih-Ching
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Lung-Tsai Yen; Wen-Hsun Tsai	Wen-Hsun Tsai
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Wen-Zhi Yen, Ming-Cheh Hsieh, Ren-Jie He	Ming-Cheh Hsieh, Ren-Jie He
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	—	—
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	—	Lung-Tsai Yen; Wen-Zhi Yen
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	—	—
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	—	—
NT$100,000,000 or more	—	—
Total	6 persons in total	6 persons in total

(V) Name of presidents and distribution of employee's remuneration:

Unit: NT$ in thousand, %

	Title	Name	Stock amount	Cash amount	Total	Total to net income after tax (%)
Manager	President	Lung-Tsai Yen	0	695	695	0.28%
	President	Wen-Zhi Yen				
	Vice President	Wen-Hsun Tsai				
	Vice President	Ming-Cheh Hsieh				
	Vice President	Ren-Jie He				
	Vice President	Hu Shih-Ching				

(VI) An analysis and description of the total remuneration paid to the Company's directors, supervisors, president and vice presidents as a percentage of net income after tax for individual or separate financial statements by the Company and all consolidated companies for the most recent two years.

1. Analysis of the total remuneration as a percentage of net income after tax for individual or separate financial statements:

Unit: NT$ in thousand, %

Title \ Year	The Company		All consolidated companies	
	2024	2023	2024	2023
Director	3,805	4,999	14,133	14,727
Independent Director	653	2,040	653	2,040
President (Note)	—	12,738	—	21,090
Vice President	6,788		7,141	
Total	11,246	19,777	21,927	37,857
Proportion of net income after tax	4.46%	7.85%	8.70%	15.03%

2. The policy, criteria, and mix of compensation payments, and the process for setting compensation:
   According to Article 19 of the Company's Articles of Association, "If the Company has profits in a given year, no less than 1% shall be allocated as employees' remuneration, to be distributed in the form of stock or cash as resolved by the Board of Directors. If the aforementioned employees' remuneration is distributed as stock, it may include employees from subsidiaries who meet certain qualifications, which shall be determined by the Board of Directors. The Company may also allocate no more than 5% of the profit amount for directors' remuneration, as resolved by the Board of Directors, and such remuneration shall only be in the form of cash." The allocation plan for employees' remuneration and directors' remuneration shall be decided by a resolution of the Board of Directors with the attendance of more than two-thirds of the directors and approval by a majority of the attending directors, and shall be reported to the Shareholders Meeting.
   The policy for paying employee compensation is to provide reasonable remuneration based on the assessment of responsibilities and contributions in their positions within the Company.

3. The relationship to operating results and future risks:
   The compensation for the President and Vice President is divided into salaries, bonuses, and employees' remuneration. Salaries and bonuses are handled in accordance with the relevant provisions of the Company's personnel regulations, while employees' remuneration follows the Company's articles and is determined by the Board of Directors based on the annual profit and the percentage specified in the articles. This is reported at the shareholders' meeting and has no obvious connection to future risk.

III. Corporate Governance Operation Situation

(I) Operation of the Board of Directors:

Convened 6 times in 2024, the attendance of directors and supervisors is as follows:

Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) 【B/A】	Remarks
Chairman	Lung-Tsai Yen	5	1	83	On a business trip
Director	Kuo-Kuang Yeh	6	0	100	
Director	Wen-Zhi Yen	5	1	83	On a business trip
Independent Director	Gao-Jin Wang	6	0	100	
Independent Director	Meng-Xiu Lee	6	0	100	
Independent Director	Sheng-Yuan Chen	6	0	100	
Independent Director	Wei-Chun Chou	6	0	100	

Note: In 2024, there were no resignations or re-elections of directors (including independent directors) for the Company.

Other items to be recorded:

1. In the various meetings of the 12th Board of Directors in 2024, all Independent Directors did not express any objection or reservation regarding the matters listed in Article 14-3 of the Securities and Exchange Act and other resolutions.
2. In the 2024 meetings, the recusal of directors from the implementation of interest motions is listed as follows:

Date of Board Meeting	Name of Director	Motion Content	Reasons for Interest Avoidance	Voting Participation
June 20, 2024	Wen-Zhi Yen	Proposal for adjustment of the President of the Company's position	Director Wen-Zhi Yen is an interested party.	The motion was unanimously passed by the directors present.
August 7, 2024	Wen-Zhi Yen	The remuneration plan for the President and the Vice President of the Administration Department reviewed by the Company's Remuneration Committee.	Director Wen-Zhi Yen is an interested party.	The motion was unanimously passed by the directors present.

3. The implementation of the Board of Directors' evaluation is listed as follows:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Performed once a year	January 1, 2024 to December 31, 2024	Overall Board of Directors	Self-evaluation by the Board of Directors	The overall evaluation of the Board of Directors includes the following five major aspects: 1. Involvement in the Company's operation. 2. Board's quality of decision-making.
Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content

				3. Composition and structure of the board of directors. 4. Selection and Continuing Education of Directors. 5. Internal Control.
Performed once a year	January 1, 2024 to December 31, 2024	Individual Directors Chairman Lung-Tsai Yen Director Yeh Kuo-Kuang Director Wen-Zhi Yen Independent Director Wang Gao-Jin Independent Director Lee Meng-Xiu Independent Director Chen Sheng-Yuan Independent Director Chou Wei-Chun	Self-assessment by individual directors	The self-evaluation of the performance of the board members includes the following six aspects: 1. Mastery of the Company's objectives and tasks. 2. Directors' awareness of their duties and responsibilities. 3. Involvement in the Company's operation. 4. Internal relationship management and communication. 5. Directors' Professionalism and continuing training. 6. Internal Control.
Performed once a year	January 1, 2024 to December 31, 2024	Functional Committee: Independent Director Wang Gao-Jin Independent Director Lee Meng-Xiu Independent Director Chen Sheng-Yuan Independent Director Chou Wei-Chun	Functional Committee self-assessment	The following six aspects are included in the self-assessment of functional members: 1. Involvement in the Company's operation. 2. Awareness of functional committee members' responsibilities. 3. Enhancement of the quality of functional committee decision making. 4. Involvement in the Company's operation. 5. Composition of functional committee members and selection of members. 6. Internal Control. 7. Involvement in the Company's operation.

4. Objectives and execution for strengthening the functions of the Board of Directors in 2024 and the most recent year:
   The Company, to promote corporate governance policies, has established Independent Directors and an Audit Committee. The Board of Directors meets at least once every quarter, and its operations are conducted in accordance with the regulations governing the meetings of the Board of Directors and relevant laws and regulations. To uphold the principle of operational transparency, important resolutions are promptly posted on the Market Observation Post System after each Board of Directors meeting.
   Arrange for director training to promote the exchange of industry experience and the enhancement of relevant professional skills, effectively strengthening the development of the Board of Directors towards diversity, and achieving optimal interactive benefits.
   For the various Information Disclosure requirements mandated by law, we are able to complete them accurately and promptly to safeguard shareholders' Equities and promote sound business operations of the Company.

(II) Audit Committee Status:

Convened 6 times in 2024 , the attendance of independent directors is as follows:

Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) 【B/A】	Remarks
Convener	Meng-Xiu Lee	6	0	100	
Member	Gao-Jin Wang	6	0	100	
Member	Sheng-Yuan Chen	6	0	100	
Member	Wei-Chun Chou	6	0	100	

Note: In 2024, there were no resignations or re-elections of Independent Directors for the Company.

Other items to be recorded:

1. In the various meetings of the 2nd Audit Committee in 2024, all Independent Directors did not express any objection, reservation, or major recommendations regarding the matters listed in Article 14-5 of the Securities and Exchange Act. Nor were there any resolutions not approved by the Audit Committee that received the consent of more than two-thirds of all directors.
2. In the 2024 Audit Committee meetings, there were no motions requiring recusal of Independent Directors due to conflicts of interest.
3. Communication between the Independent Director and the Supervisor of Internal Audit

Date	Communication	Communication Results
March 13, 2024 2nd - 3rd	1. Report on internal audit activities. 2. Review of the Company's 2023 "Statement of Internal Control System". (1) Handled in accordance with the provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies"; (2) After being reviewed and approved by the Audit Committee, the case was submitted to the Board of Directors for deliberation in accordance with the law.	None of the members present had any objections. The chairman and members unanimously agreed and submitted it to the Board of Directors for deliberation.
May 3, 2024 2nd - 4th	Report on internal audit activities. Member: What was the follow-up on the last information security incident? Reply: On March 21, OTC came to the Company for an audit and issued a proposal. We have made a reply and tracked the improvements made.	None of the members present had any objections.
August 7, 2024 2nd - 5th	Review of the Company's second-quarter internal audit plan execution and the explanation of internal control audit improvements by the OTC center. (1) Execution of the second-quarter internal audit plan. (2) Explanation of internal control audit improvements by the OTC center.	The chairman and members unanimously agreed and submitted it to the Board of Directors for report.
November 8, 2024 2nd - 6th	1. Review of the internal audit plan execution. Execution of the third-quarter internal audit plan. 2. Review of the audit plan for 2025. (1) Handled in accordance with the provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies";	The chairman and members unanimously agreed and submitted it to the Board of Directors for report.
Date	Communication	Communication Results
	(2) After being reviewed and approved by the Audit Committee, the case was submitted to the Board	

	of Directors for deliberation in accordance with the law.	
March 12, 2025 2nd - 7th	1. Review of the Company's 2024 "Statement of Internal Control System". (1) Handled in accordance with Article 24 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies"; (2) After being reviewed and approved by the Audit Committee, the case was submitted to the Board of Directors for deliberation in accordance with the law. 2. Review of the internal audit plan execution. Execution of the fourth-quarter internal audit plan.	The members present unanimously agreed and submitted it to the Board of Directors for discussion.
May 12, 2025 2nd - 8th	Report on internal audit activities.	The chairman and members unanimously agreed and submitted it to the Board of Directors.

4. Communication between the Independent Director and accountants.

Date	Communication	Communication Results
March 13, 2024 2nd - 3rd	Review the Company's 2023 business report, individual financial statements, and consolidated financial statements. Independent Director: Could the CPA supplement Vice President Wen-Hsun Tsai's explanation regarding the source of the income tax expense for 2023? CPA Shih replied: Evidence recognized by the tax authorities is required for the above loss to be used for tax credits. Currently, no positive evidence can be found.	The chairman and members unanimously agreed and submitted it to the Board of Directors for deliberation.
May 3, 2024 2nd - 4th	1. Review the change of accountants due to Deloitte Taiwan's internal adjustment. The Company's individual and consolidated financial reports were originally audited and certified by CPA Yung-Ming Chiu and CPA Chin-Chuan Shih from Deloitte & Touche. To accommodate internal position adjustments within the accounting firm, starting from the first quarter of 2024, CPA Yung-Ming Chiu and CPA Chin-Ming Hsu will be responsible for the certification of the Company's individual and consolidated financial reports. 2. Review The Company's Consolidated Financial Statements for Q1 2024. 3. Evaluation of the Independence and Competence of the Company's Certified Public Accountants. CPAs recused themselves and did not participate in the discussion.	The chairman and members unanimously agreed and submitted it to the Board of Directors for deliberation.
August 7, 2024 2nd - 5th	Review The Company's Consolidated Financial Statements for Q2 2024.	The chairman and members unanimously agreed and submitted it to the Board of Directors for deliberation.

Date	Communication	Communication Results
November 8, 2024	Review The Company's Consolidated Financial	The chairman and members

2nd - 6th	Statements for Q3 2024.	unanimously agreed and submitted it to the Board of Directors for deliberation.
March 12, 2025 2nd - 7th	Review the Company's 2024 business report, individual financial statements, and consolidated financial statements.	The members present unanimously agreed and submitted it to the Board of Directors for discussion.
May 12, 2025 2nd - 8th	Review The Company's Consolidated Financial Statements for Q1 2025. Evaluation of the Independence and Competence of the Company's Certified Public Accountants. CPAs recused themselves and did not participate in the discussion. (Note 1)	The members present unanimously agreed and submitted it to the Board of Directors for discussion.

Note1: Appoint a Certified Public Accountant

To ensure the independence and competence of the CPA Firm, the Audit Committee refers to Article 47 of the CPA Act and Bulletin No. 10 of the Code of Professional Ethics for CPAs, "Integrity, Objectivity, and Independence," to formulate an independence evaluation form. It evaluates the independence, professionalism, and competence of the CPAs, assessing whether they have any relationships as related parties, or business or financial interest relationships with the Company. In addition, in accordance with Article 29, Paragraph 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, after reviewing the AQI Report for 2023 (from June 1, 2023, to May 31, 2024) prepared by Deloitte & Touche, the audit experience and training hours of the firm and the audit team are above the industry average, and the audit quality meets the standards and requirements of our company. At the 8th meeting of the 2nd Audit Committee on May 12, 2025, it was approved that CPA Yung-Ming Chiu and CPA Chin-Ming Hsu from Deloitte & Touche meet the independence and competence evaluation standards and are qualified to serve as the Company's financial and tax certified public accountants.

(III) Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best－Practice Principles for TWSE/TPEx Listed Companies and the Reasons

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Operating conditions</th><th rowspan="2">Differences from the Code of Corporate Governance Practices of listed companies and the reasons for such differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Description</th></tr>
<tr><td>1. Has the Company formulated and disclosed the Code of Corporate Governance Practices in accordance with the Code of Corporate Governance Practices for listed companies?</td><td>V</td><td></td><td>The Company has established a code of corporate governance, and the Company's operations are conducted in accordance with the relevant provisions of the "Code of Corporate Governance Practices for Listed Companies".</td><td>No significant differences.</td></tr>
<tr><td>2. Shareholding structure and shareholders' equity of the Company
(1) Has the Company established internal operating procedures to handle shareholders' proposals, questions, disputes, litigation matters, and implemented them in accordance with the procedures?
(2) Does the Company have a list of the major shareholders and ultimate controllers of the major shareholders who effectively control the Company?
(3) Has the Company established and implemented a risk control and firewall mechanism with its affiliated companies?
(4) Does the Company have internal regulations that prohibit insiders from trading marketable securities using unpublished information in the market?</td><td>
V
V
V
V</td><td></td><td>(1) The Company has a spokesperson and a proxy spokesperson, with designated personnel to handle shareholders' suggestions or disputes.
(2) The Company is able to maintain a list of the major shareholders who effectively control the Company and their ultimate controllers.
(3) We have established and implemented a risk control and firewall mechanism with our affiliated companies. Hoping to make the rights and responsibilities clearer and more transparent.
(4) The Company has established the "Internal Material Information Handling and Prevention of Insider Trading Management Procedures," strictly prohibiting insiders from trading marketable securities using unpublished information in the market.</td><td>No significant differences.
No significant differences.
No significant differences.
No significant differences.</td></tr>
<tr><td>3. Composition and duties of the Board of Directors
(1) Has the Board of Directors formulated a diversity policy, specific management objectives, and implemented them?
(2) Does the Company voluntarily set up various functional committees other than the Compensation Committee and Audit Committee in accordance with the law?
(3) Has the Company established a method for evaluating the performance of the Board of Directors and its evaluation method, conducts performance evaluation annually and periodically, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary compensation and nomination for reappointment?
(4) Does the Company regularly assess the independence of the CPAs?</td><td>
V
V
V
V</td><td></td><td>(1) The Company has already established policies and specific management objectives regarding board member diversity in the "Code of Corporate Governance" and is gradually implementing them.
(2) In addition to having lawfully established the Compensation Committee and Audit Committee, the Board of Directors approved the establishment of the "Risk Committee" on November 6, 2020, and the "Sustainable Development and Responsible Minerals Committee" on August 8, 2022.
(3) The Company's Board of Directors established the "Rules for the Evaluation of the Board of Directors' Performance" on November 6, 2020. It is stipulated that each functional committee should perform an internal committee performance evaluation at least once a year, and an evaluation by an external professional independent organization or a team of external experts and scholars every three years.
The performance evaluation results of the Board of Directors serve as a reference basis for the selection or nomination of directors, and the individual directors' performance evaluation results are used as a reference for determining their individual salary compensation.
(4) The Company evaluates the independence and suitability of the CPAs at least once a year, focusing on the size and reputation of the accounting firm, the nature and extent of non-audit services provided, the audit fee, the availability of regular training, and the interaction with management and the internal auditors. Later, submit the results to the Board of Directors for consideration and approval.</td><td>No significant differences.
No significant differences.
No significant differences.
No significant differences.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Operating conditions</th><th rowspan="2">Differences from the Code of Corporate Governance Practices of listed companies and the reasons for such differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Description</th></tr>
<tr><td>4. Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?</td><td>V</td><td></td><td>The Company's Board of Directors on May 3, 2024, approved the new appointment of the Corporate Governance Executives, specializing in handling matters related to corporate governance.
<table>
<tr><th>Title</th><th>Gender and Name</th><th>Date of Continuing Education Course</th><th>Organizer</th><th>Course Name</th><th>Continuing Education Hours</th></tr>
<tr><td>Corporate Governance Officer</td><td>Li-Kuan Lo</td><td>2024.09.12</td><td>Taiwan Stock Exchange Corporation</td><td>Explanation meeting for promoting shareholding by insiders of listed and emerging stock companies.</td><td>3</td></tr>
<tr><td>Corporate Governance Officer</td><td>Li-Kuan Lo</td><td>2024.11.18-2024.11.19</td><td>Accounting Research and Development Foundation</td><td>The Core Sustainable Courses for Directors and Supervisors of Listed Companies</td><td>12</td></tr>
<tr><td>Corporate Governance Officer</td><td>Li-Kuan Lo</td><td>2024.12.04</td><td>Taiwan Stock Exchange Corporation</td><td>Sustainable Development Committee and Chief Sustainability Officer Symposium</td><td>3</td></tr>
</table></td><td>No significant differences.</td></tr>
<tr><td>5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a stakeholder area on the Company's website, and responded appropriately to important CSR issues of concern to stakeholders?</td><td>V</td><td></td><td>The Company website has set up a stakeholder area.
Regularly understand stakeholders' concerns about important CSR issues through surveys sent to various types of stakeholders, in order to provide more appropriate responses.</td><td>No significant differences.</td></tr>
<tr><td>6. Does the Company appoint a professional shareholding agent to conduct the shareholders' meeting?</td><td>V</td><td></td><td>The Company's shareholding affairs are entrusted to "Horizon Securities Co., Ltd." for handling, and the contact information of the institution is detailed in the third item of the cover of this annual report.</td><td>No significant differences.</td></tr>
<tr><td>7. Information Disclosure
(1) Does the Company have a website to disclose financial operations and corporate governance information?
(2) Whether the Company has adopted other means of information disclosure (such as setting up an English website, designating a person responsible for the collection and disclosure of company information, implementing a spokesperson system, placing the Company's website during the corporate presentation, etc.)
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarterly financial reports and monthly operations well in advance of the required deadline?</td><td>
V
V
V</td><td></td><td>(1) The Company has set up a website and disclosed information related to financial operations and corporate governance.
(2) The Company has designated a person responsible for the collection and disclosure of corporate information and has implemented a spokesperson system in accordance with the regulations. Materials and videos from the corporate presentation have also been placed on the Company's website for relevant stakeholders to understand.
(3) The Company announces and reports relevant information in accordance with the regulations before the deadline.</td><td>No significant differences.
No significant differences.
No significant differences.</td></tr>
<tr><td>8. Is there any other important information that can help readers understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor education, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?</td><td>V</td><td></td><td>Disclosure of important corporate governance information on the Company's website, annual reports, sustainability reports, and the Public Information Observation Post System.</td><td>No significant differences.</td></tr>
</table>

Evaluation Items	Operating conditions			Differences from the Code of Corporate Governance Practices of listed companies and the reasons for such differences
	Yes	No	Abstract Description	
9. Please describe the improvements that have been made to the results of the corporate governance assessment released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance those that have not yet been improved.	V		The Company has proposed directions for improvement in various aspects based on the results of the 11th Corporate Governance Evaluation (2024) as follows: 1. Formulate internal regulations for trading marketable securities using unpublished information. 2. Formulate policies for the diversity of the Board of Directors members. 3. Formulate succession planning for members of the Board of Directors and key management positions. 4. Strengthen ESG-related information on the website.	

(IV) Information on the operation of the Compensation Committee

1. Compensation Committee Member Information

<table>
<tr><th>Identity</th><th>Qualification
Name</th><th>Professional Qualifications and Experience</th><th>Satisfies independence requirements</th><th>Number of members of other public companies' compensation committees</th></tr>
<tr><td>Convener Independent Director</td><td>Gao-Jin Wang</td><td>Academic background:
Please refer to the Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors.
Working experience:
Please refer to the Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors.
Professional qualifications:
Please refer to the Diversity of the Board of Directors.
None of the circumstances under Article 30 of the Company Act apply.</td><td rowspan="3">1. Neither I, my spouse, nor my relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates.
2. Neither I, my spouse, nor my relatives within the second degree of kinship, or through use of others' names, hold any shares of the Company, amounting to 0 shares and 0%.
3. I do not serve as a director, supervisor, or employee of any company with a specific relationship with the Company.
4. The amount of remuneration obtained for providing business, legal, finance, or accounting services to the Company or its Affiliates in the last two years is 0 dollars.</td><td>None</td></tr>
<tr><td>Member Independent Director</td><td>Meng-Xiu Lee</td><td>Academic background:
Please refer to the Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors.
Working experience:
Please refer to the Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors.
Professional qualifications:
Please refer to the Diversity of the Board of Directors.
None of the circumstances under Article 30 of the Company Act apply.</td><td>3 companies</td></tr>
<tr><td>Member Independent Director</td><td>Sheng-Yuan Chen</td><td>Academic background:
Please refer to the Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors.
Working experience:
Please refer to the Professional Qualifications of Directors and Supervisors and Disclosure of Information on Independence of Independent Directors.
Professional qualifications:
Please refer to the Diversity of the Board of Directors.
None of the circumstances under Article 30 of the Company Act apply.</td><td>None</td></tr>
</table>

2. Information on the operation of the Compensation Committee

(1) The Compensation Committee consists of three members.

(2) The term of office of the current members: June 27, 2023 to June 26, 2026. The Compensation Committee convened 3 times in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) 【B/A】	Remarks
Convener	Gao-Jin Wang	3	0	100	
Member	Meng-Xiu Lee	3	0	100	
Member	Sheng-Yuan Chen	3	0	100	

Other items to be recorded:

1. If the Board of Directors does not adopt or amend the recommendation of the Compensation Committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Compensation Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons for the difference): None.
2. If a member of the Compensation Committee has objections or reservations and the matter is recorded or stated in writing, the date and period of the Compensation Committee, the content of the motion, the opinions of all members and the treatment of the opinions of the members shall be stated: None. Other items to be recorded:

Compensation Committee	Motion Content	Resolution Result	The Company's Handling of the Compensation Committee's Opinion
5th - 2nd 2024.03.13	Approval of directors' and employees' remuneration for 2023 reviewed by the Company's Remuneration Committee	Passed by all committee members	The Chairman consulted all members present and passed the motion without objection.
5th - 3rd 2024.08.07	Review the remuneration of the President and the Vice President of the Administration Department.	Passed by all committee members	The Chairman consulted all members present and passed the motion without objection.
5th - 4th 2025.05.12	1. Proposal to adjust the salary of managers in 2025 2. Discuss the Directors' and employees' remuneration for 2024 reviewed by the Company's Compensation Committee.	Passed by all committee members	The Chairman consulted all members present and passed the motion without objection.

3. Information on the operation of the Risk Management Committee

(1) In order to ensure the integrity of the stable operation, sustainable development and risk management system of the Company, which serves as the basis for various risk management and execution, the establishment of the Risk Management Committee was completed on November 6, 2020. The risk management committee is chaired by the chairman of the board of directors and controls the risks that may arise to a tolerable extent to achieve the goal of rationalizing risk and reward. The report of its operation to the Board of Directors at least once a year is as follows.

Date	Communication	Communication Results
2024.11.08	Annual Risk Report	None

(2) Risk Management Committee members and qualifications

Title	Name	Academic background
Convener	Lung-Tsai Yen	Honorary Ph.D., National Taipei University of Technology
Member	Chong-Yi Wang	Alabama State University MBA
Member	Ming-Cheh Hsieh	Department of Chemical Engineering, National Taipei Institute of Technology
Member	Wen-Zhi Yen	Master of Business Administration, Long Island University New York
Member	Ren-Jie He	National Cheng Kung University
Member	Jian-Zhi Chen	Department of Chemical Engineering, Tatung University

(3) Risk Management Policy

The Company has established a "Risk Management Code of Practice," which was approved by the Board of Directors in 2022, as the Company's highest guiding principle for risk management. The Company evaluates risks on a regular basis each year and formulates risk management policies for each risk, covering mechanisms such as management objectives, organizational structure, attribution of authority and responsibility, and risk management procedures, implementing them in order to effectively identify, measure, and control the Company's various risks and keep the risks arising from business activities within acceptable limits. The Company reports its operations to the Board of Directors at least once a year.

(4) Risk management policy

The Company is committed to integrate and manage all potential risks that may affect operations and profits in a proactive and cost-effective manner, such as operational finance and hazards, through the establishment of an enterprise risk management program, with the aim of providing appropriate risk management to all stakeholders in order to risk-bio materialize. We evaluate the frequency of risk occurrence and the severity of impact on the Company's operation, define the priority of risk and risk level, and adopt corresponding risk management strategies according to the risk level. The Company's risk management includes management of "strategic risk", "operational risk", "financial risk", "hazard risk", and "risk of climate change and non-compliance with environmental and climate related regulations and other international regulatory agreements".

(5) Risk management operations

The Company has been actively promoting the implementation of risk management mechanism since 2020, and the main operations are as follows.

- 2020 promulgation of the Company's Risk Management Policy.
- Strengthen the implementation of risk management mechanisms and unit supervision in line with globalization policies.
- The operational risk has been included in the mandatory course for new recruits, and each person trained on the day of arrival for about 4 hours a day to strengthen the awareness and recognition of the Company's risk culture.
- Foreign employees are trained in Chinese to enhance their communication skills, and local language labels are posted at the operations.
- Risk Management Committee reports meeting to independent directors

(V) Ethical Corporate Management - Implementation Status and Deviations from the Ethical Corporate Management

Promotional Items	Execution (Note 1)			Differences from the Code of Practice on Sustainable Development of listed companies and the reasons for them
	Yes	No	Abstract Description	
1. Has the Company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is supervised by the board of directors?	V		(1) There is a Sustainable Development and Responsible Minerals Committee, which is supervised by the Board of Directors. (2) Regarding the execution of the committee, please refer to "Information on the operation of the Sustainable Development and Responsible Minerals Committee" attached after this table.	No significant differences
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?	V		The Company has been certified to the "ISO 9001" quality management system, "ISO14001:2015" environmental management system, and ISO 14067-1 carbon footprint verification. Certification to the ISO 14064-1:2018 greenhouse gas inventory, IATF 16949:2016 automotive quality system standard, and "ISO 45001:2018" occupational safety and health management system is still in progress. We expect to receive the certifications in the future.	No significant differences
3. Environmental Issues (1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V		(1) The Company has switched to natural gas as an environmentally friendly alternative and has been awarded 2 stars by the Environmental Protection Administration of the Executive Yuan for the first "Waste Resource Recycling Economy Assessment". With the ISO14001:2015 environmental management system certification approval, the Company has been certified to ISO 14067-1 Carbon Footprint Verification and are currently undergoing certification to ISO 14064-1:2018 Greenhouse Gas Inventory, IATF16949:2016 Automotive Quality System Standard, and "ISO 45001:2018" Occupational Safety and Health Management System. The Company not only produces reliable products but also complies with environmental protection regulations.	No significant differences
(2) Is the Company committed to improving energy efficiency and using recycled materials that have a low impact on the environment?	V		(2) Quantitative management of energy saving and carbon reduction: The Company's future quantitative measures for energy saving and carbon reduction: Since heavy oil is a highly polluting fuel, we have applied to CNPC to use natural gas to replace the consumption of heavy oil. In order to reduce the environmental impact caused by production activities, the Company has implemented a series of control measures in order to make full use of products or raw materials and even recycle them. In addition to source control as well as to maximize the effectiveness of our products and raw materials, we hold regular meetings to instruct the relevant units to speed up the processing or reuse of poor materials or defective products generated during production. In addition to improving the efficiency of energy and resources in production, the Company also employs tanker trucks in the delivery of products to reduce the use of barrel packaging materials. Besides, the wood pallets used for export are not easy to be recycled owing to the high loss of wood pallets, as well as a large amount of deforestation, resulting in the reduction of forest land and the destruction of forests, which causes the greenhouse effect on the earth. Furthermore, it is necessary to be treated by smoky drugs, which poses a burden on the environment, and thus our company actively coordinates with customers to use plastic pallets instead of wood pallets for shipment, which can be returned and reused.	No significant differences

Promotional Items	Execution (Note 1)			Differences from the Code of Practice on Sustainable Development of listed companies and the reasons for them
	Yes	No	Abstract Description	
(3) Has the Company assessed the potential risks and opportunities of climate change on the enterprise now and in the future, and taken relevant measures in response?	V		(3) The Board of Directors is the highest level of responsibility for climate change related risk management, while its Risk Management Committee and Sustainable Development and Responsible Minerals Committee are responsible for regularly monitoring the implementation of climate change related risks and opportunities, respectively.	No significant differences
(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	V		(4) Greenhouse gases: In the past two years, efforts have been made to inventory the greenhouse gas emissions caused by company activities and obtain assurance from an accounting firm to ensure the emission report is reliable and accurate. Various energy-saving measures have been formulated to further reduce greenhouse gas emissions. Water usage: Implement daily water-saving measures and install water-saving equipment to continuously manage water volume. Waste: Continuously compile the yearly total weight of waste, promote source reduction, and carry out waste liquid recovery and classification of recyclable materials to maximize effective utilization of waste and achieve the goal of Waste Reduction.	No significant differences
4. Social Issues				
(1) Has the Company established relevant management policies and procedures in accordance with relevant laws, regulations and international human rights conventions?	V		(1) Management policies and procedures are established in accordance with relevant laws and regulations, with no violation of international human rights conventions and other relevant regulations.	No significant differences
(2) Has the Company established and implemented reasonable employee benefit measures (including salary, vacation and other benefits, etc.) and appropriately reflected operational performance or results in employee compensation?	V		(2) Employee benefit measures are established and implemented in accordance with relevant laws, regulations, and operating performance. Results are appropriately reflected in employee compensation.	No significant differences
(3) Does the Company provide a safe and healthy working environment for employees and implement regular safety and health education for employees?	V		(3) The Company establishes work rules in accordance with labor laws and regulations to protect the legal rights and interests of employees, so as to conduct annual health examinations and labor safety training and drills for employees.	No significant differences
(4) Has the Company established an effective career development program for employees?	V		(4) Please refer to the Company's annual sustainability report for content on employee care and other topics.	No significant differences
(5) For products and services of customer health and safety, customer Does the Company follow the relevant laws and regulations and international standards on privacy, marketing and labeling, and has a policy and complaint procedure to protect the rights of consumers or customers?	V		(5) We maintain good communication channels with our customers and provide effective customer complaint handling for our products and services, and have established the "Customer Complaint Management Regulations" and "Customer Service Management Regulations" to resolve and handle customer complaints as soon as possible. Please refer to the Company's annual sustainability report and this year's annual report for the Environmental Expenditure Information and other content.	No significant differences
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety, health or labor human rights, and the status of implementation?	V		(6) The Company only cooperates with suppliers that meet the relevant environmental regulations for sustainable production and has established relevant supplier management practices. Please refer to the Company's annual sustainability report and this year's annual report for the Environmental Expenditure Information and other content.	No significant differences

Promotional Items	Execution (Note 1)			Differences from the Code of Practice on Sustainable Development of listed companies and the reasons for them
	Yes	No	Abstract Description	
5. Does the Company make reference to internationally accepted standards or guidelines for the preparation of reports, such as perpetual reports, that disclose non-financial information about the Company? Has the report been verified or guaranteed by a third party?	V		The Company's 2024 Sustainability Report is prepared in accordance with the "Operational Guidelines for Preparation and Reporting of Sustainability Reports by TPEx Listed Companies" issued by the Taipei Exchange and follows the guidelines and framework of the 2021 version of the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI). It discloses the Company's key sustainability issues, strategies, goals, and measures. The 2024 Sustainability Report is certified by Ernst & Young, and the standard cited is the GRI Standards.	No significant differences
6. If the Company has its own code of conduct for sustainable development in accordance with the "Code of Practice for Sustainable Development of Listed Companies", please describe the differences between its operation and the code:	The Company has established the "Code of Conduct for Sustainable Development" in accordance with the "Code of Conduct for Sustainable Development of Listed Companies" and has faithfully adhered to it, with no discrepancies occurring so far.			
7. Other important information to help understand the implementation of sustainable development:	(1) The Company has already set up a website and disclosed financial operations and corporate governance-related information in a timely and comprehensive manner. (2) The Company has designated a person responsible for the collection and disclosure of corporate information and has implemented a spokesperson system in accordance with the regulations. (3) The Company shall announce and report its annual financial statements within two months after the end of the fiscal year in accordance with the regulations, and shall announce and report its first, second and third quarterly financial statements and monthly operations well in advance of the prescribed deadline.			

1. Status of Sustainable Development and Responsible Minerals Committee:

To establish a good corporate governance structure, the Company set up the "Sustainable Development and Responsible Minerals Committee" on August 8, 2022. Strengthen the functions of the Board of Directors and facilitate the implementation of corporate social responsibilities related to the environment, society, and corporate governance.

(1) We identify our own strengths from the perspective of a business, focus on sustainable development, formulate strategies in line with our corporate philosophy and vision through stakeholder engagement, and launch various sustainability strategies through corporate culture formation and corporate leadership. Finally, we review results from stakeholders' point of view; adjust strategies to ensure the achievement of performance targets, if necessary; disclose relevant actions through multiple channels; and satisfy the expectations and requirements of stakeholders to generate a driving force for the Company to promote sustainability continuously.

(2) Sustainable Development and Responsible Minerals Committee members and their academic background:

Title	Name	Academic Qualifications
Convener	Lung-Tsai Yen	Honorary Doctorate, Taipei University of Technology
Member	Wen-Zhi Yen	Master of Business Administration, Long Island University New York
Member	Chong-Yi Wang	Alabama State University MBA
Member	Bo-Hui Shen	Department of Electrical Engineering, Chien Hsin University of Science and Technology
Member	Ren-Jie He	National Cheng Kung University
Member	Jian-Zhi Chen	Institute of Chemical Engineering, Tatung University

(3) Supervision situation of the Board of Directors in 2024:

Date	Matters of Supervision	Result
March 13, 2024 12th - 4th	1. Greenhouse gas inventory and verification schedule report. 2. The Corporate Governance Officer reports the results of the examination of the qualifications of the Independent Director's term of service. 3. Discuss the Company's 2023 "Modern Slavery Policy and Statement".	The motion was unanimously passed by all directors present.
May 3, 2024 12th - 5th	1. Greenhouse gas inventory and verification schedule report. 2. Discuss the establishment of the "Regulations for Assistance to Employees in Business Litigation." 3. Discuss the Amendment to the Company's "Procedures for Handling Material Internal Information." 4. Discuss the change of corporate governance officer.	The motion was unanimously passed by all directors present.
August 7, 2024 12th - 7th	1. Greenhouse gas inventory and assurance schedule control report. 2. The situation of purchasing liability insurance for directors, supervisors, and key officers. 3. Approve the 2023 Sustainability Report.	The motion was unanimously passed by all directors present.
November 8, 2024 12th - 8th	1. Greenhouse gas inventory and assurance schedule control report. 2. Integrity management Year Execution. 3. Annual Execution of Sustainable Development. 4. Risk management Year Execution. 5. Approve the establishment of the "Sustainable Information Management Regulations."	The motion was unanimously passed by all directors present.
March 12, 2025 12th - 9th	1. Greenhouse gas inventory and assurance schedule control report.	

2. Climate-related information for listed and OTC companies

(1) Climate related information implementation situation

Item	Execution
1. Describe the Board's and management's oversight and governance of climate related risks and opportunities.	The Board of Directors is the highest level of responsibility for climate change related risk management, while its Risk Management Committee and Sustainable Development and Responsible Minerals Committee are responsible for regularly monitoring the implementation of climate change related risks and opportunities, respectively.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term.	Please refer to the Company's annual sustainability report for the explanation of Climate Risk Management and Climate Opportunity Management.
3. Describe the financial impact of extreme climate events and transformational actions.	Same as above.
4. Describe how the climate risk identification, assessment and management process is integrated into the overall risk management system.	Same as above.
5. If situational analysis is used to assess the resilience to climate change risks, the scenario, parameters, assumptions, analysis factors, and key financial impacts should be described.	Same as above.
6. If there is a transformation plan for managing climate-related risks, describe the contents of the plan and the indicators and targets for identifying and managing physical and transformation risks.	Same as above.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.	The Company currently has No internal carbon pricing plan yet.
8. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement, etc. should be stated; if carbon offsets or renewable energy certificates RECs are used to achieve the relevant targets, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates RECs should be stated.	Please refer to the Company's annual sustainability report for the explanation of Climate Risk Management and Climate Opportunity Management.
9. Greenhouse gas inventory and confirmation of the situation and goals, strategies, and concrete action plans (indicated separately in 1-1 and 1-2).	Please refer to this annual report for the content regarding the greenhouse gas inventory and assurance in the most recent two years of the Company.

1-1 reenhouse gas inventory and assurance in the most recent two years

1-1-1 Greenhouse gas inventory information

State the greenhouse gas emissions volume (metric tons CO2e), intensity (metric tons CO2e/ million), and data coverage in the most recent two years.
According to the Financial Supervisory Commission Order No. 11203852314 dated November 3, 2023, The Company currently qualifies as an OTC company with paid-in capital of less than NT$5 billion and will complete disclosures in accordance with the schedule set by the competent authorities.

1-1-2 Greenhouse gas assurance information: Description of the assurance in the most recent two years, including the assurance scope, assurance body, assurance criteria, and assurance opinion.

Explain the assurance status for the most recent two years up to the date of printing of the annual report, including the assurance scope, confirmation agency, assurance criteria, and assurance opinion.
Preparation follows guidelines: GRI Standards. Scope of Assurance: 2023 and 2024 Confirmation Agency: Ernst & Young Taiwan CPA Firm Criteria for Assurance: Assurance Standards No. 3000 (formerly Bulletin No. 1) Audit Opinions: Limited assurance Please refer to the sustainability report on the Market Observation Post System for related data.

1-2 Goals, strategies, and concrete action plans for greenhouse gas reduction

State the baseline year and its data for greenhouse gas reduction, reduction goals, strategies, and concrete action plans, and the achievement status of the reduction goals.
According to the Financial Supervisory Commission Order No. 11203852314 dated November 3, 2023, The Company currently qualifies as an OTC company with paid-in capital of less than NT$5 billion and will complete disclosures in accordance with the schedule set by the competent authorities.

(VI) Performance of honest business practices and differences from the Code of Conduct for Listed Companies and reasons for such differences

Evaluation Items	Operating conditions (Note)			Differences from the Code of Integrity of Listed Companies and Reasons
	Yes	No	Abstract Description	
I. Establish integrity management policies and programs				
(1) Has the Company established an honest management policy approved by the board of directors, and has the policy and practice of integrity management been stated in the bylaws and external documents, as well as the commitment of the board of directors and the senior management to actively implement the management policy?	V		(1) The Company has established a code of ethical conduct and related rules and regulations, as well as a system of rewards and punishments, such as a code of ethical conduct for directors, supervisors and managers, and a code of ethical conduct for employees, the management team. All employees are committed to a business philosophy of honesty and pragmatism.	The Company uses integrity management as its foundation and will gradually establish a complete system of codes of conduct.
(2) Has the Company established a mechanism for assessing the risk of dishonest acts, regularly analyzed and evaluated the business activities within the scope of business that have a higher risk of dishonest acts, and formulated a plan to prevent dishonest acts based on such a plan, which at least covers the preventive measures for the acts mentioned in Paragraph 2 of Article 7 of the "Code of Integrity for Listed Companies"?	V		(2) The Company has established procedures to prevent dishonest conduct and guidelines for preventive measures in the Code of Integrity.	No significant differences.
(3) Is the Company's program to prevent dishonest behavior clearly defined in the operating procedures, behavior guidelines, disciplinary and complaint system for non-compliance enforced, with regular review and revision of the previously disclosed program?	V		(3) The Company has established a precautionary program in the Code of Integrity Management, which is promoted at each monthly meeting.	No significant differences.
II. The implementation of integrity management				
(1) Does the Company evaluate the integrity records of its counterparties and specify the integrity terms in the signed contracts?	V		(1) The Company will evaluate the credit history of the clients.	No significant differences.
(2) Has the Company set up a special unit under the board of directors to promote integrity of corporate management, and report regularly (at least once a year) to the board of directors on its policies on integrity management and plans to prevent dishonest practices and monitor their implementation?	V		(2) On November 8, 2024, the 12th - 8th Board of Directors reported the Company's annual Integrity management Year Execution, with None violations of the "Code of Integrity."	No significant differences.
(3) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for presentation, and implement it?	V		(3) The Company has established relevant policies to prevent conflicts of interest and provides appropriate channels for presentation in order to effectively implement the Code of Integrity.	No significant differences.
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of dishonest acts, followed by checking the compliance of the dishonest act prevention plan, or has the Company appointed an accountant to perform the audit?	V		(4) The Company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has prepared an audit plan based on the assessment results of the risk of dishonest acts, followed by checking the compliance of the dishonest act prevention plan accordingly. In addition, the internal audit unit has regularly checked and appointed an accountant to perform the audit.	No significant differences.
(5) Does the Company regularly conduct internal and external education and training on integrity management?	V		(5) Internal and external education and training are held regularly.	No significant differences.
III. The operation of the corporate reporting system				
(1) Has the Company established a specific reporting and reward system, set up a channel to facilitate reporting, as well as assigned appropriate staff to receive reports on the subject?	V		(1) The Company has a whistleblower window and suggestion box, and implements the principle of confidentiality for whistleblowers, with specification of the reward for whistleblowing and the penalty for violation of the regulations.	No significant differences.
(2) Has the Company established standard operating procedures for the investigation of whistleblowing cases, follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanism?	V		(2) Anyone who finds a suspected incident of misconduct or violation of this Code has the obligation to report it to the management. If any violation of governmental regulations or fraud is found, it should be reported to the supervisor, manager, internal auditor or other appropriate personnel by email or in writing.	No significant differences.

Evaluation Items	Operating conditions (Note)			Differences from the Code of Integrity of Listed Companies and Reasons
	Yes	No	Abstract Description	
(3) Does the Company take measures to protect the whistleblower from improper disposal as a result of the whistleblowing?	V		(3) The Company will provide the whistleblower with comprehensive protection measures to ensure the quality of the investigation and to avoid unfair retaliation or treatment of the whistleblower.	No significant differences.
IV. Strengthen the disclosure of information Does the Company disclose the content and effectiveness of its Code of Integrity on its website and on the Market Observation Post System?	V		The Company has set up an investment area item on its website and disclosed the content and measures of the Code of Integrity on the Market Observation Post System.	No significant differences.
V. If the Company has its own code integrity management in accordance with the "Code of Integrity for Listed Companies", please describe the differences between its operation and the code:			None. The Company conducts corporate governance in accordance with the Company Law and relevant regulations of the FSC Securities and Futures Bureau, and has covered the main principles of governance.	
VI. Other important information to help understand the integrity of the Company's operations: (such as the Company's review of the revision of its code of conduct for integrity management)			None.	

(VII) Other important information that may be disclosed to enhance understanding of corporate governance operations

Regarding the relevant corporate governance operation situation, further information can be found on the Company's website: http://www.mechema.com/2084421496278352970 2.html

(VIII) The implementation status of the internal control system should disclose the following matters:

1. Statement of Internal Control

Mechema International Group Co,.

Statement of Internal Control System

Date: March 12, 2025

Based on the results of the self-assessment, the Company's internal control system for the year ended December 31, 2024, is stated as follows:

1. The Company recognizes that it is the responsibility of the Board of Directors and the Presidents to establish, implement and maintain an internal control system, and that the Company has established such a system. The purpose of the system aims to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and safety of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and relevant laws and regulations.
2. No matter how well designed, an effective internal control system can only provide reasonable assurance that the above three objectives will be achieved; moreover, due to changes in circumstances and conditions, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism and once deficiencies are identified, the Company will take corrective action.
3. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" are divided into five components based on the management control process: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. monitoring operations. Each component includes a number of items. Please refer to the "Regulations" for the aforementioned items.
4. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the preceding evaluation, the Company believes that the design and implementation of the Company's internal control system (including supervision and management of subsidiaries) as of December 31, 2024, including the understanding of the extent to which operational effectiveness and efficiency objectives are achieved, and the reporting of such internal control system is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations, is effective, and that it can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the Company's annual report and public statement and will be made public. If any of the above-mentioned contents are disclosed in a false or concealed manner, the Company will be subject to legal liability under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors at its meeting held on March 12, 2025, and among the seven directors present, none of them held any opposing views and all of them agreed to the contents of this statement.

Mechema International Group Co,.

Chairman: Signature

President: Signature

2. The Company has not engaged an accountant to conduct a special review of the Company's internal control system.

(IX) Significant resolutions of the shareholders' meeting and the board of directors for the most recent year and up to the date of printing of the annual report

1. The important resolutions of the 2024 Annual Shareholders' Meeting are as follows:

Date	Item	Important Resolutions	Resolution Result
June 20, 2024	Matters of Ratification	First proposal The 2023 Annual Report on Operations and Financial Statements of the Company are hereby approved.	RESOLVED: That the resolution be approved by the poll as originally proposed. And disclosed on the Market Observation Post System and the Company's website.
		Second proposal The Company's 2023 loss appropriation proposal is hereby approved.	RESOLVED: That the resolution be approved by the poll as originally proposed. And disclosed on the Market Observation Post System and the Company's website.
	Matters for Discussion	First proposal Discuss the Company's proposal for the distribution of cash dividends from the legal reserve in 2023.	RESOLVED: That the resolution be approved by the poll as originally proposed. Ex-dividend trading date: 2024/07/16 Cash dividend payment date: 2024/08/01 The cash dividend of NT$1.1 has been fully distributed.

2. The important resolutions of the Board of Directors for 2024 and up to the date of the printing of the annual report are as follows:

Date	Important Item		Resolution Result
March 13, 2024 12th - 4th	First proposal	The Company's 2023 business report, individual financial statements, and consolidated financial statements review proposal.	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	Review of the Company's 2023 "Statement of Internal Control System".	
	Third proposal	Draft the Company's 2023 loss appropriation review proposal.	
	Fourth proposal	Distribution of cash dividends from legal reserve proposal.	
	Fifth proposal	Directors' and employees' remuneration for 2023 reviewed by the Company's Remuneration Committee.	
	Sixth Proposal	Draft a proposal to convene the Company's 2024 Annual Shareholders' Meeting.	
	Seventh proposal	Proposal to renew and increase financing facilities with financial institutions.	
	Eighth proposal	Review of the Company's 2023 "Modern Slavery Policy and Statement".	
	Ninth proposal	Amendment to the Company's "Organizational Rules of the Audit Committee" proposal.	
	Tenth proposal	Change of the Company's accounting officer and financial officer proposal.	

Date	Important Item		Resolution Result
May 3, 2024 12th - 5th	First proposal	Proposal to review the change of CPAs due to Deloitte Taiwan's internal adjustment.	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	The proposal to review The Company's Consolidated Financial Statements for Q1 2024.	
	Third proposal	Evaluation of the Independence and Competence of the Company's Certified Public Accountants	
	Fourth proposal	Proposal to renew and increase financing facilities with financial institutions.	
	Fifth proposal	Establishment of the "Regulations for Assistance to Employees in Business Litigation" proposal.	
	Sixth Proposal	Amendment to the Company's "Procedures for Handling Material Internal Information" proposal.	
	Seventh proposal	Change of corporate governance officer proposal.	
June 20, 2024 12th - 6th	First proposal	Proposal for adjustment of the President of the Company's position.	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	Amendment to the Company's "Table of Approval Authorities" proposal.	
August 7, 2024 12th - 7th	First proposal	The proposal to review The Company's Consolidated Financial Statements for Q2 2024.	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	Review proposal for the 2023 Sustainability Report.	
	Third proposal	Loaning of funds to Subsidiary Mechema Chemical (Malaysia) Sdn Bhd review proposal.	
	Fourth proposal	Proposal for handling loan facilities with financial institutions.	
	Fifth proposal	Proposal for the remuneration of the President and the Vice President of the Administration Department.	
November 8, 2024 12th - 8th	First proposal	The proposal to review The Company's Consolidated Financial Statements for Q3 2024.	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	Deliberation on the establishment of the "Sustainable Information Management Regulations."	
	Third proposal	Review of the audit plan for 2025.	
	Fourth proposal	Proposal for the Company to provide endorsement and guarantee for others.	
	Fifth proposal	Review proposal for the manager bonus distribution principles in 2024.	

Date	Important Item		Resolution Result
March 12, 2025 12th - 9th	First proposal	Review of the Company's 2024 "Statement of Internal Control System".	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	The 2024 Annual Report on Operations and Financial Statements of the Company are hereby submitted for review.	
	Third proposal	Draft a proposal to set the date, location, agenda, and procedures for accepting proposals from shareholders holding more than one percent of the total issued Shares for the Company's 2025 Annual Shareholders' Meeting, including the proposal submission period and location.	
	Fourth proposal	The Company plans to discuss the merger proposal with Mechema Toda Corporation, in which it holds a 100% shareholding.	
May 12, 2025 12th - 10th	First proposal	Draft the proposal for the distribution of the Company's 2024 earnings.	The motion was passed as proposed with unanimous consent after the Chairman consulted all directors present.
	Second proposal	Discuss the Directors' and employees' remuneration for 2024 reviewed by the Company's Compensation Committee.	
	Third proposal	Proposal to Amend the Company's Articles of Incorporation.	
	Fourth proposal	Evaluation of the Independence and Competence of the Company's Certified Public Accountants	
	Fifth proposal	Proposed Amendment to the General Principles for the Company's Pre-Approved Non-Confirmation Service Policy	
	Sixth Proposal	The Company's CPA Audit and Certification Fees for the Year 2025	
	Seventh proposal	Review The Company's Consolidated Financial Statements for Q1 2025.	
	Eighth proposal	Proposal to renew financing facilities with financial institutions	
	Ninth proposal	The Company's 2024 "Modern Slavery Policy and Statement"	

(X) For 2024 and up to the date of the printing of the annual report, all directors of the Company agreed with and approved all important resolutions passed by the Board of Directors.

IV. Information on CPA (External Auditor) Professional Fees

Unit: NT$ in thousand

<table>
<tr><th>Name of CPA firm</th><th>CPA's Name</th><th>CPA review period</th><th>Audit Fees</th><th>Non-audit fees</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">Deloitte Touche Tohmatsu Limited (DTTL)</td><td>Yung-Ming Chiu</td><td rowspan="2">01/01/2024 ～ 12/31/2024</td><td rowspan="2">3,480</td><td rowspan="2"></td><td rowspan="2">3,480</td><td rowspan="2">Non-audit fees are business registration change fees.</td></tr>
<tr><td>Jin-Ming Xu</td></tr>
<tr><td>Confirmation Agency: Ernst & Young Taiwan CPA Firm</td><td>Chen Kuo-Shuai</td><td>01/01/2024 ～ 12/31/2024</td><td>220</td><td></td><td>220</td><td>Assurance statement for the Sustainability Report</td></tr>
</table>

(I) The Company did not change CPA firms in the year 2024.

(II) There was no occurrence of audit fees being reduced by 10% or more compared to the previous year.

V. Information on Replacement of CPAs

(I) About the former Certified Public Accountant

<table>
<tr><td>Date of Replacement</td><td colspan="4">April 12, 2024 (1st quarter of 2024)</td></tr>
<tr><td>Reason for Replacement and Explanation</td><td colspan="4">To accommodate internal position adjustments within the appointed Deloitte Touche Tohmatsu Limited (DTTL), starting from the first quarter of 2024, the certification of The Company's individual and consolidated financial reports was adjusted to be handled by CPA Yung-Ming Chiu and CPA Jin-Ming Xu.</td></tr>
<tr><td rowspan="3">Explain whether it is the principal or the Certified Public Accountant who terminates or does not accept the appointment</td><td colspan="2">Parties / Situation</td><td>Accountant</td><td>Principal</td></tr>
<tr><td colspan="2">Proactively terminate the appointment.</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accept (continue) the appointment.</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>The audit report opinions other than unqualified opinions issued in the latest two years and their reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Are there any differing opinions with the Issuer?</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of the financial report</td></tr>
<tr><td></td><td colspan="2">Scope or procedures of audit</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation: Not applicable</td></tr>
<tr><td>Other Disclosure Items
(Item 1-4 and Item 1-7 of Subparagraph 5, Paragraph 1, Article 10 of these Guidelines should be disclosed)</td><td colspan="4">None</td></tr>
</table>

(II) About the successor Certified Public Accountant

Name of Firm:	Deloitte Touche Tohmatsu Limited (DTTL)
CPA's Name	CPA Yung-Ming Chiu, CPA Jin-Ming Xu
Date of Delegation	May 3, 2024 (1st quarter of 2024)
Consultation items and results prior to appointment on the accounting treatment methods or accounting principles for specific transactions and the opinions that may be issued on the financial reports.	None
The successor Certified Public Accountant's written opinion on items of disagreement with the former Certified Public Accountant	None

(III) The former Certified Public Accountant's reply to Item 1 and Item 2-3 of Subparagraph 5 , Paragraph 1, Article 10 of the "Criteria for the Entries to be Made in the Annual Reports of Publicly Traded Companies": Not applicable.

VI. The Chairman, President, or Directors in Charge of Financial or Accounting Matters of the Company, who has Worked in the Firm of the Certified Public Accountant or its Affiliated Companies within the Last Year

VII. Changes in the Shareholding Of Directors, Supervisors, Presidents and Shareholders Holding More Than 10% of the Shares and Pledges of Shares in the Most Recent Year and as of the Date of Printing of the Annual Report

(I) Changes in the shareholdings of directors, supervisors, managers and substantial shareholders and pledges of shareholdings:

Unit: share

Title	Name	2024		For the year ended at April 28.	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares held	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares held
Chairman (Note 1)	Lung-Tsai Yen	0	0	0	0
Director	Kuo-Kuang Yeh	0	0	0	0
Director and President (Note 1)	Wen-Zhi Yen	0	0	0	0
Independent Director	Meng-Xiu Lee	0	0	0	0
Independent Director	Gao-Jin Wang	0	0	0	0
Independent Director	Sheng-Yuan Chen	0	0	0	0
Independent Director	Sheng-Chun Chou	0	0	0	0
Executive Vice President (Note 2)	Wen-Hsun Tsai	0	0	0	0
Vice President	Ren-Jie He	0	0	0	0
Vice President	Ming-Cheh Hsieh	0	0	0	0
Vice President (Note 3)	Hu Shih-Ching	0	0	0	0
Financial and Accounting Officer	Li-Kuan Lo	0	0	0	0

Note1: Chairman Lung-Tsai Yen was relieved from the position of President on June 20, 2024, and Director Wen-Zhi Yen assumed the role of President on the same day.
Note2: The original Executive Vice President, Wen-Hsun Tsai, stepped down from the position on May 20, 2024.
Note3: The original Special Assistant, Hu Shih-Ching, was appointed as Vice President on September 1, 2024, and stepped down from the position on March 31, 2025.

(II) None of the parties to the transfer of shares related to directors, supervisors, managers, and substantial shareholders are non-related parties.

(III) None of the parties to the pledge of shares related to directors, supervisors, managers, and substantial shareholders are non-related parties.

(IV) Stock Transfer: Market Observation Post System >Single Company>Change in Shareholding/Securities Issuance>Share Transfer Information Enquiry>Post Facto Report on Change in Insider's Shareholding
https://mops.twse.com.tw/mops/#/web/query6_1
Changes in Share Pledges: Market Observation Post System > Single Company > Shareholding Changes/Securities Issuance > Insider Pledge Removal > Announcement of Insider Pledge Removal
https://mopsov.twse.com.tw/mops/web/STAMAK03_1

VIII. Relationships Among the Top 10 Shareholders:

April 28, 2025

Name	Shareholding		Shares held by spouse, minor children		Total shareholding in the name of others		The names and relationships of the top ten shareholders who are related to each other under IFRS No. 6 or who are related to each other as spouses, second-degree relatives, etc.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationships	
Lung-Tsai Yen	6,086,725	8.12%	3,618,770 (Note 2)	4.83%	–	–	Li-Yu Lee Long-Fa Yen Li-Ting Yen Wen-Zhi Yen	Spouse Brothers Father-Daughter Father-Son	
Chi Yuan Investment Co., Ltd.-Representative Li-Ting Yen	4,569,320	6.09%	–	–	–	–	Lung-Tsai Yen Li-Yu Lee Wen-Zhi Yen	Father-Daughter Mother-Daughter Siblings	
Long-Fa Yen	2,595,899	3.46%	2,087,478	2.78%	–	–	Li-Mei Ling Lung-Tsai Yen Wen-Hong Yen	Spouse Brothers Father-Son	
Li-Mei Lin	2,087,478	2.78%	2,600,899	3.47%	–	–	Long-Fa Yen Wen-Hong Yen	Spouse Mother-son	
Taishin International Commercial Bank Trustee Property Account-Lung-Tsai Yen	2,000,000	2.67%	–	–	–	–	Li-Yu Lee Long-Fa Yen Li-Ting Yen Wen-Zhi Yen	Spouse Brothers Father-Daughter Father-Son	
Taishin International Commercial Bank Trustee Property Account- Li-Yu Lee	2,000,000	2.67%	–	–	–	–	Lung-Tsai Yen Li-Ting Yen Wen-Zhi Yen	Spouse Mother-Daughter Mother-son	
Li-Yu Lee	1,618,770	2.16%	8,086,725 (Note 1)	10.78%	–	–	Lung-Tsai Yen Li-Ting Yen Wen-Zhi Yen	Spouse Mother-Daughter Mother-son	
Wen-Zhi Yen	591,276	0.79%	–	–	–	–	Lung-Tsai Yen Li-Yu Lee Li-Ting Yen	Father-Son Mother-son Siblings	
Zheng-Liang Tsai	531,595	0.71%	–	–	–	–	-	-	
Wen-Hong Yen	501,707	0.67%	–	–	–	–	Long-Fa Yen Li-Mei Ling	Father-Son Mother-son	

Note1: Lung-Tsai Yen Number of shares: 6,086,725 shares + Trust 2,000,000 shares = 8,086,725 shares.
Note2: Li-Yu Lee Number of shares: 1,618,770 shares + Trust 2,000,000 shares = 3,628,770 shares.

IX. The Number of Shares Held by Directors, Supervisors, Presidents, and Companies Directly or Indirectly Controlled by the Company in the Same Business to be Invested in, and the Consolidated Percentage of Shareholding shall be Calculated

Unit: share; %

December 31, 2024

Reinvestment business	The Company investment		Directors, supervisors, presidents, and investments in businesses with direct or indirect control		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Mechema Chemicals (Thailand) Co.,Ltd.	310,000	100%	—	—	310,000	100%
P.T. Mechema Indonesia	4,000	100%	—	—	4,000	100%
Mechema Korea Co., Ltd.	876,404	100%	—	—	876,404	100%
Meechma Chemical (Malaysia) Sdn. Bhd.	5,000,000	100%	—	—	5,000,000	100%
Catalyst Development Co., Ltd.	8,100,000	100%	—	—	8,100,000	100%
Mechema International Group Chemicals (Xiamen) (Note 1)	—	100%	—	—	—	100%
Shaoxing Shangyu Mechema Chemical International Group (Note 1)	—	100%	—	—	—	100%
Mechema Toda Corporation (Note 2)	1,751,403	50%	—	—	1,751,403	50%

Note1: The Company is a limited company, so there is no number of shares.

Note2: As of December 31, 2024, the Company's shareholding in Mechema Toda Corporation was 50%. Later, due to operational needs, it acquired the full shareholding of the joint venture partner in January 2025 with the approval of the Ministry of Economic Affairs.

Chapter 3 Capital Raising Status

1. Capital and Shares

(I) Share Capital Source:

April 28, 2025

Year/month	Issue price	Authorized share capital		Paid-in capital		Remarks					
						Share capital source					
		Number of shares	Amount	Number of shares	Amount	Cash capital increase	Surplus capital transfers	Capital transfer	Conversion of corporate bonds to equity	Property against shares	Other
1992/06	10	3,000,000	30,000,000	3,000,000	30,000,000	30,000,000	—	—	—	None	Note 1
1995/06	10	7,000,000	70,000,000	7,000,000	70,000,000	40,000,000	—	—	—	None	Note 2
1997/09	10	11,000,000	110,000,000	11,000,000	110,000,000	15,760,000	24,240,000	—	—	None	Note 3
1998/10	18	30,000,000	300,000,000	16,722,283	167,222,830	36,000,000	21,222,830	—	—	None	Note 4
1998/11	10	30,000,000	300,000,000	19,602,283	196,022,830	—	—	28,800,000	—	None	Note 5
1999/06	13	40,000,000	400,000,000	33,000,000	330,000,000	100,000,000	33,977,170	—	—	None	Note 6
2000/08	10	40,000,000	400,000,000	39,000,000	390,000,000	—	37,950,000	22,050,000	—	None	Note 7
2001/10	10	43,000,000	430,000,000	40,872,000	408,720,000	—	10,140,000	8,580,000	—	None	Note 8
2002/09	10	46,000,000	460,000,000	44,000,000	440,000,000	—	31,280,000	—	—	None	Note 9
2003/06	10	55,000,000	550,000,000	48,750,000	487,500,000	—	47,500,000	—	—	None	Note 10
2004/07	10	70,000,000	700,000,000	48,931,719	489,317,190	—	—	—	1,817,190	None	Note 11
2004/09	10	70,000,000	700,000,000	54,251,719	542,517,190	—	53,200,000	—	—	None	Note 12
2004/10	10	70,000,000	700,000,000	54,570,755	545,707,550	—	—	—	3,190,360	None	Note 13
2005/01	10	70,000,000	700,000,000	54,581,872	545,818,720	—	—	—	111,170	None	Note 14
2005/04	10	70,000,000	700,000,000	54,609,665	546,096,650	—	—	—	277,930	None	Note 15
2005/09	10	80,000,000	800,000,000	60,597,852	605,978,520	—	59,881,870	—	—	None	Note 16
2006/09	10	80,000,000	800,000,000	61,949,909	619,499,090	—	13,520,570	—	—	None	Note 17
2007/07	10	86,000,000	860,000,000	61,949,909	619,499,090	—	—	—	—	None	Note 18
2007/09	10	86,000,000	860,000,000	63,777,781	637,777,810	—	13,589,980	—	4,688,740	None	Note 19
2008/01	10	86,000,000	860,000,000	63,943,001	639,430,010	—	—	—	1,652,200	None	Note 20
2008/04	10	86,000,000	860,000,000	63,947,131	639,471,310	—	—	—	41,300	None	Note 21
2008/09	10	86,000,000	860,000,000	67,504,487	675,044,870	—	35,573,560	—	—	None	Note 22
2009/09	10	86,000,000	860,000,000	69,529,621	695,296,210	—	20,251,340	—	—	None	Note 23
2010/10	10	86,000,000	860,000,000	72,310,805	723,108,050	—	27,811,840	—	—	None	Note 24
2011/10	10	86,000,000	860,000,000	74,986,304	749,863,040	—	26,754,990	—	—	None	Note 25

Note1: The effective date of the capital increase (approval) and the document number is 1992.06.30 by (1992) Commercial 112919
Note2: The effective date of the capital increase (approval) and the document number is 1995.06.29 by (1995) Commercial No. 986647
Note3: The effective date of the capital increase (approval) and the document number is 1997.09.09 by (1997) Commercial 117233
Note4: The effective date of the capital increase (approval) and the document number is 1998.11.20 by (1998) Commercial 087136759
Note5: The effective date of the capital increase (approval) and the document number is 1998.12.11 by (1998) Commercial 087140280
Note6: The effective date of the capital increase (approval) and the document number is 1999.6.22 (1999) Taiwan-Financial-Securities-I. No. 54850.
Note7: The effective date of the capital increase (approval) and the document number is 2000.8.8 (2000) Taiwan-Financial-Securities-I. No. 68539.
Note8: The effective date of the capital increase (approval) and the document number is 2001.08.02 (2001) Taiwan-Financial-Securities-I. No. 149672.
Note9: The effective date of the capital increase (approval) and the document number are 2002.9.16, with the authorization of Commercial No. 09101365050.
Note10: The effective date of the capital increase (approved) and the document number is 2003.6.26, with the authorization of Commercial No. 0920128288.
Note11: The effective date of the capital increase (approval) and the document number is 2004.7.30, with the authorization of Commercial No. 09332500590.
Note12: The effective date of the capital increase (approval) and the document with the authorization of Commercial No. 09301173970 of September 14, 2004.
Note13: The effective date of the capital increase (approval) and the document number is 2004.10.27, with the authorization of Commercial No. 09301199800.
Note14: The effective date of the capital increase (approval) and the document number is 2005.01.28, with the authorization of Commercial No. 09401017470.
Note15: The effective date of the capital increase (approval) and the document number is 2005.04.27, with the authorization of Commercial No. 09401073390.
Note16: The effective date of the capital increase (approval) and the document number is 2005.9.15, with the authorization of Commercial No. 09401183040.
Note17: The effective date of the capital increase (approval) and the document number is 2006.9.22, with the authorization of Commercial No. 09501216150.
Note18: The effective date of the capital increase (approval) and the document number is 2007.07.02, with the authorization of Commercial No. 09601148560.
Note19: The effective date of the capital increase (approval) and the document number is 2007.9.29, with the authorization of Commercial No. 09601233010.
Note20: The effective date of the capital increase (approval) and the document number is 2008.01.22, with the authorization of Commercial No. 09701012640.
Note21: The effective date of the capital increase (approval) and the document number is 2008.04.11, with the authorization of Commercial No. 09701088330.
Note22: The effective date of the capital increase (approval) and the document number is 2008.90.23, with the authorization of Commercial No. 09701239980.
Note23: The effective date of the capital increase (approval) and the document number is 2009.09.10, with the authorization of Commercial No. 09801207380.
Note24: The effective date of the capital increase (approval) and the document number is 2010.10.04, with the authorization of Commercial No. 09901219620.
Note25: The effective date of the capital increase (approval) and the document number is 2011.9.27, with the authorization of Commercial No. 10001219710.

April 28, 2025

Shares categories	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	74,986,304 shares	25,014,696 shares	100,000,000 shares	All issued shares are listed shares.

(II) List of major shareholders:

April 28, 2025

Shareholding name of major shareholders	Number of shares held	Shareholding ratio
Lung-Tsai Yen	6,086,725	8.12%
Chi Yuan Investment Co., Ltd.-Representative Li-Ting Yen	4,569,320	6.09%
Long-Fa Yen	2,600,899	3.47%
Li-Mei Lin	2,087,478	2.78%
Taishin International Commercial Bank Trustee Property Account-Lung-Tsai Yen	2,000,000	2.67%
Taishin International Commercial Bank Trustee Property Account- Li-Yu Lee	2,000,000	2.67%
Li-Yu Lee	1,618,770	2.16%
Wen-Zhi Yen	591,276	0.79%
Zheng-Liang Tsai	531,595	0.71%
Wen-Hong Yen	501,707	0.67%

(III) Company's dividend policy and implementation status:

1. The dividend policy specified in the Articles of Incorporation is as follows:

   The Company shall first set aside 10% of the legal reserve and then set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act except for the taxable income and prior years' losses, and the remainder shall be distributed in the following order as proposed by the Board of Directors:

   (1) The remuneration for directors and supervisors shall not be more than 5% of the allocated amount.

   (2) Employee compensation shall not be less than one percent of the allocated amount.

   (3) The remaining balance represents dividends to shareholders.

   Since the Company is in the growth phase of its corporate life cycle, with a view to effectively grasping appropriate investment opportunities, the Company's dividend policy, in addition to making reference to the general level of dividend distribution in the industry, will take into account the future capital needs and long-term financial planning requirements and will set aside at least 50% of the above-mentioned shareholders' bonus, of which no less than 10% shall be distributed as cash dividends, provided that the type and rate of such distribution may be adjusted by resolution of the shareholders' meeting depending on the actual profitability and capital position of the year.

2. Dividend distribution proposed at the shareholders' meeting (approved by the Board of Directors and not yet approved by the shareholders' meeting):
   (1) Shareholder Cash Dividends: The Company's Board of Directors on May 12, 2025, approved the proposal for the distribution of 2024 earnings; The Company plans to allocate NT$176,967,677 from the 2024 earnings for shareholder bonuses to distribute cash dividends, with each share entitled to NT$2.36. After approval by the shareholders' meeting, the Chairman is authorized to set the base date for dividend distribution.
   (2) Employee stock compensation: None.
   (3) Employees' cash remuneration: NT$3,000,000.

(IV) The effect of the proposed gratis share placement on the Company's operating results and earnings per share:

No proposal regarding a non-remunerated allotment of shares (2024) has been drafted for the 2025 Shareholders Meeting.

(V) Remuneration for employees, directors and supervisors:

1. The percentage or scope of remuneration for employees, directors and supervisors as set forth in the Articles of Incorporation.

   The dividend policy is implemented in accordance with Article 19 of the Company's Articles of Incorporation, as described in the explanation regarding "The dividend policy specified in the Articles of Incorporation" in the annual report under "Reference, I, (III), (1)".
2. The basis for estimating the amount of compensation for employees, directors and supervisors, the basis for calculating the number of shares for employee compensation distributed by stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

   The current valuation basis is based on the dividend policy set forth in Article 19 of the Company's Articles of Incorporation as follows: After the Year-end finalization of accounts, the net income shall, except for paying taxes according to law and covering previous years' losses, first allocate 10% towards the legal reserve and then set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act; the remainder shall be proposed by the Board of Directors for distribution in the following order:

(1) The remuneration for directors and supervisors shall not be more than 5% of the allocated amount.
(2) Employee compensation shall not be less than one percent of the allocated amount.
(3) The remaining balance represents dividends to shareholders.
There is no difference between the estimated and calculated bases for the current period.

3. The Board of Directors approved the distribution of remuneration:
(1) The Board of Directors has approved the distribution of NT$3,000,000 for employees' remuneration and NT$2,200,000 for directors' and supervisors' remuneration for 2024. The annual amount difference of NT$255,000 for employees' remuneration recognized as an expense will be adjusted in the following year. There is no difference in the annual amount for directors' and supervisors' remuneration recognized as an expense.
(2) There was no employee remuneration distributed in stock for 2024.

4. The actual distribution of compensation to employees, directors and supervisors in the previous year:
The actual distribution of employees' remuneration of $1,250,000 and directors' and supervisors' remuneration of $365,000 for 2023 was the same as the distribution resolution approved by the Board of Directors.

(VI) For 2024 and up to the date of the printing of the annual report, the Company did not have any share repurchases.

2. Corporate Bonds (Including Overseas Corporate Bonds): None.
3. Preferred Shares: None.
4. Participation in the Issuance of Overseas Depositary Receipts: None.
5. Employee Share Subscription Warrants: None.
6. Restrictions on the Application of New Shares of Employees' Rights: None.
7. Acquisition or Transfer of Shares of Other Companies and Issuance of New Shares: None.
8. Capital Utilization Plan and Implementation Status: None.

Chapter 4 Operation Overview

1. Business Content

(I) Scope of Business:

1. Main content of the business operated
   (1) Manufacture, trading, import and export of cobalt acetate and manganese acetate.
   (2) Manufacture, trading, import and export of cobalt compounds and manganese compounds.
   (3) Trading, import and export of cobalt and manganese metals.
   (4) Basic chemical industry.
   (5) Other chemical products wholesale industry (cobalt bromide, cobalt sulfate, terephthalic acid, oxidation catalyst, manganese bromide, cobalt hydroxide, cobalt oxide, antimony compounds).
   (6) Other chemical products retail industry (cobalt bromide, cobalt sulfate, terephthalic acid, oxidation catalyst, antimony compounds).
   (7) Industrial auxiliary manufacturing industry.
   (8) Machinery wholesale industry.
   (9) Machinery and apparatus retail industry.
   (10) Fertilizer retail industry.
   (11) Management consulting.
   (12) Other petroleum and coal products manufacturing industry (lubricants).
   (13) Petroleum products wholesale industry.
   (14) Petroleum products retail industry.
2. Business weighting

Unit: NT$ in thousand, %

Products	2024		2023	
	Amount	Proportion	Amount	Proportion
Battery material related raw materials	602,074	28%	695,099	30%
Oxidation catalyst (with related raw materials)	1,519,580	72%	1,621,265	70%
Total	2,121,654	100%	2,316,364	100%

3. Current products and services of the Company.
   (1) Manufacture, trading, import and export of cobalt acetate and manganese acetate.
   (2) Manufacture, trading, import and export of cobalt compounds and manganese compounds.
   (3) Trading, import and export of cobalt and manganese metals
   (4) Production, manufacturing, trading, import and export of battery raw materials.
   (5) Manufacture, trading, import and export of cobalt bromide and manganese bromide.
   (6) Recycling of catalytic waste.

4. New products (services) planned to be developed.
   (1) Assist customers to establish high efficiency catalyst recovery system.
   (2) Research and development of other industrial catalysts.
   (3) R&D of cobalt soap.
   (4) Research and development of PTA and battery material intermediate product recycling system.

   Our main products are solid oxidation catalysts and liquid oxidation catalysts, which are sold in Northeast Asia, Southeast Asia and the Middle East, as well as in Europe and the U.S., where we are developing into a global transportation center. In recent years, battery materials and related raw materials have been developed and sold mainly in Japan and Canada, resulting in a promising future under the development of electric vehicles.

(II) Industry Overview:

1. Current status of the industry and development:

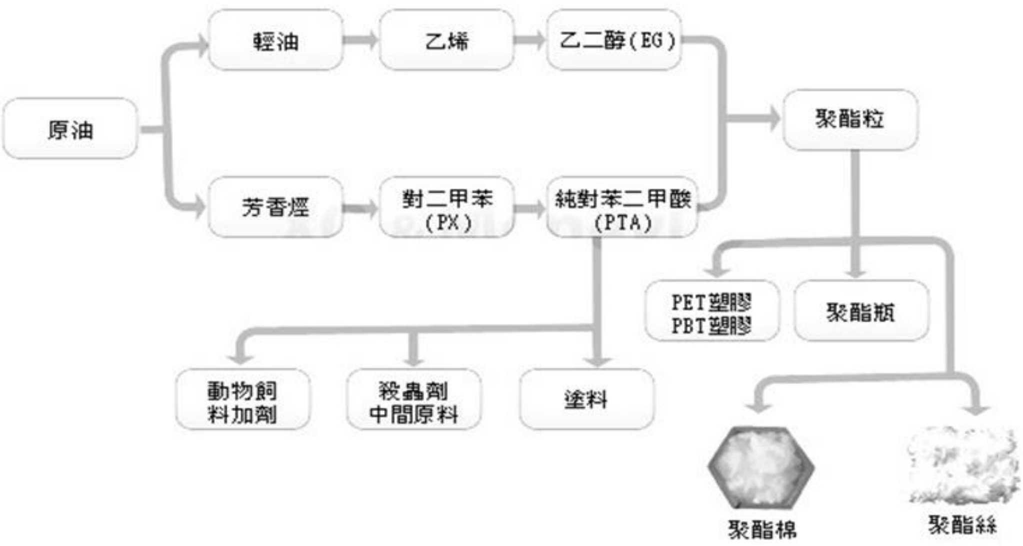
   At present, the Company's products are mainly divided into two major items, namely, oxidation catalysts and raw materials for battery materials (lithium and cobalt batteries in secondary batteries), and the current status of each industry is described below.

   (1) Oxidation catalyst products:

   The main raw materials of oxidation catalyst are cobalt metal, manganese metal, bromic acid and glacial acetic acid, which are mainly supplied to downstream pure paraben dicarboxylic acid (PTA) manufacturers for production. It is an essential basic raw material for PTA production, since PTA oxidation catalyst must be utilized as long as PTA is produced. Therefore, the growth of this product is closely related to the PTA boom.

   Pure Terephthalic Acid (PTA) is an important chemical fiber raw material, at room temperature is a white powder crystal, non-toxic, flammable, if mixed with air, within a certain limit of fire will burn.

PTA產品結構圖

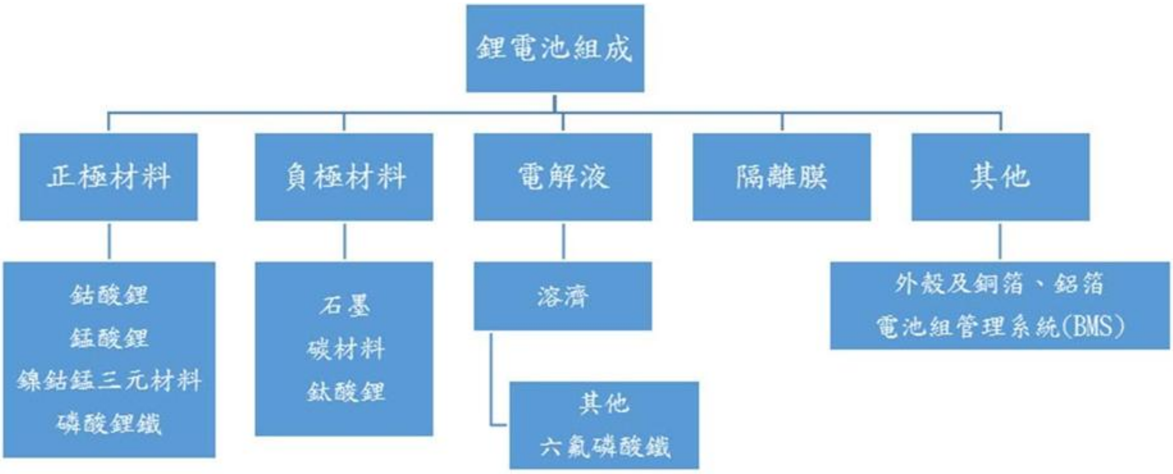


PTA is a downstream product of petroleum, which is extracted from crude oil through a series of processes, using PX as raw material and acetic acid as solvent, and oxidized by air under the action of catalyst to produce crude p-phthalic acid. The crude p-phenylene dicarboxylic acid is then refined with pure water, catalyst and hydrogenation to remove impurities, and then crystallized, separated, dried, and made into refined p-phenylene dicarboxylic acid products, i.e., finished PTA. The catalytic function of the catalyst is very important to the yield and quality of PTA, and therefore the quality and suitability of the PTA oxidation catalyst are highly required by the industry. The oxidation catalyst accounts for less than 0.5% of the cost of the PTA production process. However, the quality of the catalyst affects the production speed greatly, and the stability of the supply is also the main factor considered by PTA manufacturers. Hence, once used, it is not easy to replace. In addition, under the consideration of supply time, imported products do not pose a threat.

PTA is one of the important bulk organic raw materials, widely used in various aspects of national economy, such as chemical fiber, light industry, electronics, construction, etc. PTA is mainly used in polyester (polyester), including polyester fiber, polyester grain (PET) and polyester film in three categories, which currently more than 90% of the world's PTA is used in the production of polyester chips (PET), with the remaining small amount used in resins, adhesives, and coatings. The remaining small amount is used in resin, adhesives and baking paint, etc. Polyester is used in the production of polyester fiber as the largest, to provide clothing (such as Tedolon, Prince Dragon, Taillie Ayia, clothing silk dragon, pearl dragon, Hualong silk, etc.), non-woven, tire curtain cloth, car seat belts, etc.; the second used in the production of polyester granules for the manufacture of plastic containers, such as beverage PET bottles (PET); polyester film to be used in video tapes, audio tapes, medical X-ray film and packaging materials, etc., the variety of application is deemed extensive.

PTA production capacity is mainly concentrated in Asia, among which the mainland is the largest, surpassing Korea, Taiwan, and the United States, accounting for a quarter of the global PTA production capacity and a third of Asia, with its production and consumption being the first in the world. The main producers in China are subsidiaries of China Petrochemical Development Corporation, including Sinopec Yangzi Petrochemical, Yizheng Chemical Fibre, and Sinopec Shanghai Petrochemical, while other regions include Samsung of Korea, Mitsui Group of Japan, Formosa Chemicals & Fibre of Taiwan, and other internationally famous enterprises. Global PTA consumption is mainly concentrated in Asia and North America, especially in China, which is the fastest growing, accounting for nearly 50% of global consumption.

(2) Battery material products:



As the issue of climate change becomes a top policy priority for all countries, the trend of vehicle electrification is gradually taking shape. The four core "C.A.S.E." of future mobility - Connectivity, Autonomous, Shared and Electrified - will not only bring a century-long revolution in the traditional automotive industry, but will also create unprecedented business models for companies. Examining the progress of electric vehicles worldwide and forecasts. Examining the progress of electric vehicles worldwide and forecasts, the electric vehicle market is forecast to continue to grow at a compound annual rate of 29% over the next 10 years, based on national policies on emissions and a ban on the sale of fuel-efficient vehicles.

Electric vehicles, as the name implies, convert the driving energy from gasoline to batteries, and there are many different types of batteries. Lithium-ion batteries have the advantages of high energy density, long cycle life, no memory effect, etc. They were applied in major portable consumer electronics products (including cell phones, notebook computers, and later tablet computers, etc.) in the early days. It was only when the electric vehicle industry emerged in recent years that future business opportunities exploded.

Lithium batteries are divided into ternary lithium batteries (used by Japanese automakers such as Honda and Suzuki), manganese lithium-ion batteries (BMW, Mitsubishi, etc.), and lithium-iron phosphate lithium-ion batteries (BYD, etc.), and each battery is further divided into four categories of materials: positive electrode material, negative electrode material, isolation film, and electrolyte, of which positive electrode material accounts for more than 50% of the cost of the battery. Anode materials are the main source of lithium ions and the key to the performance of lithium batteries.

According to ITRI data, a hybrid vehicle requires 20 times more batteries than a laptop, while the demand for pure electric vehicles is about 1,000 times greater than that for laptops, which represents an amazing potential business opportunity. The global sales volume of electric vehicles increased 160% in the first half of this year compared to the same period last year, which will increase year by year with a long-term trend.

According to the International Energy Agency's (IEA) Global Electric Vehicle Outlook report, the number of electric cars, trucks, trucks, and buses on the world's roads is expected to rise from 11 million this year to 145 million. If governments accelerate their climate targets, that number could skyrocket to 230 million by 2030.

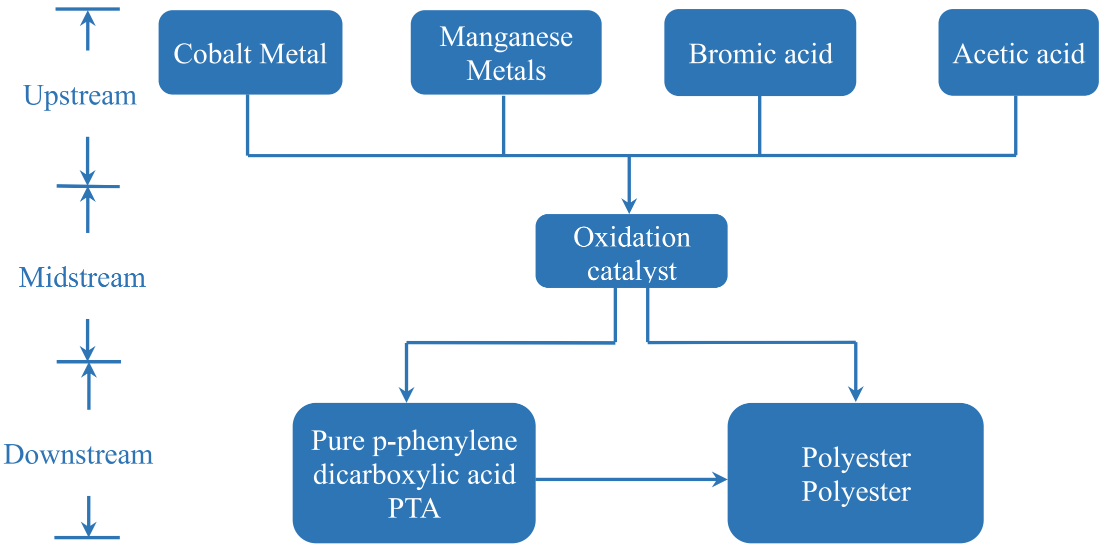
Automobile majors and battery technology companies have been actively seeking ways to deal with battery waste for the past two years. In addition to responding early to the waste crisis, electric vehicles will generate a large amount of battery waste, and "recycling technology" represents a key research priority for the future. Lithium annual demand is expected to exceed current production from mines as early as 2023; by 2050, demand for cobalt may also exceed known global reserves. The future will be directed toward lithium battery recycling.

In the context of the continuous positive downstream application market, the anode material industry is also in the critical stage of technology upgrade and product replacement. At this stage, the choice of new projects to expand production capacity is to prepare for the next market explosion, and the second is for strategic planning considerations, through the multi-regional layout to help enhance its competitive strength in customer cooperation, service follow-up, and cost control is the main goal at present.

(3) Main products and their applications:

2. Upstream, midstream, and downstream industry linkages:

(1) Chemical fiber PTA industry (oxidation catalyst):



(2) Battery material products (lithium batteries - battery materials):

In terms of the secondary lithium battery industry, it can be divided into three parts: upstream raw materials, midstream battery stamen manufacturing and assembly, and downstream applications.

The main raw materials of battery cells include electrodes (including positive and negative electrodes), electrolyte, isolation films and tanks. The raw materials account for more than 60% of the total manufacturing cost, among which the anode and isolation film account for the bulk of the material cost, accounting for 26% of the cost of battery materials, 23% of the isolation film materials, and 15% of the electrolyte. At present, the upstream raw materials of global batteries are mainly held by Japanese manufacturers, including Nichia Kagaku, Showa Denko International, Mitsubishi Chemical, and Nippon Denko. The scale of mass production and yield of battery cells is the source of competitiveness, because of the expensive investment equipment of battery cells, the gross margin only falls to about 20%. At present, the main source of battery cell supply is still Japanese and Korean manufacturers, including Japan's Sony, Panasonic, Maxell, and Korea's Samsung, LG, etc. There are also several manufacturers in mainland China that have reached mass production capacity, such as BYD, BAK, Lixin, Xinwang, etc. The downstream battery module is a combination of the battery cell and the circuit board designed by the manufacturer. In terms of applications, notebook computers and handheld devices such as cell phones and PDAs have already gained a foothold in the market, but due to the slowing growth of the notebook market, the market has begun to shift to consumer electronics products. In recent years, the Taiwan government has encouraged domestic manufacturers to invest in the development of the electric vehicle industry chain, leading to the development of electric vehicles by domestic automakers, and many large-scale lithium-ion battery pilot projects for hybrid or pure electric vehicles are already in operation.

3. Various trends in product development

(1) Oxidation catalyst products:

About 40% of the catalyst with oxidation effect in the PTA production process is consumed with the product, and the remaining 60% is formed into waste ash containing cobalt and manganese or mixed in the wastewater, which is not easy to handle. Therefore, under the consideration of environmental protection requirements and energy protection, the manufacturers of catalysts should make two directions in the future, firstly, they should actively research and develop the recycling and reclamation technology of waste catalysts, which can indirectly reduce the cost of customers and extract the raw material of cobalt for reuse and can be applied to the production of other cobalt products. Hence, the raw material cost of the product can be greatly reduced, and at the same time, the goal of reducing the pollution level and enhancing the additional economic value of the product can be taken into account. In addition, the future market demand for catalysts will be oriented to high added value, high production rate and low pollution rate, so the future research and development direction of catalysts must take into account the objectives of lowest consumption, highest unit production capacity and least process by-products or pollutants.

(2) Battery material products:

According to the Xinhua News Agency, China will stop selling conventional fuel vehicles in China by 2025. China will be the world's largest automotive market in the future and has the greatest potential for growth in the electric vehicle market. In order to solve the environmental pollution problem caused by the popularity of vehicles, China is actively promoting the development of the electric vehicle industry. Based on the policies of various countries to strictly restrict carbon emissions and promote the development of new energy vehicles, global sales of new energy vehicles are estimated to reach 12.92 million units by 2025 compare to approximately 2.7 million units in 2020, with a penetration rate of 13.7% from 3.9% and a compound growth rate of 37%.

4. Competition situation

(1) Oxidation Catalyst Products

The PTA oxidation catalyst market is a special demand market, depending on the process and technology of PTA manufacturers. The requirements for catalyst formulation also vary, and therefore the PTA oxidation catalyst market is not a single standardized product market. Moreover, the oxidation catalyst accounts for less than 0.5% of the cost of the PTA production process, but the quality of the catalyst affects the production speed and quality very much. Hence, the main consideration for the use of a catalyst by each PTA plant is the suitability of its own process, the stability of the quality of the catalyst and after-sales technical service. As a result, it is not easy for PTA plants to change their catalyst suppliers once they have chosen them. At present, the domestic PTA oxidation catalyst industry is oligopolized by the Company, Kang and popular Fuyi, and the other three players and imported products do not pose a threat under the factor of supply time. In terms of downstream PTA customers, there are three domestic manufacturers of PTA, namely, China American Petrochemical, Taiwan Formosa Chemicals & Fibre Corporation and Oriental Petrochemical.

(2) Battery material products:

The Company will sell a portion of its production directly to Japanese customers with whom it currently has good relationships, and thus the following is the current situation and future development of the lithium battery market:

Currently, the quality and price of rechargeable lithium batteries - battery materials are limited by the neighboring country of Japan, due to the limited production of these materials in Japan and the high demand of Japanese battery manufacturers, which makes the battery materials not easily available outside of Japan. However, the demand for portable and rechargeable secondary batteries is increasing in the global consumer market. Therefore, the main key factor affecting the production of batteries today is the source and quality of battery materials. Japanese suppliers supply higher-quality battery materials to Japanese battery manufacturers, while inferior goods are supplied overseas. Battery manufacturers need high-quality battery materials to produce good-quality lithium batteries, and the vitality and competitiveness of China's secondary battery manufacturers are still restricted by Japan. Therefore, domestically, it is essential to independently master the production technology and consumer market for battery materials, so that the downstream secondary battery industry can break free from the control of Japanese competitors and develop rapidly.

As for the composition of lithium ion secondary batteries, the battery material employed, lithium oxide material, can be divided into three types: lithium cobalt oxide material, lithium nickel oxide material, lithium manganese oxide material, etc. Currently, lithium nickel and lithium manganese oxide materials are not yet popular, which makes lithium cobalt oxide material the most important material affecting the production of lithium batteries today, accounting for more than 30% of the material cost of all materials used in the production of batteries.

(III) Technology and R&D Overview:

1. Research and development costs invested for the latest year and up to the date of printing of the annual report:

Unit: NT$ in thousand

Item \ Year	2023	2024	1st quarter of 2025
Research and development costs	15,300	12,351	3,576
Operating revenue	2,316,364	2,121,654	478,618
Percentage of operating revenues	0.66%	0.58%	0.75%

2. Successfully developed technologies or products:

Item	R&D Results	Benefit Description
New Recycling Technology	Recovery of metals from CTA residues and MLRU and re-production of catalyst.	1. Reduce cost to enhance competitive advantage. 2. Improve the efficiency of output increase. 3. Assist customers to treat waste catalysts and increase their recycling benefits.
Process Improvement	Reducing the impurities of battery material mother liquor	1. The defective rate is reduced from 3% to 0.5%, effectively reducing the heavy industry rate and decreasing costs. 2. Quality improvement is recognized by customers to enhance business reputation.
New Product Development	Ternary battery material electronic grade nickel sulfate	1. Trial production and mass production SOPization. 2. We have developed new customers in the United States, Japan and Korea.
New Recycling Technology	Gallium recovery from LED production lines	1. Recovery of precious metals. 2. Green recycling industry.

The main production technology of our oxidation catalyst products is imported from MECHEMA, UK. With the relevant experience of our R&D team and accumulated through continuous efforts, the Company continues to train and absorb domestic technical experts in order to upgrade our technology. In addition to the matured main product "oxidation catalyst" and cobalt and manganese recycling technology, The Company has developed new technologies for recycling LED electronic waste (eGa) and touch panel material (ITO) in line with the industrial trend in Taiwan and have been approved by the Industrial Development Bureau of the Ministry of Economic Affairs and the Environmental Protection Administration. After the Industrial Development Bureau of the Ministry of Economic Affairs and the Environmental Protection Administration listed the waste cobalt-manganese catalyst (R-1401) and cobalt-manganese dust ash (R-1103) as items for reuse, two new projects have been applied, (C-0201) gallium acid and (C-0202) gallium alkaline, with the aim to contribute to environmental protection and resource recycling. After the mass production of electronic-grade nickel sulfate and the commissioning of its production line, the quality and production capacity have been improved and related materials for the electroplating and battery market have been developed.

The recovery of cobalt metal from waste cobalt manganese catalysts has matured. The Company is currently developing other electronic wastes such as LED and panel. while introducing new powder pelletizing and molding technology for lithium cobaltate or ternary battery materials in lithium secondary batteries.

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

1. Short-term business development plan:
   (1) Enhance product quality management and quality control capability to improve product quality. The Company has passed the ISO-9001:2015 quality management system certification and obtained ISO14001:2015 environmental management system certification, aiming to continue to implement quality policies and comply with environmental protection regulations.
   (2) Establish overseas production bases to supply products nearby and expand production scale to increase market share and maintain stable growth in sales.
   (3) Expand the existing marketing channels to increase the market share in China, and actively expand the sales cooperation with the major domestic manufacturers.
   (4) Promote our catalyst recycling process and equipment to increase revenue from waste catalyst recycling benefits.
   (5) Strengthen the service to the existing customers to maintain the long-term cooperation relationship. Our company is committed to providing perfect after-sales service and assisting customers to recycle waste catalysts in order to maintain a long-term relationship with customers.
   (6) To meet the capital requirements for business expansion and to increase capital or borrow from banks in a timely manner without affecting profitability.
2. Long-term business development plan:
   (1) Making good use of the key raw materials, to attract the Japanese and Korean manufacturers to cooperate.
   (2) Setting up factories around the world to serve customers nearby.
   (3) Providing comprehensive solutions to develop a circular economy and enhance added value.

2. Market, Production and Sales Overview

(I) Market Analysis:

1. Sales (provision) of the Company's major products (services) by region

Unit: NT$ in thousand, %

Year / Area		2024		2023	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales		958,114	45%	950,855	41%
Export	Asia	971,765	46%	1,221,989	53%
	Non-Asia	191,775	9%	143,520	6%
Operating revenue		2,121,654	100%	2,316,364	100%

2. Since the establishment of our company, we have been engaged in the professional production of PTA oxidation catalysts. Currently, there are three domestic manufacturers of PTA oxidation catalysts, including our company, Coremax, and Full Yield.

3. Future market supply and demand and growth

   Since the PTA oxidation catalyst is a special catalyst used in the PTA production process, its market demand is inseparable from the prosperity of the PTA market. The worldwide demand for PTA continues to increase, and there is still a huge gap between supply and demand for many synthetic fiber raw materials in Asia and other countries around the world. In fact, there is still much room for growth in the PTA market. Currently, the main market of PTA products in Asia, coupled with Asia's vast hinterland and easy access to land, the world's large multinational petrochemical companies are all taking Asia's huge market demand as their target market, and are actively planning to enter the Asian market by building large petrochemical industry zones in the coastal areas of China.

4. Competitive niche

   (1) Mature process technology and stable product quality

   Our company has accumulated many years of production experience and is dedicated to the improvement of production technology, production equipment and product quality. Since our company was established, the turnover rate of employees is low and the head of the production department has served in the industry for many years and is familiar with the procedures and techniques of product manufacturing. For our sales customers, the use of catalysts is related to the smoothness of their overall production process, while the use of catalysts by users is based on a combination of factors such as the quality and stability of the catalysts, process suitability as well as production efficiency. This is conducive to the Company's stability in the existing market and the expansion of new markets.

   (2) Rich professional experience and recycling technology

   Our business and technical teams have cultivated many years of experience in the industry and have extensive expertise in industry research, production technology as well as products. We are able to provide complete after-sales service to our sales customers with our extensive and professional catalyst technology while assisting customers in effectively solving problems with the use of our products, which helps to build our reputation and consolidate our relationship with our customers. At the same time, our company has a number of high-efficiency catalyst recycling patented technology, that is helpful to recycle metal and create recycling value back to customers, creating a four-win situation - environmental protection, customer, supplier, and Mechema International Group.

   (3) Establish overseas production and sales bases to provide immediate service

   In order to grasp the pulse of overseas markets, the Company has invested in Indonesia, Thailand, Korea and China (Shangyu) since 1999 to set up production and sales bases to provide immediate product support and services in order to enter the local markets smoothly. The establishment of overseas production and sales bases will not only reduce the risk of excessive concentration of domestic sales, but also actively develop overseas markets and break through the limited development restrictions of the domestic market.

(4) Independent research and development capabilities

The Company set up an R&D department in 1998 and hired Japanese consultants to provide technical guidance while actively cultivating and establishing a dedicated R&D team. Our initial R&D goals aim to improve existing processes, provide production efficiency and recycle precious metals. In the future, we plan to develop new products based on the accumulated technology and experience, in order to enrich the operation production line, expand and enhance the content and quality of business operations.

5. Favorable and unfavorable factors of development prospect and countermeasures

(1) Favorable factors:

A. The downstream product PTA is widely used and has a solid demand for oxidation catalysts.

B. High added value of oxidation catalyst.

C. No other substitutable products.

D. Matured recycling technology.

E. The quality of battery material-related raw materials recognized by Japanese customers, with the subsequent development of related products reaching upstream and downstream integration.

F. Leading market share in the industry.

G. Good financial performance in terms of financial structure, solvency, and profitability.

(2) Disadvantageous factors and countermeasures: the number of PTA production plants is limited, so that their sales targets are more concentrated

(3) Specific measures in response:

A. Establishment of overseas subsidiaries to actively expand the international sales market.

B. To actively explore the sales of Polyester manufacturers downstream of PTA in order to improve the concentration of sales targets.

C. To distribute and sell other process catalysts with new products developed to enrich the Company's product portfolio.

(II) Important Applications and Production Processes of Major Products

1. Main product applications

Category	Main products	Main application
Oxidation Catalyst - Liquid	Manganese acetate, cobalt acetate, cobalt bromide, manganese bromide	Catalyst for oxidation reaction in PTA process
Oxidation Catalyst - Solid State	Cobalt acetate crystals manganese acetate crystals	Polyester coloring agent, catalyst for oxidation reaction in PTA process
Battery material related raw materials	Cobalt sulfate, nickel sulfate, nickel oxide	Cobalt sulfate is used in ceramic glazes and paint catalysts, also used in electroplating, alkaline batteries, analytical reagents, etc. Used in ceramic glazes and paint driers, also used in electroplating, alkaline batteries, production of cobalt-containing pigments and other cobalt products, and also used in catalysts, analytical reagents, feed additives, tire adhesives, lithopone additives, etc.
Other	Machinery and equipment, cobalt, manganese, nickel Bromic acid, antimony trioxide	Agency, sales and other business

2. Production process

Our products can be divided into solid and liquid oxidation catalysts and magnetic materials, and the breakdown of these products varies depending on the customer's application:

Flow chart of oxidation catalyst production:

Raw material → reaction → intermediate product → blending → storage → liquid finished product

Flow chart of battery material production:

Raw material → reaction → intermediate product → reaction → drying → sintering → packing → solid finished product

(III) Supply of major raw materials

Main raw materials project	Supplier	Supplier	Production area	Supply status
	Domestic	Abroad		
Co	—	A	Americas / Africa / Australia	Stable and adequate
Mn	—	B	Asia	Stable and adequate
Bromic acid HBr	—	C	Asia	Stable and adequate

(IV) The name of any customer who accounted for more than 10% of the total amount of imports (sales) in either of the last two years and their import (sales) amount and proportion

1. Information on major suppliers in the last two years

Unit: NT$ in thousand, %

	2023				2024				2025 Year ended the previous quarter			
Item	Name	Amount	As a percentage of net imports for the year [%]	Relationship with the issuer	Name	Amount	As a percentage of net imports for the year [%]	Relationship with the issuer	Name	Amount	Percentage of net purchases for the year ended the previous quarter	Relationship with the issuer
1	S Manufacturer	512,777	28%	None	N Manufacturer	354,203	21%	None	G Manufacturer	74,626	22%	None
2	N Manufacturer	368,652	20%	None	B Manufacturer	257,325	19%	None	P manufacturer	36,697	11%	None
3	L Manufacturer	221,731	14%	None	V Manufacturer	181,085	11%	None	N Manufacturer	32,710	10%	None
	Other	456,460	29%	None	Other	554,733	57%	None	Other	198,160	57%	None
	Net Purchases	1,559,620	100		Net Purchases	1,347,346	100		Net Purchases	342,193	100	

2. Information on major sales customers in the last two years

Unit: NT$ in thousand, %

	2023				2024				2025 Year ended the previous quarter			
Item	Name	Amount	As a percentage of net sales for the year [%]	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year [%]	Relationship with the issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter	Relationship with the issuer
1	Mechema Toda Corporation	695,099	30%	Joint Ventures	Mechema Toda Corporation	592,858	28%	Joint Ventures	M Customer	51,439	11%	Joint Ventures
	Other	1,621,265	70%	None	Other	1,528,796	72%	None	Other	427,179	89%	None
	Net sales	2,316,364	100		Net sales	2,121,654	100		Net sales	478,618	100	

3. Number of Workers in the Last Two Years as of the Printing Date of the Annual Report, Average Length of Service, Average Age, and Distribution Ratio of Academic Background

Unit: person

Year		2024	2023	Current year up to March 31, 2025
Number of employees	Direct Staff	24	19	24
	Indirect Staff	41	37	40
	Total	65	56	64
Average age		43	42	44
Average Length of Service		8	8	9
Distribution ratio of academic background. %	PhD	1	1	1
	Master	11	8	10
	University	25	25	25
	Junior college	9	7	9
	High School	16	12	16
	Below high school	3	3	3

4. Environmental Expenditure Information

(I) For the most recent year and up to the printing date of the annual report, losses due to environmental pollution (including compensation and the results of environmental protection inspections that violate environmental regulations, specifying the date of disposition, disposition reference number, violated regulations, content of the violation, and content of the disposition) and disclosing the estimated amount and measures for current and potential future occurrences. If unable to reasonably estimate, the fact that it cannot be reasonably estimated should be stated:

The Group has not incurred any losses or penalties due to environmental pollution for the most recent year and up to the date of printing of the annual report.

(II) Future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, dispositions, and compensation that may occur if countermeasures are not taken, and if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated):

The Group complies with government regulations to fulfill its environmental responsibility. Currently, in addition to having waste handled by qualified local professional firms, the Group will continue to maintain sewage and air pollution environmental protection equipment and operate the environmental management system in the future.

Environmental Protection Expenses:

Unit: Thousand dollars

Waste disposal costs	2024	2023
Wastewater treatment costs	840	541
Sludge treatment cost	5,674	2,358
Domestic waste cost	2,805	493
Total	9,139	3,392

The significant environmental capital expenditures in recent years and ongoing are as follows:

Environmental investment:

Unit: Thousand dollars

Investment equipment type	Content	Amount of expenses
Energy saving, waste reduction and reuse	Recycling Equipment	12,043
Total		12,043

5. Labor Relations

(I) Employee benefit measures, further education, training, retirement systems and their implementation, as well as agreements between employers and employees and the status of measures for safeguarding various employee rights and interests:

1. Employee benefits measures:

(1) Employee insurance: Appliance for employee labor insurance and health insurance according to the law.

(2) Accident insurance: All employees are entitled to 3 million dollars of group accident insurance and life insurance, and 10 million dollars of accident insurance for all employees, overseas staff, and business travel staff.

(3) Year-end bonuses will be paid depending on the Company's operating conditions.

(4) Staff Travel: The Welfare Committee regularly organizes domestic travel every year and overseas travel every two years for employees to relax and unwind, with subsidies provided to encourage employees to bring their family members to participate.

(5) Employee education and training: Optional courses necessary for your professional field or career development.

(6) The Staff Benefits Committee provides benefit programs

In order to meet the welfare needs of employees and provide good labor conditions to promote labor harmony, the Company has established an employee welfare committee in accordance with the law, with members from various departments of the Company, which holds regular meetings to establish various welfare policies and handle employee welfare business.

Staff Welfare Committee provides welfare programs	
1. Marriage subsidy	6. Employee travel subsidy
2. Fertility subsidy	7. Education subsidy for employees and children
3. Three festivals gift (Labor Day, Dragon Boat Festival, Mid-Autumn Festival)	8. Employee gathering
4. Birthday gift	9. Senior supplement
5. Death payment	10. Consolation money for hospitalization

(7) Promoting Gender Equality

In accordance with the Gender Equality Act and work rules, employees are granted physiological leave, maternity leave, maternity examination leave, paternity leave, employee childcare leave and family care leave. In order to allow employees to take care of both personal and family care needs, when employees need to take a longer leave in case of military service, childcare, major injuries or illnesses, they can also apply for leave without pay and return to work at the end of the period, with the aim to take into consideration the employees' special conditions.

(8) Staff physical examination

The Company cooperates with regional hospitals to provide health checkups for general and special workers every year so that medical conditions can be detected and treated as early as possible.

In order to maintain the work environment and the safety of employees, the Company has established the "Safety and Health Code of Practice", "Hazard Awareness Plan" and "Factory Emergency Response Plan Management Regulations" in accordance with the Occupational Safety and Health Act, and provided safety protection measures at the workplace, such as safety shoes, helmets, goggles, protective masks, activated carbon masks, acid alkali resistant gloves, aprons, and overalls to the field operators. Safety and health training are also offered to new and existing employees, including training on abnormal causes, special operation safety, chemical awareness, fire drills, emergency disaster response, etc. to raise employees' awareness of safety and disaster response in order to prevent the occurrence of disasters.

In addition to meeting the needs of the current regulations and enhancing the safety awareness of employees, for the insurance of the safety of all personnel entering the operation area, manufacturers are required to fill out a manufacturer's application form for entering the factory, which regulates that they should comply with the various safety regulations in the factory, and that they are strictly prohibited from starting fire-related matter on their own. In addition, they must apply for a hot work permit during construction. To control and reduce the risk effectively, to ensure the safety of personnel and equipment with social and community commitment in the neighborhood.

(9) Other Benefits

With the goal of sustainable management and development, the Company encourages its employees to identify with the Company's management philosophy and maintain their employment on a long-term basis. Therefore, at the end of each year, the Company honors its long-tenured employees by publicly presenting them with commemorative plaques in recognition of their hard work and achievements for the Company. Special benefits such as mid-shift snacks, summer beverages, high-temperature allowance, vehicle allowance, interest-free loans for employees to purchase homes, salary advance for employees, improved on-site office and dining environment for employees, speech bonuses, full-cover helmets for employees who ride to and from work, and cold-weather protection devices during cold weather.

(10) Employee satisfaction

The percentile rank of the Company's overall employee satisfaction score is 65, which indicates our employee satisfaction is higher than that of industry peers.

(II) For the most recent year and up to the printing date of the annual report, the Company has suffered losses due to labor disputes, and discloses the estimated amount of current and potential future losses and measures to address them. If unable to reasonably estimate, the fact that it cannot be reasonably estimated should be stated: None.

6. Information Security Management

(I) Information Security Policy

In order to strengthen information security management, establish information security risk management, ensure the security of data, systems and information, as well as protect the rights and interests of customers in accordance with CE-101, CE-107, CE-110 and CE-111, the Company has established this policy as the basis for implementing various information security measures in accordance with the guidelines for handling internal control systems of public companies.

1. Division of functions and responsibilities of CE-101 information processing department
   (1) The Information Unit shall perform its duties from a position of supreme independence and shall not overstep the limits of unauthorized matters.
   (2) Whether the information unit and the user unit are when the division of authority.
2. CE-107, safety control of files and equipment
   (1) Regularly check the security and protection equipment of the computer room.
   (2) Conduct regular safety drills to familiarize information unit personnel with the operation of various safety equipment.
3. CE-110, system recovery plan system
   (1) The system recovery plan is clearly defined and documented. Whether the audit department is involved in the development process. Is the recovery process tested periodically?
   (2) Periodic backups of important program files.

4. CE-111, the control operation of information security inspection
    (1) The mail server is equipped with a firewall and anti-virus software to isolate external infringement.
    (2) The information personnel regularly review the mail receiving and sending situation on the server, and if there is any abnormal condition, they should report to the responsible supervisor for handling.

(II) List the losses, possible impacts and responses to major information security incidents in the most recent year and up to the date of printing of the annual report, and if it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated:

On February 5, 2024, The Company detected that some information systems were under hacker network attacks. The Company immediately initiated comprehensive defense mechanisms and recovery operations, and collaborated with external information security company technical experts to address the issue. After immediate and effective response, the Company's actual economic loss has been minimized to approximately NT$600,000.

After conducting a comprehensive and thorough scan and inspection of all domains (pages) and related files, and ensuring information security with high standards, operations have been restored using daily backup data.

7. Important Contracts

Nature of contract	The Company	Dates of commencement of contract	Main content	Restricted terms
Purchasing Contracts	Vxx	2025.03-2025.05	Nickel Powder	None
Purchasing Contracts	Nxxx	2025.04-2026.03	Cobalt Metal	None
Purchasing Contracts	Pxxxx	2025.03-2025.08	Nickel Metal	None
Purchasing Contracts	Bxx	2025.01-2025.06	Bromic acid	None
Purchasing Contracts	Lxx	2025.03-2025.06	Bromic acid	None
Purchasing Contracts	Kim x	2025.02-2025.12	Nickel Powder	None

Chapter 5 Review and Analysis of Financial Condition, Financial Performance and Risk Matters

I. Financial Position

Unit: NT$ in thousand, %

Item \ Year	2024	2023	Amount of increase (decrease)	Change ratio
Current assets	1,451,414	1,192,193	259,221	21.74%
Property, plant, and equipment	387,536	370,494	17,042	4.60%
Other non-current assets	61,654	84,231	(22,577)	-26.80%
Total Assets	1,900,604	1,646,918	253,686	15.40%
Current liabilities	583,778	519,863	63,915	12.29%
Non-current liabilities	5,427	5,317	110	2.07%
Total Liability	589,205	525,180	64,025	12.19%
Capital	749,863	749,863	0	0%
Retained earrings	626,342	455,651	170,691	37.46%
Other equities	(89,631)	(108,601)	18,970	17.47%
Total shareholders' equity Total	1,311,399	1,121,738	189,661	16.91%

Current assets increased by NT$259,221 thousand, mainly due to an increase in cash and cash equivalents.

The investment under equity method was NT$-13,043 thousand, which was mainly due to losses on related party investments.

Total assets increased by NT$253,686 thousand, mainly due to an increase in cash and cash equivalents.

Current liabilities increased by NT$63,915 thousand, mainly due to an increase in loans for material preparation.

Total liabilities increased by NT$64,025 thousand, mainly due to an increase in loans for material preparation.

Retained earnings increased by NT$170,691 thousand, mainly due to an increase in net profit.

Equity increased by NT$189,661 thousand, mainly due to an increase in net profit.

II. Financial Performance

(I) Analysis of significant changes in operating revenue, operating income, and pre-tax profit for the most recent two years:

Unit: NT$ in thousand, %

Item \ Year	2024	2023	Amount of increase (decrease)	Change ratio
Operating revenue	2,121,654	2,316,364	(194,710)	-8.41%
Operating costs	1,706,592	2,082,298	(375,706)	-18.04%
Gross profit	415,062	234,066	180,996	77.33%
Realized gross operating profit	418,776	237,926	180,850	76.01%
Operating expenses	150,178	121,929	28,249	23.17%
Operating profit	268,598	115,997	152,601	131.56%
Non-operating income and expenses	14,567	(111,060)	125,627	113.12%
Net income before tax	283,165	4,937	278,228	5635.57%
Income tax expense	(31,248)	(29,480)	(1,768)	-6.00%
Net income (loss) for the Year	251,917	(24,543)	276,460	1126.43%

Operating costs:	This was mainly because the decrease in metal market prices for the year was less than the previous year, resulting in the decrease in selling prices being smaller than the decrease in costs for the year.
Gross profit:	This was mainly because the decrease in metal market prices for the year was less than the previous year, resulting in an increase in gross profit for the year.
Operating profit:	This was mainly because the decrease in metal market prices for the year was less than the previous year, resulting in an increase in net profit for the year.
Non-operating income and expenses:	This was mainly due to the easing of the loss situation at Mechema Toda Corporation for the year.
Net income before tax:	This was mainly because the decrease in metal market prices for the year was less than the previous year, resulting in an increase in net income before tax for the year.

(II) Expected sales volume and its basis

1. Expected sales volume:

Products	Expected sales volume in 2025 (tons)
Oxidation catalyst	23,405
Battery material related raw materials	1,260
Total	24,665

2. Sales basis:
The sales expectations are based on the Company's assessment and forecast of customer (and potential customer) demand, global trends in related upstream and downstream industry developments, and various factors such as the Group's production capacity status.

3. The possible impact of future financial operations and the responding plan:
The Company is financially healthy and operates stably. The downstream PTA industry has been stable, and the demand for the battery material business is also increasing. This will undoubtedly have a positive impact on the Company's financial operations.

III. Cash Flow

(I) Explanation of changes in cash flow for the most recent year:

Unit: %

Item \ Year	2024	2023	Change ratio
Cash flow ratio (%)	50.96%	119.38%	-57%
Cash flow fair value ratio (%)	85.24%	82.27%	4%
Cash reinvestment ratio (%)	12.94%	24.72%	-48%

Note: The cash and cash equivalents balance for the 2024 Year increased from NT$182,082 thousand at the beginning of the period to NT$466,188 thousand at the end of the period. The group maintains a consistently stable operation, with no indication of insufficient cash and cash equivalents liquidity.

(II) Cash flow analysis for the coming year:

Unit: NT$ in thousand

Beginning cash balance (1)	Estimated full year net cash flow from operating activities (2)	Estimated year cash outflow (3)	Estimated cash surplus (deficiency) amount (1) + (2) - (3)	Estimated cash shortfall of measurements	
				Investment Plan	Financing Plan
466,188	460,000	600,000	326,188	—	—

1. Operating activities: Operating profits in the coming year are expected to achieve conservative growth amidst stability, resulting in an anticipated net cash inflow from operating activities of $460,000 thousand.
2. Investing activities: A net cash outflow of $50,000 thousand is expected, mainly due to the purchase and maintenance of plant and equipment.
3. Financing activities: A net cash outflow of $550,000 thousand is expected, mainly due to the distribution of cash dividends and the adjustment of financing positions to reduce operating costs.

IV. The Impact of Significant Capital Expenditures on Financial Operations in Recent Years

In 2024, the Company did not have any significant capital expenditure items that substantially impacted its financial operations.

V. Recent Year's Investment Policy, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year

(I) Transferring investment policy: In line with industry and product characteristics, we establish production sites in major markets to meet the needs of key customers, serve customers nearby, and expand local orders.

(II) For the profit and loss and other Operation Overview of each Reinvestment Business, please see the "VI. Special Notes" in this annual report.

(III) The Group's future Investment Plan will still primarily focus on meeting customer needs, with related supporting operations being flexibly adjusted and arranged as needed.

VI. Risk Management Analysis and Assessment for the Latest Year and up to the Date of Printing of the Annual Report

(I) The impact of changes in interest rates, exchange rates, and inflation on the Company's profit or loss and future responding measures:

1. Impact on the Company's profit or loss:

Unit: NT$ in thousand, %

Item	2024	2023
Net interest received (paid)	(4,755)	(8,597)
Net exchange gain or loss	7,133	3,490
Net interest income (expense) to net operating revenues	-0.22%	-0.37%
Net interest income (expense) to net income before income tax	-1.68%	-174.13%
Net exchange gain or loss as a percentage of operating revenue	0.34%	0.15%
Net exchange gain or loss as a percentage of net income before income tax	2.52%	70.69%

(1) Interest rate changes:

The Company uses an increase or decrease of 0.5% in interest rates as the risk threshold for reporting interest rate changes to management. If all other conditions remained unchanged, and without considering the capitalization of interest, a 0.5% increase in interest rates would have reduced the income before income taxes by $1,360 thousand and $930 thousand for 2024 and 2023, respectively.

(2) Change in the exchange rate:

The Company's administration department conducts long-term observation and judgment on the movements and trends of exchange rates and collects economic data such as the USD, THB, RMB, IDR and KRW from time to time. In the future, the Company is required to hedge the difference to reduce foreign exchange losses.

(3) Inflation:

Closely monitor the supply, demand, and price changes of raw materials and timely adjust inventory, striving to reduce Operating costs, to reduce the impact of inflation on the Company's profit or loss.

2. Future measures:

(1) Measures in response to changes in interest rates:

The current response policy is to borrow at floating interest rates to maintain more flexible borrowing rate costs and mechanisms. The management constantly monitors interest rate changes to promptly implement borrowing adjustment measures when borrowing rates rise sharply.

(2) Measures in response to changes in exchange rates:

The Company has sufficient working capital and greater flexibility in its financial operations to respond to the risk of exchange rate changes. The Company has established a risk assessment team that holds regular weekly meetings to review current market exchange rate trends and expectations for various currencies and to assess the currency positions of each company within the Group. In addition to adopting dynamic natural hedging, better exchange points will be selected for loan modification or foreign exchange repayment to respond to the risk of exchange rate changes.

(3) Inflationary measures:

The Company's greatest competitive advantage lies in its ability to recycle and reprocess self-produced products. Because its prices are calculated using a pre-agreed formula, they are less affected by current international market prices. In response to the effects of inflation, the Company will continue to promote various solutions to reduce costs through market transfer and process improvement with the spirit of being money-conscious.

(II) The policies of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profits or losses, and future responding measures:

As of the date of the annual report, the Company has not engaged in high-risk and high-leverage investments, except for conservative fixed-income investments.

Additionally, due to the operational needs of the group, the Board of Directors approved providing loans and endorsements/guarantees for others to individual subsidiaries.

(III) Future research and development plans and estimated research and development costs:

1. Future research projects:

(1) Short-term plans:

A. Improve the quality of existing products in response to customer needs.

B. Improve the existing manufacturing process to produce products with different physical specifications.

(2) Medium- and long-term plans:

A. Development of raw material recycling for the electronics industry.

B. Development of new technologies and processes for the recovery of cobalt and manganese metals to improve recovery yields, efficiency, and quality.

2. Estimated investment in R&D:

The Company is currently cooperating with the Industrial Technology Research Institute and major domestic universities and colleges on the above-mentioned projects, with estimated related research and development costs reaching approximately $15,000,000.

(IV) The impact of significant changes in domestic and foreign policies and laws on the Company's financial operations and the measures to address them. The impact of significant domestic and foreign policy and legal changes on the Company's financial operations and the corresponding measures: None.

(V) The impact of technological changes (including information and communications security risks) and industry changes on the Company's financial operations and the corresponding measures: None.

(VI) Impact of corporate image change on corporate crisis management and response measures: If the Company encounters a situation that threatens its corporate image, it will establish a response team and take necessary actions to respond to it.

(VII) Expected benefits and possible risks associated with the merger and acquisition and the measures to address them: Not applicable.

(VIII) Expected benefits of plant expansion, possible risks, and measures to address them: None.

(IX) Risks associated with concentrations of imports or sales and measures to address them: None.

(X) The impact on the Company and the risk and response measures of a significant transfer or change of ownership of directors, supervisors, or substantial shareholders holding more than 10% of the shares: None.

(XI) The impact of the change in operating right on the Company and the risk and response measures: None.

(XII) Litigation or non-litigation events, major litigation, non-litigation, or administrative dispute events involving the Company, its directors, supervisors, presidents, persons in charge, substantial shareholders holding more than 10% of the shares, and affiliates that have been finalized or are still pending, and if the result may have a significant impact on shareholders' equity or the price of securities, the facts of the dispute, amount involved, date of commencement of the litigation, the main parties involved, and the status as of the date of the annual report should be disclosed: None.

(XIII) Other important risks and countermeasures:

Information security can be divided into multiple aspects such as external hacker attack prevention and confidential information protection. Mechema constructs information security protection from the outside in, based on the concept of defense in depth.

When malicious hackers, computer viruses, ransom emails and other external attacks affect the Company's operating system, it ensures the security of the Company's intellectual property, business secrets, and internal information.

Establish the concept of information security for employees through education and training and regular announcements, propose information security proposals in a timely manner, evaluate their appropriateness, and draw up project plans to continuously strengthen protection measures in order to effectively reduce information security risks.

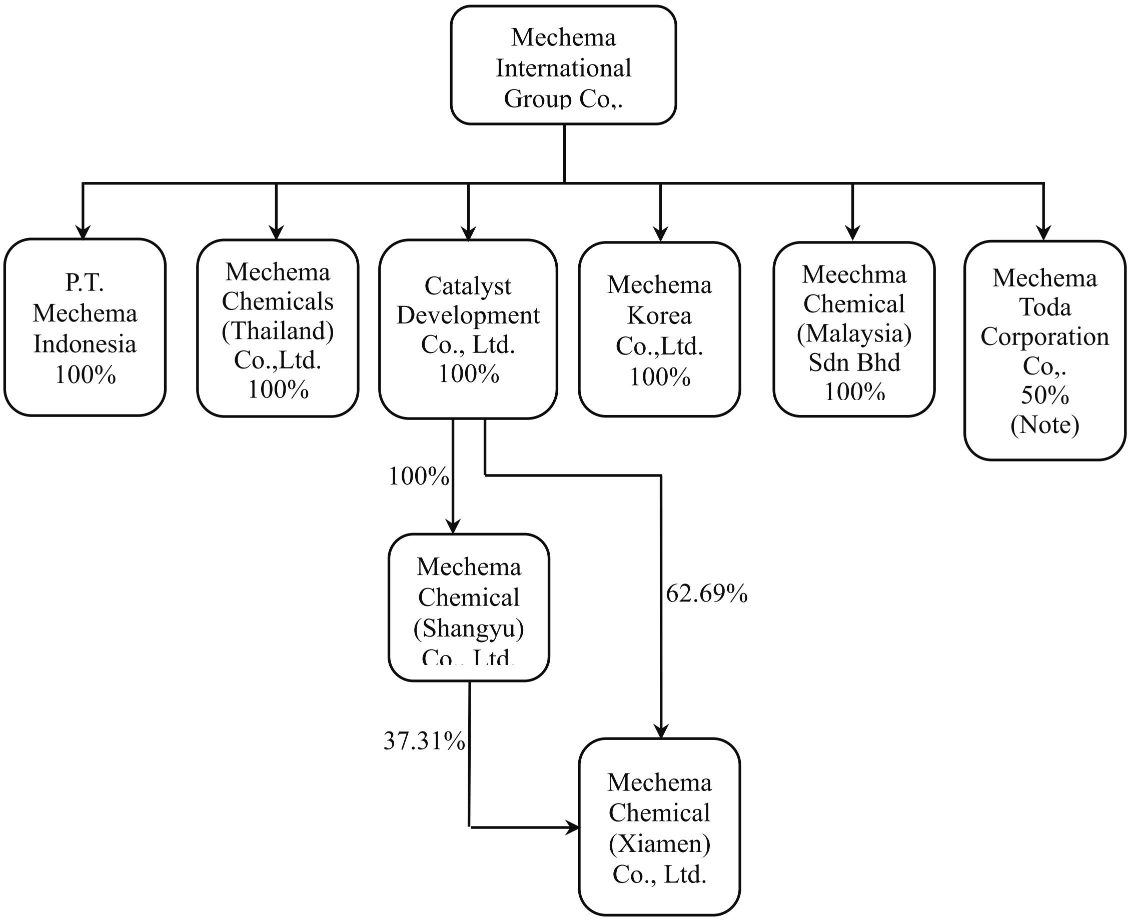
VII. Other Important Matters: None.

Chapter 6 Special Notes

I. Information on Affiliated Companies

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates



Note: As of December 31, 2024, the Company's shareholding in Mechema Toda Corporation was 50%. Later, due to operational needs, it acquired the full shareholding of the joint venture partner in January 2025 with the approval of the Ministry of Economic Affairs, increasing the Company's shareholding in Mechema Toda Corporation to 100%.

2. Basic information of each affiliated company

April 30, 2025

Name of Company	Date of Establishment	Address	Paid-in capital	Main business or Production Items
Mechema Chemicals (Thailand) Co.,Ltd.	Established in April, 1996	11 Sol G 14 Rakron Songkr-Ohrah Road, Map-Ta Phut Rayong Thailand	THB 31,000 thousand	Production of PTA oxidation catalyst
P.T. Mechema Indonesia	Established in April, 1998	Blok J5-07 Newton Techno Park Lippo Cikarang Bekasi 17550	IDR 29,910,650 thousand	Production of PTA oxidation catalyst
Mechema Korea Co.,Ltd.	Established in April, 1999	491-5 Yongyeon-Dong Nam-Ku, Ulsan Korea	Paid-in capital of KRW 4,382,020 thousand	Production of PTA oxidation catalyst
Meechma Chemical (Malaysia) Sdn Bhd	Established in January, 2008	Suite D23, 2nd Floor, Plaza Pekeliling, No.2 Jalan Tun Razak,50400 Kuala Lumpur	Paid-in capital of RM5,000,000	Production of PTA oxidation catalyst
Catalyst Development Co., Ltd.	Established in September, 2001	Trustnet Chambers, Road Town, Tortola, British Virgin Islands.	Paid-in capital of USD 8,100 thousand	Investment Holding Company
Mechema Chemical (Xiamen) Co., Ltd.	Established in September, 2001	Haicang South Industrial Zone, Xiamen City, Fujian Province	Paid-in capital amounted to RMB 25,925 thousand	Real estate-related business
Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	Established in August, 2005	Zhejiang Hangzhou Bay Fine Chemical Park	Paid-in capital amounted to RMB 46,518 thousand	Production of PTA oxidation catalyst
Mechema Toda Corporation Co,. Ltd.	Established in December, 2011	No. 1, Datong 1st Road, Guan Yin District, Taoyuan City	Paid-in capital NT$35,016 thousand	Mainly engaged in the production of battery materials

3. Information on the same shareholders who are presumed to be in a controlling and subordinate relationship: None.
4. The industry covered by the overall business of the affiliated company. If the businesses of the affiliated companies are related to each other, the division of labor between them should be stated.
   (1) Mechema Thailand, Mechema Indonesia, Mechema Korea, Mechema Malaysia, Shaoxing Shangyu Mechema Chemical Co., Ltd. are engaged in PTA oxidation catalyst production and local service.
   (2) Mechema Chemicals (Xiamen) Co., Ltd. is engaged in real estate-related business.
   (3) Catalyst Development Co., Ltd. is an Investment Holding Company for The Company's investments in China Area.
   (4) Mechema Toda Corporation is engaged in the production of anode materials.

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

April 30, 2025

Name of Company	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Mechema Chemicals (Thailand) Co.,Ltd.	Director Director	Representative: Lung-Tsai Yen Wen-Zhi Yen	310,000	100%
P.T. Mechema Indonesia	Chairman Director Director	Representative: Lung-Tsai Yen Wen-Zhi Yen Li-Yu Lee	4,000 -	100% - -
Mechema Korea Co.,Ltd.	Chairman Director Director Supervisor	Representative: Lung-Tsai Yen Wen-Zhi Yen Chong-Yi Wang Li-Yu Lee	876,404 - -	100% - -
Meechma Chemical (Malaysia) Sdn Bhd	Chairman Director Director Director Director	Representative: Lung-Tsai Yen Wen-Zhi Yen Li-Yu Lee Tee Hui Kia Azlin Ang Binti Adbullah	5,000,000 - - -	100% - - -
Catalyst Development Co., Ltd.	Chairman	Representative: Lung-Tsai Yen	8,100,000	100%
Mechema Chemical (Xiamen) Co., Ltd.	Chairman Director Director Supervisor	Representative: Lung-Tsai Yen Wen-Zhi Yen Ming-Cheh Hsieh Li-Yu Lee	- - -	100% - -
Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	Chairman Director Director Supervisor	Representative: Lung-Tsai Yen Wen-Zhi Yen Ming-Cheh Hsieh Li-Yu Lee	- - -	100% - -
Mechema Toda Corporation Co,.	Chairman Vice Chairman Director Supervisor Supervisor	Representative: Lung-Tsai Yen Representative of Toda Kogyo Co.. Ltd.: Kenji Okinaka Representative: Wen-Zhi Yen Kai-Yuen Yen Tomohiro Funamoto	30,010,000 - - -	50% - - -

6. Operation of each affiliated company

For the year ended December 31, 2024; Unit: NT$ in thousand, expert that earnings per share is NT$

Name of company	Capital	Total assets	Total liability	Net profit	Operating revenue	Operating profit	Profit and loss (after tax)	Earnings per share (after tax)
Mechema Chemicals (Thailand) Co.,Ltd.	26,003	190,927	55,974	134,953	193,839	556	2,107	0.00
P.T. Mechema Indonesia	112,540	138,670	37,479	101,191	116,744	1,479	(908)	(0.23)
Mechema Korea Co.,Ltd.	124,540	150,607	11,009	139,598	210,701	22,351	19,755	0.02
Meechma Chemical (Malaysia) Sdn Bhd	49,042	12,363	14,913	(2,550)	0	(689)	188	0.00
Catalyst Development Co., Ltd.	270,419	531,947	0	531,947	0	0	578	0.00
Mechema Chemical (Xiamen) Co., Ltd.	111,103	117,315	3,053	114,262	91,538	5,834	9,531	(Note)
Mechema Chemical (Shangyu) Co., Ltd.	197,572	459,028	18,850	440,178	366,602	46,699	34,786	(Note)
Mechema Toda Corporation Co,.	35,016	294,933	293,431	1,502	761,204	(30,590)	(33,514)	(0.11)

(II) Consolidated financial statements of affiliates: Please refer to the attached "Statement of Consolidated Financial Statements of Affiliated Companies."

Statement of Consolidated Financial Statements of Affiliated Companies

For the year ended December 31, 2024 (January 1, 2024 to December 31, 2024), in accordance with the "Regulations Governing the Preparation of Consolidated Financial Statements of Affiliated Companies and Related Party Reports," The Company...
be included in the preparation of the "Regulations Governing the Preparation of Consolidated Business Report of Affiliates, Consolidated Financial Statements of Affiliates, and Related Party Reports".
The companies included in the consolidated financial statements of affiliates in accordance with IFRS 10 and should be included in the preparation of the parent
The companies included in the consolidated financial statements of subsidiaries are the same, and the information required to be disclosed in the consolidated financial statements of affiliates
The information has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, a separate consolidated financial report of the affiliated companies would not be prepared.

Company: Mechema
International Group

Company: Mechema International Group
Responsible person: Lung-Tsai Yen

March 12, 2025

(III) Report on the Relationships of Affiliates: None.

(IV) Index: Market Observation Post System > Single Company > Electronic Books >Affiliate Reports
https://mopsov.twse.com.tw/mops/web/t57sb01_q10

II. The Handling of Privately Placed Securities for the Most Recent Year and up to the Date of Printing of the Annual Report: None.

III. Other Necessary Additional Information: None.

Chapter 7 For the most recent year and as of the printing date of the annual report, the events that have a significant impact on shareholders' equity or the price of securities as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.

Mechema International Group Co,. Ltd.

Chairman: Lung-Tsai Yen

Printed on May 12, 2025