

Chung Hsin Electric & Machinery Mfg. Corp. Ltd.

2024 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Spokesperson

Hui-Chuan Kuo

President

886-3-328-4170

TW003120@chem.com.tw

Deputy Spokesperson

Jing-Feng Lai

Divisional General Manager

886-3-328-4170

TW006466@chem.com.tw

Stock Transfer Agent

KGI Securities Co., Ltd.

Address: 5F., No.2, Sec. 1, Chongqing

S. Rd., Zhongzheng Dist., Taipei City

100, Taiwan

886-2-2389-2999

www.kgieworld.com.tw

Auditors

Crowe (TW) CPAs

CPA:

Chun-Chin Lin, Ya-Chuan Chang

7F., No. 122, Dunhua N. Rd., Songshan Dist.,

Taipei City 105405, Taiwan

886-2- 8770-5181

www.crowe.tw

Overseas Securities Exchange

N/A

Corporate Website

www.chem.com.tw

Headquarters, Branches and Plant

Headquarters

3F., No.801, Zhongzheng Rd., Zhonghe Dist., New

Taipei City, Taiwan

886-3- 328-4170

Linkou Plant

No.25 Wende Rd., Guishan Dist., Taoyuan City,

Taiwan

886-3- 328-4170

Taipei Branch

2F., No.19-5, Sanchong Rd., Nangang Dist., Taipei

City, Taiwan

886-2- 2655-1516

New Taipei Branch

3F., No.801, Zhongzheng Rd., Zhonghe Dist., New

Taipei City, Taiwan

886-2- 2225-3583

Taichung Branch

8F.-5, No.238, Jinhua N. Rd., North Dist., Taichung

City, Taiwan

886-4- 2236-5433

Nanke Branch (Tainan Plant)

No. 1, Muzah-Kanshi Road., San-Hwa Dist., Tainan

City, Taiwan

886-6-589-6528

HwaYa Plant

No.528, Fuxing 3rd Rd., Guei-Shan Dist., Taoyuan

City

886-3-327-7558

Plant in Taoyuan Tech Park

No. 236, Huen-Nan Rd., Kwen-Ying Dist. Taoyuan

City, Taiwan

886-3-328-4170

Plant in Chiayi Machouhou Industry Park

No. 22 Machouhou Park 1st Rd.,

Feng-chou Villiage, Lu-Tsao Town, Chiayi County,

Taiwan

886-5-362-5929

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I. Letter To Shareholders

BUSINESS REPORT OF 2024

1. Business overview

A. Consolidated operating revenue for fiscal year 2024 was NT\$25,609.46 million, an increase of NT\$3,464.59 million, or 15.65%, compared to NT\$22,144.87 million in fiscal year 2023.

The Company's operating revenue for fiscal year 2024 was NT\$20,275.68 million, an increase of NT\$2,583.72 million, or 14.60%, compared to the previous fiscal year's operating revenue of NT\$17,691.96 million.

B. Net profit from continuing operations for fiscal year 2024 was NT\$3,627.15 million, an increase of NT\$2,041.71 million, or 128.78%, compared to NT\$1,585.44 million in fiscal year 2023. Net profit attributable to owners of the parent company amounted to NT\$3,622.78 million, representing an increase of NT\$2,037.09 million over the after-tax profit of NT\$1,585.69 million in the previous year (2023), an increase of 128.47%. Basic earnings per share were NT\$7.33.

2. Budgetary performance

Consolidated operating revenue for fiscal year 2024 was NT\$25,609.46 million, 111.18% of the budget of NT\$23,034.14 million.

3. Analysis of financial income and expenditure and profitability

A. As of the end of 2024, the consolidated total assets were NT\$49,267.83 million, the total liabilities were NT\$30,022.91 million (of which NT\$8,862.73 million were long-term borrowings and \$2,658.96 million were short-term borrowings, totaling \$11,521.69 million), and the total net worth was NT\$19,244.92 million. After deducting the net value of minority interest of NT\$207.2 million, the net worth per share was calculated on the basis of the number of common shares, after deducting the treasury shares of 494,073,839 shares, resulting in a net value per share of NT\$38.53.

B. Analysis of the Company's consolidated operations for the last two years

Item \ Year	Year	
	2024	2023
(1) Debt ratio	60.94%	63.89%
(2) Current ratio	137.97%	126.04%
(3) Gross operating margin	26.24%	28.99%
(4) Pretax profit margin	17.42%	10.82%
(5) Return on equity	20.61%	10.82%
(6) Net profit margin	14.16%	7.16%

4. Status of research development: Please see pages 55-56 of this Annual Report.

OVERVIEW OF BUSINESS STRATEGY FOR 2025

In recent years, geopolitical conflicts have triggered global economic turmoil, with the Russian-Ukrainian war still raging, the Middle East continuing to be tense, and China's economic growth slowing down, as well as the changes in the economy, trade, and foreign policy that have occurred since the inauguration of U.S. President Donald Trump, all of which have added treacherous and volatile factors to the global economy. In this changing environment, CHEM has continued to adhere to a prudent management strategy and has honed its operational resilience. In 2024, with the concerted efforts of the management team and all employees, CHEM benefited from the government's promotion of the energy transition and Taipower's Grid Resilience Strengthening Construction Plan, and once again achieved new operating revenues of NT\$25,609 million, net income of NT\$3,627 million, and after-tax profit of NT\$7.33 per share.

Honors and Recognition

1. 104 Human Resources Bank and Business Week cooperated to conduct the "DEI Top 100 Enterprises of the Strongest Generation" survey to select enterprises that are friendly to employers of the strongest age group, and that are diverse, equal, and inclusive across age groups (DEI, Diversity, Equity, and Inclusion). CHEM values the work experience and stability of middle- and senior-aged workers, and participates in the Ministry of Labor's middle- and senior-aged training and subsidy programs for the continued employment of senior citizens in order to continue to employ middle- and senior-aged workers in a friendly manner. Therefore, CHEM has been selected as one of the "DEI Top 100 Companies for Strong Generation," which demonstrates that CHEM is an all-age work environment friendly company.
2. CHEM never stops promoting sustainable behavior. In recent years, CHEM has been striving to fulfill its mission of environmental protection (E, Environmental) and social responsibility (S, Social), while creating outstanding operational performance. Through digital transformation, CHEM has implemented corporate governance, and continues to move toward the goal of sustainable management. With its solid performance in sustainable management, the Company has been honored with the Bronze Level Award in the Sustainability Report - Traditional Manufacturing - Category 1 of the 17th TCSA Taiwan Corporate Sustainability Award 2024.
3. CHEM's operation management system has been recognized internationally. The Best Managed Companies (BMC) Award is the most representative global award program of Deloitte Global, which has been held in 35 regions around the world for nearly 30 years. The award is based on four theoretical frameworks: Strategy, Capability and Innovation, Corporate Culture and Commitment, and Corporate Governance and Finance, and six BMCs, including CHEM were selected in Taiwan in 2024.
4. CHEM's commitment to product and project quality and the promotion of green energy and environmental protection has never slackened. In 2024, CHEM was awarded the 24th Public Works Gold Quality Award in the facilities category for the design and construction quality of the turnkey project for the 345/161kV switchyard monitoring and control (SCADA) protection and auxiliary power equipment of Taipower's Hsinta Power Plant Combined Cycle Renewal

Project. At the same time, the Company was also honored with the Special Contribution Award of the Public Works Gold Quality Award for its excellent performance in the construction of public works in the past years.

5. CHEM has introduced the Taiwan Intellectual Property Management System (TIPS) since 2024 in order to strengthen its corporate governance and implement its intellectual property management, and in December of the same year, its first application passed the TIPS A-level certification. The TIPS certification effectively strengthens CHEM's management system and system for the acquisition, protection, maintenance, and management of intellectual property rights, and establishes a high standard of protection measures, which contributes to the improvement of corporate governance and sustainable competitiveness.
6. In order to strengthen corporate governance and reduce operational risks, CHEM introduced the international ISO37001 anti-bribery management system in 2024 and successfully obtained the ISO37001 certificate. In order to enhance organizational resilience and align with the direction of international sustainable management, CHEM has successfully obtained the ISO37001 certificate.

(i) Operating priorities

AI and Semiconductor Industries Boost Power Demand, Grid Resilience Strengthening Plan Accelerates Implementation

According to the 2024 report of the National Climate Change Countermeasures Committee, Taipower has stated that Taiwan's high economic growth has led to a rapid increase in electricity consumption, in which AI data centers and semiconductor industry have been booming in Taiwan in recent years and accelerated the demand for electricity, and it is estimated that the increase in electricity consumption of semiconductors and the two major technology industries, namely AI, will be greater than five million kilowatts by 2024-2030, and the demand for electricity will mainly be dispersed in Hsinchu, Kaohsiung, and Taichung science parks. It is obvious that accelerating the development of power sources, decentralizing and strengthening the resilience of power grids has become the biggest challenge for Taiwan's power industry.

In order to solve the disease of insufficient power supply stability caused by the centralized development of power plants and power grids over the long term, Taipower has launched a 10-year plan to strengthen the resilience of its power grids, with a total funding of NT\$564.5 billion, and has declared that it will focus on four key areas, including decentralized power supply from green energy and power storage to net-zero, direct supply of power plants to parks and arteries for people's livelihoods, increasing the number of transformer substations to solve the bottlenecks in power transmission, and the internalization of transformer substations to prevent damage by external forces, in order to provide long-term and robust growth for the domestic heavy power industry. This will provide the domestic heavy power industry with medium- and long-term steady growth momentum.

CHEM is a leading provider of heavy power equipment and power engineering in China. In the future, CHEM will not only capitalize on its core competencies in the power industry, but will also grasp the business opportunities of the Grid Resilience Strengthening Construction Plan. We will also continue to invest in innovative research and development, and continue to improve the quality of our products and engineering work, so that we can move forward to a more challenging future with a steady pace of operation, and at the same time create long-term value for our shareholders.

iCharging National Highway 16 Stations Fully Opened to Create a Convenient and Reliable Green Transportation Network for Electric Vehicles

In 2022, iCharging opened its first supercharging station in a domestic highway service area. The number of domestic electric vehicles listed in that year was only about 17,000, and by the end of 2024, the number of listed vehicles had officially exceeded the 90,000 mark. The rapid growth of the electric vehicles market has also boosted vehicle owners' demand for vehicle charging networks.

In order to create a more convenient and reliable green transportation network for electric vehicles, CHEM opened six new highway charging stations in 2024 in Shiding, Xinying South, Xinying North, Gukeng, Xiluo South, and Xiluo North service areas, all of which are equipped with high-efficiency charging equipment to enable vehicle owners to quickly replenish their batteries.

The new charging stations not only increase the number of CHEM iCharging stations along the national highways to 16, but also further enhance the coverage of the national highway charging network, so that electric vehicle power charging station owners do not have to face the mileage anxiety for long-distance driving.

As a pioneer in charging services, iCharging not only continues to innovate to provide vehicle owners with better charging services, but also responds to the government's green energy policy by introducing BESS and Hydrogen backup power systems at charging stations in highway service areas, which, in combination with the Energy Management System (EMS), performs dynamic power management, reduces power loss and avoids over-contracting, and effectively reduces energy waste, which is expected to reduce carbon absorption equivalent to 128 Daan Forest Parks within one year. It is expected that the amount of carbon adsorption equivalent to 128 Daan Forest Parks can be reduced within one year. In the future, the Company will continue to cooperate with government policies and actively improve Taiwan's green transportation network, laying a solid foundation for the development of low-carbon transportation and contributing to the goal of net zero GHG emissions by 2050.

(ii) Future corporate development strategy

With the AI trend and rising demand for semiconductors continuing to drive Taiwan's power demand, and climate change issues accelerating the reshaping of the energy and power industries,

the heavy power industry will continue to thrive and maintain the company's growth momentum. In this ever-changing industrial environment, CHEM will also continue to work in multiple areas, such as power, system integration, green energy, and parking services, to ensure that the company maintains flexibility and resilience in the midst of steady growth, and to move toward the goal of sustainable management.

(iii) Impact of external competition, regulatory environment and general business environment

1. The heavy power industry is a national basic industry and a domestic demand industry. CHEM currently has the highest market share in Taiwan and is a leading manufacturer of related technologies. CHEM has a complete and leading product line of GIS equipment in the heavy power industry, rich engineering experience and expertise in power generation and grid integration, all of which help to minimize the impact of external competition and the overall environment.
2. CHEM has been actively transforming and upgrading in recent years, and has developed Power, System Integration, Renewable Energy Business Group, DodoHome, and Mainland China Business Groups, and is developing its business in the three major areas of green energy, services, and other areas, with the results gradually appearing and effectively reducing the risk of a single industry.
3. Business transformation and growth in mainland China: has successfully entered the semiconductor and optoelectronic equipment precision machining industry by upgrading its precision machining technology, and has successfully received orders from major international manufacturers, and the chance of being affected by competition in a single region and the business environment has been gradually reduced.

II. CORPORATE GOVERNANCE REPORT

2.1 Directors and Management Team

2.1.1 Directors

Directors' Information (I)

March 25, 2025

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Sunrise Tech. Co. Ltd. Legal Representative: Fu-Nein Chiang	male 41-50 years old	2023.7.20	To 2026 Shareholders' meeting re- election	2020.6.22.	6,266,514 39,600	1.49% 0.01%	6,266,514 77,401	1.25% 0.02%	- 0	- 0.00%	0	0.00%	Institute of Tourism Management, Auckland, New Zealand Chief Operating Officer, Dodohome Business Group, CHEM Electricians	Note 1	None	None	None	Resignation. 2024.1.10
Board Member	Republic of China	Sunrise Tech. Co. Ltd. Legal representative: Hui-Chuan Kuo	daughter 61-70 years old	2023.5.24	resigned		6,266,514 0	1.49% 0.00%	6,266,514 0	1.25% 0.00%	- 80,000	- 0.02%			Master's Degree in Engineering Management, National Cheng Kung University Vice President, CHEM Electrician	Note 2				
Board Member	Republic of China	Sheng Yuan investment Corp. Legal representative: Hon-Ren Lin	male 41-50 years old	2023.7.20	To 2026 Shareholders' meeting re- election	2005.6.10	35,194,546 0	8.38% 0.00%	44,688,546 0	8.88% 0.00%	- 0	- 0.00%			Department of Economics, University of Toronto, Canada	Note 3				
Board Member	Republic of China	Sunrise Tech. Co. Ltd. Legal representative: Wei-Chuan Chang	male 61-70 years old	2023.5.24	third year	2020.6/22	6,266,514 287,794	1.49% 0.07%	6,266,514 311,121	1.25% 0.06%	- 1,750	- 0.00%			China Marine Specialized Turbine Section Vice President, CHEM Electrician	not have				
Board Member	Republic of China	Sunrise Tech. Co. Ltd. Legal representative: Song-Qin Shen	male 51-60 years old	2023.5.24	third year		6,266,514 0	1.49% 0.00%	6,266,514 0	1.25% 0.00%	- 0	- 0.00%			Graduate Institute of Engineering Science, National Cheng Kung University General Manager, Etrovision technology Co., Ltd.	Note 4				
Board Member	Republic of China	Sunrise Tech. Co. Ltd. Legal Representative: Ching-Chung Lin	male 61-70 years old	2024.1.10	To 2026 Shareholders' meeting re- election		6,266,514 221,784	1.49% 0.05%	6,266,514 221,784	1.25% 0.05%	- 10,250	- 0.00%			Taipei Technical College, Electrical Engineering Dept. Vice President, CHEM Electrician	Note 5				
Board Member	Republic of China	CHC International Investment Corp. Legal representative: Ming-Xian Weng	male 81-90 years old	2023.5.24	third year	1997.6.12	2,256,730 0	0.54% 0.00%	2,256,730 0	0.45% 0.00%	- 0	- 0.00%			National Taiwan University, Department of Agricultural Engineering Chairman, CMC Magnetics Corp.	Note 6				
Independent Director	Republic of China	Gene-Tzn Chen	male 81-90 years old	2023.5.24	third year	2017.6.28	0	0.00%	0	0.00%	0	0.00%			National Taiwan University, Faculty of Law Member of the Legislative Yuan, Delegate to the National Assembly, Public Prosecutor, Lawyer, Chairman of Taiwan ICBC Securities Investment Trust (Taiwan), Chairman of Taishin Securities Investment Trust (Taiwan), Independent Director of Champion Building Materials (Taiwan) Co.	Note 7				
Independent Director	Republic of China	Sing-San Pai	male 81-90 years old	2023.5.24	third year	2017.6.28	0	0.00%	0	0.00%	0	0.00%			Doctor of Laws, Chinese Culture University; Master of Architecture, National Cheng Kung University; Bachelor of Architecture, Chung Yuan Christian University; Master of Administration, University of San Francisco, U.S.A. Adviser to the Presidential Office on National Policy, Chairman of the Taipei City Architects Association, Chairman of the Consumer Cultural and Educational Foundation of the Republic of China, Director of the Foundation for Commemoration of the February 28th Incident of the Republic of China, and Member of the Public Works Procurement Complaint Review Committee of the Executive Yuan.	Note 8				

Title	Nationality/ Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Hong-Chi Chen	male 71-80 years old	2023.5.24	third year	2017.6.28	0	0.00%	0	0.00%	0	0.00%			Doctor of Laws, Kinki University Delegate to the National Assembly, Member of the Legislative Council, Deputy Representative of the Representative Office in Japan, President of the Taiwan-Japan Relations Association, Associate Professor of Truth University, Independent Director of SINKANG INDUSTRIES					

Note 1. Chairman of Coonet Financial Technology, Bao-Sheng International, CHEM Hydrogen Technology, Stellar Hydrogen Technology, Etrivision Technology, Tian Cin Energy, Tian Chong Energy, Tian Peng Energy, Sunrise Energy, Sunrise Technology, CHEM Corp. and CHEM J-V Limited.
Note 2. Directors of Chesco Mechanical and Electrical Engineering, Li-Xiang Technology, Li-Xiang Technology, Li-Xiang Technology, CET, Tian Chong Energy, Tian Cin Energy, Tian Peng Energy, Tian Fu Energy, Sunrise Xian-han Enterprises, Chem Xian-han USA and Shenghe Precision; General Manager and Treasurer of Chesco.
Note 3. Director of Yuen Lih Constructions Co., Ltd.
Note 4. Directors of CHEM CET, Aura Material and Etrivision.
Note 5. Chairman of Chesco E&M Engineering.
Note 6. Chairman of Central Corporation and Fujitsu Technology.
Note 7. Chairman of Wan-Jong Management Consulting Limited and En-Teng Investment Limited, and Director of Taiwan Flower Biotechnology Limited and New High Bioscience Limited.
Note 8. Chairman of TMA Architects & Associates, Honorary Chairman of the Consumer Culture and Education Foundation, and Director of the Modern Finance Foundation.

Table 1: Major shareholders of the institutional shareholders

March 25, 2025

Name of Institutional Shareholders	Major Shareholders
CHC International Investment Corp.	CMC Magnetics Corp. Ltd. (100%)
Sheng Yuan investment Corp.	Chung-Hsin Electric and Machinery Manufacturing Corp. (29.33%), Guang-Hsin engineering & services Co., Ltd. (70.67%)
Sunrise Tech. Co. Ltd.	Chung-Hsin Electric and Machinery Manufacturing Corp. (100%)

Table 2: Major shareholders of the Company's major institutional shareholders

March 25, 2025

Name of Institutional Shareholders	Major Shareholders
Chung-Hsin Electric and Machinery Manufacturing Corp.	Sheng Yuan Investment Co., Ltd. (8.88%), Guang-Hsin engineering & Co., Ltd. (6.17%), A-Wen Lan (2.24%), Norges Bank (1.44%), Quark Investment Co., Ltd. (1.28%), Sunrise Tech. Co. Ltd. (1.25%), Hanshin Investment Co., Ltd. (0.75%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.66%), Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF (0.65%), and Fei-Ling Li (0.64%).
CMC Magnetics Corp.	Ming-Xian Weng (7.94%), Li-Rong Yang (2.55%), Citi Custodian Polunin Emerging Markets Fund Inc. special account (1.54%), Chung Yang Investment Co. (1.44%), JPMorgan Chase Bank, N.A. custodian of JP Morgan Ltd. investment special account (1.22%), Concord International Securities Co., Ltd. (1.17%), Chase Custodian Advanced Starlight Advanced Aggregate International Equity Index (1.10%), JPMorgan Chase Bank Trustee JP Morgan Limited Investment Specialist (0.87%), Ya-Shou Yang (0.86%), Jui-Jung Tsai (0.71%)

Note: The data source of CMC Magnetics Corp. was provided on 2024.4.16.

Directors' Information (II)

Disclosure of the Professional Qualification and the Independency of the Independent directors:

2025/03/25

Condintion Name	Highlight of Professional Qualification & Experience	Independence	If currently serves as independent directors of other companies
Fu-Nein Chiang 2023.7.20 new chairman of the board	Graduated from the Institute of Tourism Management, Auckland, New Zealand Previously Chief Operating Officer, Dodohome Business Group, Chung-Hsin Electric & Machinery MFG. Corp. He is currently the Chairman of CHEM. Promote the company's strategic business development, implement the long-term operational development direction, strengthen the business of each business group with rich marketing experience, and lead the company into a new situation.	There has been no violation of the provisions of Article 30 of the Companies Act.	None
Hui-Chuan Kuo 2024.1.10 resignation	Graduated from National Cheng Kung University with a Master's Degree in Engineering Management He has served as Director of Finance Division of CHEM, Vice President and Chairman of Chung-Hsin Electric & Machinery MFG. Corp. He is currently the General Manager of Chung-Hsin Electric & Machinery MFG. Corp. Specializes in financial analysis, corporate finance, business and management practice skills.		None
Hon-Ren Lin 2023.7.20 new director	Graduated from the University of Toronto, Canada, Department of Economics Currently Managing Director of Yuen Lih Constructions Co., Ltd. Specialized in: financial analysis, corporate finance and market strategy planning.		None
Wei-Chuan Chang	Graduated from China Sea College, Engine Department Vice President, Heavy Power Equipment Division, Chung-Hsin Electric & Machinery MFG. Corp. He is currently the Vice President of Chung-Hsin Electric & Machinery MFG. Corp. Deep plowing of heavy power, with professional leadership and cultivation of a strong lineup of corporate team.		None
Song-Qin Shen 2023.6.24 new director	Graduated from Graduate School of Engineering Science, National Cheng Kung University He has served as General Manager of Chung-Hsin Electric & Machinery MFG. Corp.'s subsidiary, Etrvision technology Co., Ltd. Currently, he is the Chief Operating Officer of CHEM's Renewable Energy Business Group. Specialized in new business promotion, high-efficiency integrated solutions, and leading the business group towards green energy.		None
Ching-Chung Lin 2024.1.10 new director	Graduated from Taipei Technical College, Department of Electrical Engineering Director of Heavy Power Equipment Division, Chung-Hsin Electric & Machinery MFG. Corp. Currently, he is the Vice President and Chief Operating Officer of System Integration Business Group of CHEM. Specializes in product efficiency improvement, leading business group operations and development initiatives.		None
Ming-Xian Weng	Graduated from National Taiwan University, Department of Agricultural Engineering Previously Chairman of CMC Magnetics Corp. He is currently Chairman of CMC Magnetics Corp. Possesses strategic planning ability and rich experience in industry analysis and integration.		None

Condintion Name	Highlight of Professional Qualification & Experience	Independence	If currently serves as independent directors of other companies
Independent director Gene-Tzn Chen	Graduated from National Taiwan University, Faculty of Law Member of the Legislative Yuan (6 years), Delegate to the National Assembly (4 years), Public Prosecutor (5 years), Lawyer (45 years), Chairman of the Board of Directors of Public Securities Investment Trust (9 years), ICBC Securities Investment Trust (3 years), Taishin Securities Investment Trust (3 years), and Independent Director of Champion Building Materials (3 years). He is currently the Chairman of Wan-Jong Management Consulting Limited and an independent director of Chung-Hsin Electric & Machinery MFG. Corp. As a member of the Company's Audit Committee and Salary and Compensation Committee, he is able to provide advice on risk management, legal strategy/compliance, and management decisions by utilizing his legal expertise and financial management experience in the management of the Company.	As an independent director, he/she meets the requirements for independence, including, but not limited to, not having himself/herself, his/her spouse, or relatives up to the second degree of consanguinity or affinity as directors, supervisors, or employees of the Company or its affiliates; not holding the number of shares of the Company; not having served as directors, supervisors, or employees of the companies that have a specific relationship with the Company; and not having served as a director, supervisor, or employee of companies with which the Company has a specific relationship; and not having been remunerated providing the Company or its affiliates with business, legal, financial, or accounting services in the last two years. Amount Not having any of the circumstances described in Article 30 of the Company Act.	None
Independent director Sing-San Pai	Graduated from Cultural University with a Juris Doctorate, National Cheng Kung University with a Master's Degree in Architecture, and University of San Francisco with an Executive Master's Degree in Management. He has served as National Policy Advisor of the Presidential Office (8 years), Chairman of the Taipei City Architects Association (3 years), Chairman of the Consumer Cultural and Educational Foundation of the Republic of China (3 years), Director of the Foundation for Commemoration of the February 28th Incident of the Foundation (2 years), and Member of the Public Works Procurement Appeals Review Committee of the Executive Yuan (12 years). He is currently the presiding architect of TMA Architects & Associates, and an independent director of Chung-Hsin Electric & Machinery MFG. Corp. He is a member of the Audit Committee and the Compensation Committee of the Company. He is well-versed in law and has extensive experience in administration and management. He is able to provide timely and diversified opinions on operation and management by utilizing his experience and vision in different industries.	As an independent director, he/she meets the requirements for independence, including, but not limited to, not having himself/herself, his/her spouse, or relatives up to the second degree of consanguinity or affinity as directors, supervisors, or employees of the Company or its affiliates; not holding the number of shares of the Company; not having served as directors, supervisors, or employees of the companies that have a specific relationship with the Company; and not having served as a director, supervisor, or employee of companies with which the Company has a specific relationship; and not having been remunerated providing the Company or its affiliates with business, legal, financial, or accounting services in the last two years. Amount Not having any of the circumstances described in Article 30 of the Company Act.	None
Independent director Horng-Chi Chen	Graduated from Kinki University with a doctorate in law Served as a deputy to the National Assembly (4 years), legislator (6 years), deputy representative to the Taiwan-Japan Relations Association (3 years), president of the Taiwan-Japan Relations Association (1 year), associate professor at Truth University (2 years), and an independent director of Shinsega Industries (stock). He is currently an independent director of Chung-Hsin Electric & Machinery MFG. Corp. He is a member of the Audit Committee and the Compensation Committee of the Company. His international outlook and legal expertise will enhance the Company's ability to diversify its thinking on business management strategies.	As an independent director, he/she meets the requirements for independence, including, but not limited to, not having himself/herself, his/her spouse, or relatives up to the second degree of consanguinity or affinity as directors, supervisors, or employees of the Company or its affiliates; not holding the number of shares of the Company; not having served as directors, supervisors, or employees of the companies that have a specific relationship with the Company; and not having served as a director, supervisor, or employee of companies with which the Company has a specific relationship; and not having been remunerated providing the Company or its affiliates with business, legal, financial, or accounting services in the last two years. Amount Not having any of the circumstances described in Article 30 of the Company Act.	None

Board Diversity:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company adopted the Corporate Governance Code at the 13th meeting of the 22nd session of the Board of Directors held on August 12, 2019, which stipulates that the Board of Directors shall consider the diversity of the Board of Directors and formulate an appropriate diversification policy with respect to the

Company's own operation, business model and development needs, which shall include, but not be limited to, the following two major items
Oriented criteria:

I. Basic conditions and values: gender, age, nationality and culture, etc.

II. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or science and technology), professional skills, and industrial experience.

Board members should generally possess the knowledge, skills and qualities necessary to perform their duties. The competencies of the Board of Directors as a whole to achieve the desired objectives of corporate governance are as follows:

I. Operational judgment.

II. Accounting and financial analysis skills.

III. Business management capabilities.

IV. Crisis management skills.

V. Industrial knowledge.

VI. International market perspectives.

VII. Leadership.

VIII. Decision-making capacity.

The implementation of diversity among board members is described below:

The current Board of Directors consists of nine directors, whose expertise meets the requirements for the implementation of gender diversity. After the expiration of the current term of office of the Board of Directors, the number of seats for directors of different genders will be increased in accordance with the regulations in order to achieve the goal of gender diversity.

Name of the Board Members	Gender	Nationality	Current Employees	Age			Term of independent directors			Business management ability	Judgments about operations.	Leadership ability	Crisis management ability	An international market perspective	Production Management	Accounting and financial analysis ability	Law Perspective	Academic Perspective
				Below 60	Below 70	Over 70	1 term	2 term	3 term									
Fu-Nein Chiang	male	Republic of China		V						V	V	V	V	V	V			
Hon-Ren Lin	male	Republic of China		V						V	V	V	V	V	V	V		
Wei-Chuan Chang	male	Republic of China	V		V					V	V	V	V	V	V			
Song-Qin Shen	male	Republic of China	V	V						V	V	V	V	V	V			
Ching-Chung Lin	male	Republic of China	V		V					V	V	V	V	V	V			

Name of the Board Members	Gender	Nationality	Current Employees	Age			Term of independent directors			Business management ability	Judgments about operations.	Leadership ability	Crisis management ability	An international market perspective	Production Management	Accounting and financial analysis ability	Law Perspective	Academic Perspective
				Below 60	Below 70	Over 70	1 term	2 term	3 term									
Ming-Xian Weng	male	Republic of China				V				V	V	V	V	V	V	V	V	V
Gene-Tzn Chen, Independent Director	male	Republic of China				V			V	V	V	V	V	V		V	V	V
Independent Director Sing-San Pai	male	Republic of China				V			V	V	V	V	V				V	V
Independent Director Horng-Chi Chen	male	Republic of China				V			V	V	V	V	V	V				V

Current Management Goal and Description of the Achievement

Management Goal	Description
1. Focusing on gender equality in membership, the board of directors shall include at least one female director.	Not achieved
2. No more than two directors shall be related to each other by marriage or consanguinity.	Achieved as Required
3. Focusing on operational judgment, management and crisis management skills, more than two-thirds of the board members should have the ability to handle related projects.	Achieved as Required
4. Continuously arranging diversified refresher courses for directors in order to enhance their decision-making quality and supervisory skills, thereby strengthening the functions of the Board of Directors.	Achieved as Required
5. The number of independent directors reaches one-third of the number of directors.	Achieved as Required

Board independence:

The nomination of the members of the Board of Directors is based on the candidate nomination system, which is in compliance with the Articles of Incorporation, the Regulations Governing the Election of Directors, and the Code of Corporate Governance of the Company, etc. The current Board of

Directors is composed of three independent directors (33.3%), six non-independent directors (66.7%), and three of which have the status of employee/manager (33.3%), and none of them have the status of spouse or consanguineous relationship within the meaning of Article 26-3 of the Securities and Exchange Act. None of the directors are related to each other within the meaning of spouse or consanguineous within the meaning of second degree of kinship, which is in compliance with Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act. In addition, based on the results of the annual evaluation of the performance of the Board of Directors, the Board of Directors will consider adjusting the composition of the Board of Directors to ensure the independence, suitability, and diversity of the members.

The Company's Board of Directors guides the Company's strategy, supervises and manages the management, and is responsible to the Company and its shareholders. The Board of Directors exercises its authority in accordance with the laws and regulations, Articles of Incorporation, or resolutions of the shareholders' meeting in the various operations and arrangements of the Company's corporate governance system. The Company's Board of Directors emphasizes the functions of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their powers independently. The three independent directors also follow the relevant laws and regulations, and the Audit Committee is authorized to review the control of the Company's existing or potential risks in order to monitor the effective implementation of the Company's internal controls, the selection (dismissal) and independence of the certified public accountants, and the proper preparation of the financial statements.

2.1.2 Management Team

March 25, 2025

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Educational Background & Experience Highlights	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Republic of China	Hui- Chuan Kuo	Female	2011.7.05	0	0.00%	80,000	0.02%	0	0.00%	Master's Degree in Engineering Management, National Cheng Kung University Vice President and Chairman of CHEM Electric Co.	Note 1	None	None	None
Vice President & Group General Manager	Republic of China	Wei- Chuan Chang	Male	2006.12.28	311,121	0.06%	1,750	0.00%	0	0.00%	China Marine Specialized Turbine Section Vice President, CHEM Heavy Power Equipment Division	-	None	None	None
Vice President & Business	Republic of China	Ching- Chung Lin	Male	2011.8.30	221,784	0.04%	10,250	0.00%	0	0.00%	Taipei Technical College,	Note 2	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Educational Background & Experience Highlights	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Group Chief Operating Officer											Electrical Engineering Dept. Divisional General Manager, CHEM Heavy Equipment Division				
Divisional General Manager, Accounting Division	Republic of China	Shu- Chen Wu	Female	2006.2.14	287,522	0.06%	75,000	0.02%	0	0.00%	Taipei Chamber of Commerce, Department of Statistics Deputy Divisional General Manager, Accounting Division, CHEM	-	None	None	None
Corporate Governance Director	Republic of China	Jing- Feng Lai	Female	2020.2.14	36,415	0.01%	0	0.00%	0	0.00%	Master's Degree in State Enterprise, National Cheng Kung University Divisional General Manager, CHEM Electrical Management Division	Note 3	None	None	None

Note 1. Directors of Chesco, Sunrise Technology, Li-Xiang Technology, Li-Xiang Technology, CET, Tianchong Energy, Tian Cin Energy, Tian Peng Energy, Tian Auxiliary Energy, Xian-Han Enterprises, CHEM USA, Chem Xian-han Precision; General Manager and Treasurer of Chesco.

Note 2. Chairman, Cheng-Hsin engineering & services CO.,Ltd.

Note 3. Chairman of Chem Precision, Chem tech, ChemLY, Chem Power, Chem Power, Chem Power Limited and ME Energy Systems Limited.

2.2 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice President

2.2.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) & Net Income (%)		Remuneratin from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companie in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Corporate Director	Sunrise Tech. Co. Ltd.	0	0	0	0	89,219	89,219	576	576	2.48%	2.48%	35,435	35,435	868	868	1,442	0	1,442	0	127,540 3.52%	127,540 3.52%	not have
Chairman	Legal Representative: Fu-Nein Chiang																					
Board Member Note 1	Legal representative: Hui-Chuan Kuo																					
Board Member	Legal representative: Wei-Chuan Chang																					
Board Member	Legal representative: Song-Qin Shen																					
Board Member Note 2	Legal Representative: Ching-Chung Lin																					
Corporate Director	Sheng Yuan investment Corp.	4,080	4,080	-	-	-	-	291	291	0.12%	0.12%	-	-	-	-	-	-	-	-	4,371 0.12%	4,371 0.12%	not have
Board Member	Legal representative: Hon-Ren Lin																					
Corporate Director	Chung Ka International (Holdings) Ltd.																					
Board Member	Legal representative: Ming-Xian Weng																					
Independnt Director	Gene-Tzn Chen	4,080	4,080	-	-	-	-	291	291	0.12%	0.12%	-	-	-	-	-	-	-	-	4,371 0.12%	4,371 0.12%	not have
Independnt Director	Sing-San Pai																					
Independnt Director	Homg-Chi Chen																					

1. Please describe the policy, system, criteria, and structure for the payment of compensation to independent directors, and the relevance of the amount of compensation to the responsibilities, risks, and time commitment of independent directors: The Compensation Committee of the Company evaluates the degree of participation in and value of the contributions to the Company's operations and authorizes the Board of Directors to agree on the compensation based on the Committee's evaluation and the level of compensation in the industry. The Company's independent directors are entitled to receive a different level of compensation from that of other directors.

2. In addition to the above table, the honorariums received by the directors of the Company for services rendered to all companies included in the financial statements (e.g., as consultants to non-employees, etc.) for the most recent year were as follows: None.

Note 1. Resignation: 2024.1.10

Note 2. Inauguration: 2024.1.10

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	Fu-Nein Chiang, Hui-Chuan Kuo, Wei-Chuan Chang, Song-Qin Shen, Ching-Chung Lin, Hon-Ren Lin	Fu-Nein Chiang, Hui-Chuan Kuo, Wei-Chuan Chang, Song-Qin Shen, Ching-Chung Lin, Hon-Ren Lin	Hon-Ren Lin	Hon-Ren Lin
NT\$1,000,000 ~ NT\$1,999,999	Gene-Tzn Chen, Sing-San Pai, Horng-Chi Chen	Gene-Tzn Chen, Sing-San Pai, Horng-Chi Chen	Gene-Tzn Chen, Sing-San Pai, Horng-Chi Chen	Gene-Tzn Chen, Sing-San Pai, Horng-Chi Chen
NT\$2,000,000 ~ NT\$3,499,999	-	-	-	-
NT\$3,500,000 ~ NT\$4,999,999	-	-	Song-Qin Shen, Ching-Chung Lin	Song-Qin Shen, Ching-Chung Lin
NT\$5,000,000 ~ NT\$9,999,999	Sheng Yuan investment Corp., CHC International Investment Corp.	Sheng Yuan investment Corp., CHC International Investment Corp.	Sheng Yuan investment Corp., CHC International Investment Corp., Wei-Chuan Chang	Sheng Yuan investment Corp., CHC International Investment Corp., Wei-Chuan Chang
NT\$10,000,000 ~ NT\$14,999,999	-	-	Fu-Nein Chiang, Hui-Chuan Kuo	Fu-Nein Chiang, Hui-Chuan Kuo
NT\$15,000,000 ~ NT\$29,999,999	-	-	-	-
NT\$30,000,000 ~ NT\$49,999,999	Sunrise Tech. Co. Ltd.	Sunrise Tech. Co. Ltd.	Sunrise Tech. Co. Ltd.	Sunrise Tech. Co. Ltd.
NT\$50,000,000 ~ NT\$99,999,999	-	-	-	-
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	-	-	-	-

2.2.2 Remuneration of the President and Vice President

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Remuneratin from ventures other than subsidiaries or from the parent company
								The Company		All companies in the consolidated financial statements				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Deputy Director	Hui-Chuan Kuo	8,204	8,204	654	654	13,627	13,627	959	0	959	0	0.65%	0.65%	not have
Vice President	Wei-Chuan Chang													
Vice President	Ching-Chung Lin													

Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The Company	Companies in the consolidated
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-
NT\$3,500,000 ~ NT\$4,999,999	Ching-Chung Lin	Ching-Chung Lin
NT\$5,000,000 ~ NT\$9,999,999	Wei-Chuan Chang	Wei-Chuan Chang
NT\$10,000,000 ~ NT\$14,999,999	Hui-Chuan Kuo	Hui-Chuan Kuo
NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	3	3

2.2.3 Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Remuneratin from ventures other than subsidiaries or from the parent company
								The Company		All companies in the consolidated financial statements				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Deputy Director	Hui-Chuan Kuo	10,468	10,468	710	710	16,033	16,033	1,215	0	1,215	0	0.78%	0.78%	not have
Vice President	Wei-Chuan Chang													
Vice President	Ching-Chung Lin													
Direct of Accounting Division	Shu-Chen Wu													
Director/Corp orate Governance Director	Jing-Feng Lai													

2.2.4 The Distribution of Employee Bonus to Managers and the Names

Unit: NT\$ thousands

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Deputy Director	Hui-Chuan Kuo	0	1,215	1,215	0.034%
	Vice President	Wei-Chuan Chang				
	Vice President	Ching-Chung Lin				
	Direct of Accounting Division	Shu-Chen Wu				
	Director/ Corporate Governance Director	Jing-Feng Lai				

2.2.5 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Year Title	2023		2024	
	The Company	Consolidated statement of all companies	The Company	Consolidated statement of all companies
Director	3.29%	3.29%	2.60%	2.60%
Presidents and Vice Presidents	1.21%	1.21%	0.65%	0.65%

The directors' remuneration for 2024 and 2023 is based on the same percentage of net profit before tax as that for both years.

For the year 2024, net income after tax was \$3,622,777,996, directors' remuneration as a percentage of net income after tax was 2.60%, and the addition of directors' and employees' remuneration as a percentage of net income after tax was 3.64%;

For the year 2023, net income after tax was \$1,585,694,777, directors' remuneration as a percentage of net income after tax was 3.29%, and the addition of directors' and employees' remuneration as a percentage of net income after tax was 5.61%.

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance:

(A) Policies, Criteria, and Composition of Remuneration: The policies for the payment of directors' remuneration are set forth in the Articles of Incorporation and approved by the shareholders in the shareholders' meeting.

a. Remuneration of Directors of the Company.

In accordance with Article 33 of the Articles of Incorporation, if the Company makes a profit during the year, the Company shall set aside an amount of less than three percent (3%) of such profit as remuneration to the directors.

Independent directors do not participate in the distribution of directors' remuneration. Attendance fees are paid on a per-attendance basis depending on the number of times a director attends the meeting, and travel expenses are paid monthly. The Company periodically evaluates the remuneration of directors in accordance with the "Board of Directors' Performance Evaluation Method", and the related performance evaluation and the reasonableness of the remuneration are reviewed by the Salary and Compensation Committee and the Board of Directors.

b. Remuneration of the Company's Managers.

In accordance with Article 33 of the Articles of Incorporation, if the Company makes a profit in the current year, more than one percent of the profit shall be set aside for employee compensation. Bonuses are awarded based on the Company's annual business performance, financial condition, operating condition, and individual work performance. In accordance with the "Employee Evaluation Procedures", the Company conducts evaluations in July and January of each year, and the average of the two evaluations is used as the basis for granting year-end bonuses. The compensation system is subject to review at any time in light of actual business conditions and relevant laws and regulations.

Manager performance evaluation items and ratios: 15% organizational planning ability, 20% leadership, 20% execution, 10% innovation, 35% KPI.

- c. The Company's compensation package, as defined in Article 6 of the Salary and Compensation Committee's Organizational Regulations, includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, various allowances, and other substantial incentives; the scope of which is consistent with that of the guidelines for directors' and managers' compensation in the Annual Report of a publicly-traded company.

(B) Procedure for determining remuneration:

- a. In order to evaluate the salaries and compensation of directors and managers on a regular basis, the results of the evaluations conducted under the Company's "Board of Directors' Performance Evaluation Plan" and the "Business Performance Bonus Practices" applicable to managers and employees, respectively, are based on the Company's operating performance.
- b. The results of the self-assessment of the performance of the Board of Directors, members of the Board of Directors and members of the functional committees for fiscal year 2024 significantly exceeded the standard, and the results of the performance appraisal of the Company's managers for fiscal year 2024 showed that the performance of all managers met or exceeded the pre-determined target requirements.
- c. The performance evaluation and reasonableness of the remuneration of the Company's directors and managers are regularly evaluated and reviewed by the Salary and Compensation Committee and the Board of Directors on an annual basis. In addition to referring to the individual's performance rate and contribution to the Company, and taking into account the Company's overall operating performance, the industry's future risks and development trends, the Company reviews the remuneration system at any time and from time to time in light of the actual operating conditions and relevant laws and regulations, and also takes into account the current trend of corporate governance, and provides reasonable remuneration to the Company. In addition, we will also give reasonable compensation after taking into account the current trends in corporate governance. The amount of directors' and managers' remuneration for 2024 will be reviewed by the Compensation Committee and agreed upon by the Board of Directors.

(C) The relationship between business performance and future risks:

- a. The review of the Company's compensation policy and related payment criteria and system is based on the Company's overall operating conditions, and the payment criteria are determined based on the performance rate and contribution to enhance the overall organizational effectiveness of the Board of Directors and the management team. In addition, reference is made to the industry's compensation standards to ensure that the Company's management's compensation is competitive in the industry in order to retain outstanding management talent.
- b. The performance objectives of the Company's managers are combined with "risk control" to ensure that possible risks within the scope of responsibility can be managed and prevented, and based on the results of the actual performance appraisal, linked to the relevant human resources and related salary and compensation policies. The important decisions of the management of the Company are made after balancing various risk factors, and the performance of the relevant decisions is reflected in the profitability of the Company, thus the remuneration of the management is related to the performance of risk control.

2.3 Implementation of Corporate Governance

2.3.1 Operations of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the the previous period. (6th to 11th of the 24th Board of Directors : 6 mettings.)

The attendance of the directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Sunrise Tech. Co. Ltd. Legal Representative: Fu-Nein Chiang	6	0	100	
Director	Sunrise Tech. Co. Ltd. Legal representative: Wei-Chuan Chang	6	0	100	
Director	Sunrise Tech. Co. Ltd. Legal representative: Song-Qin Shen	6	0	100	
Director	Sunrise Tech. Co. Ltd. Legal Representative: Ching-Chung Lin	5	1	83.33	2024.1.10 New
Director	Sheng Yuan investment Corp. Legal representative: Hon-Ren Lin	6	0	100	
Director	CHC International Investment Corp. Legal representative: Ming-Xian Weng	4	2	66.67	
Independent director	Gene-Tzn Chen	6	0	100	
Independent director	Sing-San Pai	6	0	100	
Independent director	Horng-Chi Chen	5	1	83.33	

Other mentionable items

1.
 - a. If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act: The Company had already established the Audit Committee and does not apply as described in Article 14-3 of the Securities and Exchange Act. Please refer to the “Practice and Execution of Audit Committee” in this annual report.
 - b. Expect the earlier-mentioned and resolutions of the directors’ meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors’ opinions and the company’s response should be specified: None.
2. If there are independent directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified: None.
3. Goal for enhancing board meeting and its capabilities (for example, the establishment of audit committees or the information transparency enhancement) for current year and the recent years: Please refer to the “Diversity and Independence of this annual report

Implementation Status of Board Evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Implement an annual internal assessment	January 1, 2024 to December 31, 2024	-Whole Board of Directors -Individual board members -Functional Committee	Self-assessment of the Board's performance -Self-assessment of the performance of board members Self-assessment of the performance of the Board of Auditors -Salary and Compensation Commission performance self-evaluation	-Board performance evaluation 1. Involvement in the Company's operations 2. Quality of board decision-making 3. Board composition and structure 4. Election and Continuing Education of Directors 5. Internal controls -Individual board member performance evaluation 1. Mastery of the Company's goals and mission. 2. Knowledge of Directors' Duties 3. Involvement in the Company's operations 4. Internal relationship management and communication 5. Professional and Continuing Education of Directors 6. Internal controls -Assessment of the performance of the Board of Auditors 1. Involvement in the Company's operations 2. Recognition of the duties of the Audit Committee 3. Enhancing the quality of decision-making in functional commissions 4. Composition of the Audit Committee and selection of its members 5. Internal controls -Remuneration Committee performance evaluation 1. Involvement in the Company's operations 2. Recognition of the duties of the Remuneration Committee 3. Enhancing the quality of decision-making in functional commissions 4. Composition and selection of members of the Remuneration Committee

The Company has completed the 2024 self-assessment of the performance of the Board of Directors and the results of the evaluation were presented to the Board of Directors in their March 5, 2025 report.

The overall average score of the self-assessment of the Board's performance is 4.85 (with 5 as the full mark). It shows that the Board of Directors has fulfilled its responsibility of guiding and supervising the Company's strategies, major operations and risk management, and has established an appropriate internal control system in compliance with the requirements of corporate governance.

The overall average score of the self-assessment of the performance of individual board members is 4.92 (with 5 as the full mark), which indicates that the directors have positively evaluated the efficiency and effectiveness of the operation of each guideline.

The overall average score of the performance evaluation of the Audit Committee and the Compensation Committee is 5 (with 5 as the full mark), indicating that the functional committees are functioning well in compliance with the requirements of corporate governance and are effective in enhancing the functions of the Board of Directors.

2.3.2 Audit Committee:

A total of 6 (A) meetings of Audit Committee were held in the previous period. The attendance of independent directors was as follows:

title	name and surname	Actual attendance (B)	Attendance by proxy	Actual attendance (%) (B/A)	Remarks
Independent director	Gene-Tzn Chen	6	0	100	
Independent director	Sing-San Pai	6	0	100	
Independent director	Hornng-Chi Chen	5	1	83.33	

Focus of the year for Audit Committee:

- Audit of financial reports: The Board of Directors' report on operations, financial statements, and proposal for appropriation of earnings, of which the financial statements have been entrusted to Crowe (TW) CPAs for audit. Crowe (TW) CPAs completed the audit and issued an audit report.
The above business report, financial statements and proposal for appropriation of earnings have been examined by the Audit Committee and found to be not yet in order.
- To assess the effectiveness of the internal control system: The Audit Committee reviews the periodic reports of the Company's Audit Department, the Certified Public Accountants, and the management to assess the effectiveness of the internal control system policies and procedures (including controls over finance, operations, risk management, information security, compliance with laws and regulations, etc.).
The Audit Committee recognizes the effectiveness of the Company's risk management and internal control systems and acknowledges that the Company has implemented the necessary control mechanisms to monitors and corrects violations.
- Engaged auditors: At the Company's recent 12th meeting of the 3rd term Audit Committee, held on March 5, 2025, the appointment of Crowe (TW) CPAs was considered and approved. CPA Chun-Chin Lin and Ya-Chuan Chang of Crowe meet the independence and competence standards required to serve as the Company's appointed auditors.

Other matters to be recorded:

If any of the following circumstances apply to the operation of the Audit Committee, the date and period of the Audit Committee meeting, the content of the proposal, the independent directors' dissenting opinions, reservations, or the content of major proposals, the results of the Audit Committee's resolution, and the Company's handling of the Audit Committee's opinions shall be stated.

i. Matters listed in Article 14-5 of the Securities and Exchange Act.

Audit Committee Date of Meeting	Content of Meeting Agenda
Jan. 18, 2024. 5 th meeting of the 3 rd term	-Report on the fourth quarter audit of 2023. -The Company's consolidated credit facilities with banks. -Endorsement and guarantee for the Company's subsidiaries. -The Company's subsidiary, Tian Chong Energy Co., Ltd., intends to obtain financing NT\$1.3 billion from the Company for its business needs. -Proposed to increase investment in Shen Ghe Precision Co., Ltd. -Proposed disposal of the Company's equity interest in Hueilan Energy Co., Ltd. -Capital increase proposal of US\$1,000,000 from the retained earnings of Jiangsu Chung-Hsin Precision Machinery Co., Ltd., the Company's Mainland China-based subsidiary. - The proposal for the capital increase through retained earnings and the distribution of cash dividends by the Jiangsu Chung-Hsin Precision Machinery Co.,Ltd., the Company's Mainland China-based subsidiary. -Amendment of the Articles of Incorporation.
March 11, 2024 6 th meeting of the 3 rd term	-Consideration of the Company's 2023 Statement on Internal Control System. -The Company assessed the independence and suitability of the visa accountants for 2023. -Endorsement and guarantee for the Company's subsidiaries. -The Company's consolidated credit facilities with banks. -Proposes to adjust the amount of the Company's subsidiaries' capital facilities due to business needs. -The Company's 2024 Budget. -Amendments to the "Rules and Regulations Governing the Organization of the Audit Committee" of the Company. -Revision of the "Operating Procedures for the Preparation and Validation of Perpetual Reports" of the Company. -Corporation's 2023 Annual Report of Operations, Individual Financial Report and Consolidated Financial Report. -Appropriation of the Company's 2023 surplus. -Amending the "Code of Conduct for the Board of Directors" of the Company. -In order to plan for the listing of its subsidiary, Bao-Sheng International Corporation (Bao-Sheng), the company intends to release its shares and conduct related operational procedures.
May 9, 2024. 7 th meeting of the 3 rd term	-2024 First Quarter Audit Report. -The Company's consolidated financial report for the first quarter of 2024. -The Company's consolidated credit facilities with banks. -Endorsement and guarantee case for the Company's subsidiary. -In accordance with current accounting regulations, the Company intends to treat the "accounts receivable" from the invested company as a loan of funds and proceed with the relevant procedures. -Amendments to the Company's "Operating Procedures Related to Financial Operations among Related Parties". - Procedures for the Implementation of the ISO37001 Anti-Bribery Management System. -Capital reduction of the Company's subsidiary, CHEM Corp.
June 14, 2024 8 th meeting of the 3 rd term	- To finalize the Company's "Pre-approval Method for Non-Confirmed Services" and the applicable individual and public fees. -Revised the Ethical Corporate Management Best Practice Principles of the Company. -Capital reduction of ME ENERGY SYSTEMS LIMITED, a subsidiary of the Company. -The Company intends to acquire right-of-use assets of real estate from related parties.
Aug. 12, 2024. 9 th meeting of the 3 rd term	-2024 Q2 Audit Report. -The Company's consolidated financial report for the second quarter of 2024. -The Company's consolidated credit facilities with banks. -Endorsement and guarantee for the Company's subsidiaries. -The Company's subsidiaries intend to add and cancel capital facilities to the

	Company. -The Company disposed of 100% equity interest in Mainland Chem Precision Transferred Investment Fumei Attractions Development Co., Ltd. to Shanghai Fuyuan Education Technology Co.	
Nov. 12, 113. 10 th meeting of the 3 rd term	-2024 Q3 Audit Report. -Declare our 2025 internal audit schedule. -2025 Annual risk assessment. -The Company's consolidated financial report for the third quarter of 2024. -The Company's consolidated credit facilities with banks. -Endorsement and guarantee for the Company's subsidiaries. -In order to comply with the current accounting regulations, the Company intends to recognize the "accounts receivable" of the overseas investment companies as "accounts receivable" as if they had been recognized as "accounts receivable". Lending and processing of operational procedures for funds. -Capital reduction of CHEM Power Limited, a subsidiary of the Company. - Amendments to the the Code of Corporate Governance -Continental Transfer Investment in Nantong L-S metal forming Co., Ltd.	
The members of the Audit Committee unanimously approved all the motions, and the Board of Directors approved all the motions based on the recommendations of the Audit Committee.		
ii. Other than the matters mentioned above, the matters resolved by two-thirds or more of all directors without the approval of the Audit Committee: None. In the case of disqualification of an independent director from a motion in which he or she has an interest, the name of the independent director, the content of the motion, the reason for disqualification, and the circumstances under which he or she participated in the vote shall be stated: None. Communication between the independent directors and the head of internal audit and accountant (including significant matters, methods and results of communication regarding the Company's financial and business conditions) (a) Communication between independent directors and the head of internal audit: The Audit Committee and the Board of Directors will review the internal control deficiencies listed in the audit report with the independent directors, and will periodically submit the internal control deficiencies and improvements to the independent directors in writing.		
Date	Communication Matters	Resolution
2024.1.18 Audit Committee	Report on the 4 th Quarter Audit of 2023.	The independent directors have no objection to the report on the results of the execution of the audit operations.
2024.3.11 Audit Committee	Statement of Internal Control System for 2023.	After consideration and approval by the Audit Committee, it is submitted to the Board of Directors for resolution.
2024.5. Audit Committee	Internal Audit Work Report for Q1 2024.	The independent directors have no objection to the report on the results of the execution of the audit operations.
2024.8.12 Audit Committee	Internal Audit Work Report for Q2 2024.	The independent directors have no objection to the report on the results of the execution of the audit operations.

2024.11.12 Audit Committee	1.Internal Audit Work Report for Q3 2024. 2.2025 Annual internal audit operation schedule plan. 3.2025 Annual risk assessment.	1. The independent directors have no objection to the report on the results of the execution of the auditing operation. 2. After consideration and approval by the Audit Committee, the resolution is submitted to the Board of Directors. 3. After consideration and approval by the Audit Committee, the resolution is submitted to the Board of Directors.
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(b) Communication between independent directors and accountants:

The matters for discussion are set out below:

Date	Communication Matters	Resolution
2024.3.5	1. Key Accounting Matters (KAM) statement 2. Types of checks 3. Materiality for the period 4. Failure to correct inaccurate expressions 5. Significant deficiencies in internal controls 6. Other communication matters	The independent directors communicate with the visa accountants. The situation is favorable and the independent directors have no other recommendations.

2.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established a "Code of Corporate Governance" and has disclosed the relevant contents on the Company's website and the Public Information Observatory.	None
II.Shareholding structure & shareholders’ rights				
(a) Does the company established internal operating procedures to handle shareholders' suggestions, doubts, disputes and litigation matters, and implemented them based on the procedures?	✓		(a) The Company has a spokesperson, a proxy spokesperson and a stock affairs specialist to deal with issues such as shareholder proposals or disputes.	None
(b) Does the company have a list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders?	✓		(b)The company has a dedicated shareholders' officer to keep a list of the company's major shareholders.	None
(c) Does the company establish and execute the risk management and firewalls system within its conglomerate structure?	✓		(c) Enforcement in accordance with relevant control regulations.	None
(d) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(d) The Company has established the "Regulations for the Prevention of Insider Trading" to prevent the occurrence of insider trading.	None
III.Composition and Responsibilities of the Board of Directors				

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(a) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(a) See Diversity of the Board of Directors, Specific Management Objectives and Achievement under Data on Directors (II) in this Annual Report.	None
(b) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(b) The Company has established a Salary and Compensation Committee and an Audit Committee in accordance with the law.	None
(c) Does the company establish a standard to measure performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual director and nomination for reelection?	✓		(c) The Company has established a method for evaluating the performance of the Board of Directors and regularly reviews the performance evaluation of the Board of Directors of the Company.	None
(d) Does the company regularly evaluate the independence of CPAs?	✓		(d) Periodic assessment in accordance with the relevant provisions, please refer to Note 1 for details.	None
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings	✓		On March 8, 2023, the Board of Directors adjusted the head of corporate governance to a full-time position, and the Company has set up a full-time unit of the Board of Directors' Secretarial Group responsible for assisting in related matters, including handling data required by the Board of Directors, the Audit Committee, the Compensation Committee, and	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			the execution of business in accordance with the law, handling matters related to the Board of Directors' and the Shareholders' Meetings in accordance with the law, and producing minutes of proceedings; assisting the directors in taking up their positions and in continuing their studies; and providing the directors with data required for executing their business; Assisting directors in complying with laws and regulations.	
V.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has a spokesperson, a proxy spokesperson, a stock affairs officer, and a stakeholder contact area on the Company's website, which is used as a communication channel for related parties. The status of the Company's communications with related parties was reported to the Board of Directors on November 12, 2024	None
VI.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appointed KGI Securities Corporation Stock Agency Department to handle the affairs of the shareholders' meeting on behalf of the organization.	None
VII. Information Disclosure (a)Does the company have a corporate website to disclose both financial standings and the	✓		(a) The Company has set up a website to disclose information on its financial operations and	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
status of corporate governance?			corporate governance and updates it regularly.	
(b) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(b) The Company's website is WWW.CHEM.COM.TW, with Traditional Chinese, Simplified Chinese and English, and the relevant specialized departments collect and disclose relevant information in accordance with the regulations.	None
(c) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(c) The Company shall announce and report the annual financial report, the first, second, and third quarterly financial reports, and the operation situation of each month in accordance with the regulations.	None
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and	✓		(a) Founded more than 60 years ago, the Company has a complete salary and benefit retirement system and has implemented it so that employees and their families can enjoy the care of a lifetime employment system. The Company has disclosed all material information in its Annual Report and the Public Information Observatory. (b) A contact window for investor relations is available on the Company's website, and a person is always available to respond.	None None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
supervisors)?			(c) The Company strictly complies with the contracts signed with customers and its related regulations, and fulfills its commitments to customers. (d) The Company's major decisions on operations, investment cases, loan of funds or endorsement and guarantee, etc. are evaluated and analyzed by the relevant authorities and resolved by the Board of Directors. (e) Please refer to Note 2 for details of the 2024 directors' continuing education. (f) Please refer to Note 3 for details of the 2024 Corporate Governance Director's refresher course. (g) The situation of the manager's further training in 2024, please refer to Note 4. (h) Since 2018, the Company has taken out directors' and managers' liability insurance for its directors and managers to strengthen the Company's corporate governance and indirectly protect shareholders' rights.	None None None None None None

- IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures:
1. The Ethical Corporate Management Best Practice Principles were established in March 2017 to prohibit the occurrence of dishonest behavior. The details of the implementation of the Company's integrity management policy and the program to prevent dishonest behavior have been disclosed on the Company's official website.
 2. The Company established the "Management Procedures for Prevention of Insider Trading" in August, 2017, and disclosed on the Company's official website that insiders are prohibited from utilizing information that is not available in the market to make profits, and the specific circumstances under which the Company has implemented the prohibition of insider trading have been disclosed on the Company's website.

Note 1: The Company evaluates the independence and suitability of its certified public accountants on an annual basis by requesting the certified public accountants to provide a "Statement of Independence" and obtaining information on the 13 Audit Quality Indicators (AQIs) provided by the accounting firm. In accordance with the "Audit Committee Guidelines on Interpretation of Audit Quality Indicators (AQIs)" issued by the competent authority, the audit quality of the accounting firm and the audit team is assessed in accordance with the Criteria for Assessing Accountant Independence. The results of the most recent annual assessment are discussed and approved by the Audit Committee and submitted to the Board of Directors for approval of the assessment of the independence and suitability of the accountants.

The criteria for assessing the independence of accountants are set out below:

Items	Assessment results
1. The visa has not been renewed for seven years as of the last visa operation.	☒ Yes ☐ No
2. No significant financial interest in the principal .	☒ Yes ☐ No
3. Avoid any inappropriate relationship with the principal.	☒ Yes ☐ No
4. The accountant shall cause his assistants to observe honesty, impartiality and independence.	☒ Yes ☐ No
5. The financial statements of the service organization within two years prior to the practice shall not be checked for visas.	☒ Yes ☐ No
6. The name of the accountant shall not be used for another person.	☒ Yes ☐ No
7. No shares of the Company and its affiliates.	☒ Yes ☐ No
8. No loans or credits with the Company or any of its subsidiaries.	☒ Yes ☐ No
9. No joint investment or profit-sharing relationship with the Company or related companies.	☒ Yes ☐ No
10. Not to be employed by the Company or its affiliates on a regular basis or to receive a regular .	☒ Yes ☐ No
11. Management functions that do not involve decision-making by the Company or its affiliates.	☒ Yes ☐ No
12. The Company does not engage in any other business that could jeopardize its independence.	☒ Yes ☐ No
13. No spouse, blood relatives or by marriage in the direct line of the Company's management.	☒ Yes ☐ No
14. No commission was received in connection with the business.	☒ Yes ☐ No
15. To date, no sanctions have been imposed or the principle of independence jeopardized.	☒ Yes ☐ No

Note 2: Directors' training records in 2024.

Title	Name	Study Period		Organization	Course Name	Training Hours
		FROM	TO			
Representative of corporate directors	Fu-Nein Chiang	2024/09/03	2024/09/03	Taiwan Stock Exchange (TSE)	Creating a New Carbon Age Advocacy with Sustainable Knowledge Power	6
		2024/09/30	2024/09/30	Taiwan Stock Exchange (TSE)	Growing Taiwan's Capital Market Summit	3
Representative of corporate directors	Ming-Xian Weng	2024/08/09	2024/08/09	Chinese Association of Corporate Governance	Gas pedals of Corporate Sustainability - CSR, ESG and SDGs	3
		2024/11/25	2024/11/25	Securities and Futures Market Development Foundation	Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives (Enhancing Corporate Sustainability Value and Improving Risk Management System)	3
Representative of corporate directors	Hon-Ren Lin	2024/09/11	2024/09/11	Taiwan Institute for Financial Research and Training	Corporate Governance and Sustainable Management Workshop	6
Representative of corporate directors	Wei-Chuan Chang	2024/09/06	2024/09/06	Securities and Futures Market Development Foundation	2024 Advocacy for the Prevention of Insider Trading	3
		2024/10/23	2024/10/23	Taiwan Stock Exchange (TSE)	GHG Protocol Corporate Standards and Scope 3 Standards Advocacy Course	7
Representative of corporate directors	Song-Qin Shen	2024/09/06	2024/09/06	Securities and Futures Market Development Foundation	2024 Advocacy for the Prevention of Insider Trading	3
		2024/12/17	2024/12/17	TPMA (Taiwan Project Management Association)	Generative AI with ChatGPT applications	3
Representative of corporate directors	Ching-Chung Lin	2024/05/03	2024/05/03	Securities and Futures Market Development Foundation	Advocates for Sustainable Development	3
		2024/05/30	2024/05/30	Internal Audit Association of the Republic of China	Insider Trading and Misreporting: A Practical Discussion and Response Approach	6
		2024/09/06	2024/09/06	Securities and Futures Market Development Foundation	2024 Advocacy for the Prevention of Insider Trading	3
independent director	Gene-Tzn	2024/09/03	2024/09/03	Chinese Association of Corporate Governance	Enterprise Innovation and Growth in full swing	3

Title	Name	Study Period		Organization	Course Name	Training Hours
		FROM	TO			
	Chen	2024/09/04	2024/09/04	Securities and Futures Market Development Foundation	How directors and supervisors with non-accounting background review financial reports	3
independent director	Sing-San Pai	2024/08/29	2024/08/29	Securities and Futures Market Development Foundation	Board performance evaluation	3
		2024/09/03	2024/09/03	Chinese Association of Corporate Governance	Enterprise Innovation and Growth in full swing	3
independent director	Horng-Chi Chen	2024/08/29	2024/08/29	Securities and Futures Market Development Foundation	Board performance evaluation	3
		2024/09/03	2024/09/03	Chinese Association of Corporate Governance	Enterprise Innovation and Growth in full swing	3

Note 3. Corporate Governance Supervisor Refresher Training in 2024

Title	Name	Study Period		Organization	Course Name	Training Hours
		FROM	TO			
Head of Corporate Governance	Jing-Feng Lai	2024/05/02	2024/05/03	Securities and Futures Market Development Foundation	Sustainable Disclosure Practical Workshop	9
		2024/10/08	2024/10/08	Securities and Futures Market Development Foundation	WIW 2024 Joint Forum - Technology and Digital Finance, Crypto Assets and Perpetual Finance	3

Note 4. Manager's refresher courses in 2024

Title	Name	Study Period		Organization	Course Name	Training Hours
		FROM	TO			
Accounting Supervisor	Shu-Chen Wu	2024/11/07	2024/11/08	Foundation for Accounting Research and Development	Continuing Refresher Course for Accounting Executives of Issuer Securities Dealers Stock Exchanges	12

2.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

(1) Composition of the Remuneration Committee

Title	Criteria	Professional Qualification Requirements	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
	Name			
Independent director	Gene-Tzn Chen	Please refer to Table 1 of this Annual Report for Directors' and Supervisors' Information (I)	Please refer to Table 1 of this Annual Report for Directors' and Supervisors' Information (I)	0
Independent director	Sing-San Pai			0
Independent director	Hornng-Chi Chen			1 (concurrently served until 2024/6/20)

Note 1: Please specify in the form the years of service, professional qualifications and experience, and independence of each member of the Salary and Compensation Committee, and, in the case of independent directors, please make a note to refer to the relevant contents of Schedule I, Information on Directors and Supervisors (I) on page OO. Please indicate whether you are an independent director or other (if you are the convenor, please add a note).

Note 2: Professional qualifications and experience: Indicate the professional qualifications and experience of individual Salary and Compensation Commission members.

Note 3: Independence criteria: The members of the Compensation Committee meet the independence criteria, which include but are not limited to whether the individual, their spouse, or their close relatives (up to the second degree of kinship) serve as directors, supervisors, or employees of the Company or its affiliated companies; the number and proportion of shares held by the individual, their spouse, or their close relatives (or held in the name of others); whether they serve as directors, supervisors, or employees of companies that have specific relationships with the Company (as per Articles 6(1) 5-8 of the Regulations Governing the Establishment and Exercise of Powers of Compensation Committees for Listed Companies or those traded in securities firms); and the amount of compensation received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the past two years.

(2) Responsibilities of the Remuneration Committee

The function of the Company's Remuneration Committee is to evaluate, in a professional and objective manner, the Company's policies and systems for the compensation of directors and managers. The Committee shall be convened at least twice a year and make recommendations to the Board of Directors for its decision-making.

This Committee shall faithfully perform the following duties with the attention of the Good Steward and shall submit its recommendations to the Board of Directors for discussion:

- A. To formulate and periodically review the policies, systems, standards and structures for performance evaluation and compensation of the Company's directors and managers.
- B. Regularly evaluates and determines the salaries and compensation of directors and managers.

In the exercise of the preceding mandate, the following principles shall apply.

- A. The performance evaluation and salary compensation of directors and managers shall refer to the usual level of payment in the same industry and consider the reasonableness of the connection between individual performance, the company's business performance and future risks.
- B. Directors and managers should not be led to engage in behavior that exceeds the company's risk appetite in pursuit of remuneration.

- C. The percentage of short-term performance-based bonuses for directors and senior managers and the timing of the payment of certain changes in salary and compensation shall be determined in consideration of the characteristics of the industry and the nature of the Company's business.

(3) Operations of the Remuneration Committee

- A. The Company's Remuneration Committee consists of three members.
 B. Term of Remuneration Committee for the 5th-Term Members: May 24, 2023 to May 23, 2026. The Remuneration Committee met four times in the recent year (A), and the annual work priorities and attendance of the members are as follows:

Annual highlights include: review of the distribution of employee and director compensation, directors' and managers' annual honoraria, managers' annual bonuses, and evaluation of the performance of the Board of Directors, the Audit Committee, and the Remuneration Committee.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Gene-Tzn Chen	4	0	100	
Committee Member	Sing-San Pai	4	0	100	
Committee Member	Horng-Chi Chen	3	1	75	
Other matters to be recorded:					
I. Results of motions and resolutions					
Remuneration Committee Date and Term		Description of the Proposals			
Jan. 18, 2024. 4 th meeting of the 5 th term		-Reviewed the projected allocation of the Company's 2023 Manager's Year-End Bonus.			
March 11, 2024 5 th meeting of the 5 th term		-The Company's 2023 performance evaluation of the Board of Directors, Audit Committee, and Salary and Compensation Committee. -Allocation of employees' compensation and directors' compensation of the Company for the year 2023.			
June 14, 2024 6 th meeting of the 5 th term		-Consideration of allotment of remuneration to the Directors of the Company for the year 2023. -Adjustment of the Company's interim bonus (including employee compensation). -Considering the mid-term bonus of the manager and the remuneration of the employees for the year 2023.			
Nov. 12, 2024. 7 th meeting of the 5 th term		-The Company's manager's 2025 salary adjustment case.			
The result of the above motion: All members present agreed to adopt it.					
II.If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, the Board of Directors shall state the date and period of the Board of Directors' meeting, the content of the motion, the result of the Board of Directors' resolution, and the Company's handling of the Compensation Committee's opinion (if the Board of Directors' approval of the compensation is superior to that of the Compensation Committee's recommendation, it shall state the circumstances of the discrepancy and the reason for the discrepancy): None.					
III.If a member of the Compensation Committee has any objections or reservations to a resolution, and if there is a record of such objections or reservations or a written statement of such objections or reservations, the date of the meeting of the Compensation Committee, the period of time of the meeting, the content of the motion, the opinions of all members, and the disposition of the opinions of the members shall be stated: None.					

2.3.5 Fulfillment of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I, Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate sustainable development framework and supervision?	✓		The Company has formulated the Code of Practice on Sustainable Development, in which the principles and policies governing sustainable development are to implement the promotion of corporate governance, to develop a sustainable environment, to participate in the promotion of social welfare, and to enhance the disclosure of information on sustainable development. The Board of Directors is the highest decision-making and supervisory body for the Company's sustainable development, and the Board of Directors has authorized the senior management to handle the promotion of the Company's sustainable development and to report to the Board of Directors on a regular basis on the status of handling the matter. 2023 ESG Report has been reviewed and approved by the Board of Directors on November 12, 2024, and the Company is now in a position to submit a report to the Board of Directors. The Board of Directors confirms the Company's sustainable development and ESG management policy through the content of the report, and monitors and reviews the status of the management team's implementation of sustainable development and achievement of goals, in order to strengthen the Company's constitution and implement the direction of sustainable	None

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			management.	
II, Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	✓		The Company defines the degree of related parties in accordance with the AA1000 stakeholder negotiation standard by using the five major evaluation methods, which take into account dependence, responsibility, concern, influence, and multiple perspectives. Based on the principle of materiality, the Company not only includes the degree of concern of stakeholders in the identification of issues of concern collected from communications with related parties, but also simultaneously evaluates the degree of impact of the issues on the economy, society, the environment, and corporate governance issues through the senior executives and takes the necessary measures and strengthens the disclosure of information in a timely manner. For the boundaries of our risk assessment, please refer to our annual sustainability report. In terms of supply chain risk management, we actively focus on energy use, revitalization and management, and information security protection in our supply chain to cope with the impact of environmental changes on our supply chain; in terms of social and human rights, we have completed the formulation of a policy on the non-use of conflict minerals to ensure that there is no human rights damage indirectly caused by conflict minerals in our supply chain; and in terms of environmental protection,	None

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			we have established a green supply chain and emphasized on environmental friendliness. In terms of environmental protection, the Company has constructed a green supply chain and emphasized environmental friendliness, encouraging and promoting suppliers to move towards a circular economy. Through ESG sustainable management of the supply chain, the Company has made the following five commitments in the hope that the integration of the Group's capabilities will lead the upstream, midstream, and downstream manufacturers, and even society at large, to move toward better corporate governance. The Company has established "Risk Management Policies and Procedures" in 2020 to facilitate risk management and implementation, and has a Head of Corporate Governance to assist the Directors in complying with legal policies.	
III. Environmental issues				
i. Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		We have established a complete environmental management system based on our industrial characteristics and operational needs, and have passed ISO14001 (valid period: 2023.12.03~2026.12.02) certification.	None
ii. Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The Company advocates the use of recycled paper and eco-friendly labels and other related products, and continues to promote paperlessness and waste reduction in the enterprise. In addition, we prohibit the use of hazardous substances in our	None

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			products, and our product development complies with international regulations and norms, and we strive to minimize our impact on the environment.	
iii. Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		In response to global warming caused by greenhouse gas emissions and the possible impact of extreme weather on operations, the Company has set up an interdepartmental climate risk team since 2022 to systematically analyze and assess climate risks and formulate related strategies to address them. In addition, the risk management table in the Company's sustainability report lists the risks of climate change as follows. 1. Climate change leads to an increase in the frequency and intensity of windstorms, floods, and droughts, all of which may affect suppliers and customers, indirectly leading to a reduction or disruption of the Company's production capacity, resulting in financial and business risks. 2. In response to the issue of greenhouse gas emissions and carbon fees, the increase in electricity tariffs and other increases in operating costs, as well as customer requests for carbon reductions and other business uncertainties and risks. Opportunities for climate change are as follows. 1.To respond to the global trend of net zero GHG emissions, increase the market share of our green energy related products and services, and expand the revenue of our business group.	None

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			2. In response to the greenhouse gas issue, develop low-carbon products and guide the supply chain in low-carbon transformation to increase product competitiveness. The Group's greenhouse gas and energy management objectives are divided into short-, medium-, and long-term, and through the identification of potential climate change risks and opportunities, we grasp the impacts and influences of the relevant factors on the Company's operations and formulate relevant strategies and measures in advance to prevent the risks and damages brought about by climate change, and regularly report the relevant analyses, recommendations, improvements, and implementation results to the Board of Directors for their reference in corporate governance.	
iv. Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		In addition to complying with domestic laws and regulations on climate change response, the Company has been conducting its own greenhouse gas inventory since 2023 to promote greenhouse gas emission control. Our goal is to save 3% of electricity, 3% of water, and 3% of waste. Currently, we are planning to conduct Carbon Footprint Verification of our products, and we expect to implement Carbon Footprint Verification of two products starting from next fiscal year.	None
IV. Social issues				

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
i. Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company protects the legal rights and interests of employees in accordance with labor laws and regulations, provides retirement benefits in accordance with the law, opens communication channels between labor and management, actively understands and has reasonable salary compensation to achieve a win-win situation for both labor and management, and establishes the Employee Welfare Committee to handle various welfare matters.	None
ii. Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		The company has established "Employee Work Rules", "Employee Evaluation Procedures", and "Employee Compensation Distribution Methods", which are handled fairly and objectively in accordance with the law.	None
iii. Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		Regularly handle employee health checkups and special work health checkups for special operators, often organize labor safety and health education and training, and implement the provision of a safe and healthy working environment for employees.	None
iv. Does the company provide its employees with career development and training sessions?	✓		Our Management Division has a complete training program for the career development of our employees.	None
v. Do the company's products and services comply with relevant laws and international standards in relation to customer health and	✓		The marketing and labeling of our products and services comply with relevant regulations and international standards to ensure the quality of our products and services. The company also has	None

Item to Promote	Implementation Status			Deviations from “the sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
safety, customer privacy, and marketing and labeling of products and services etc., and are relevant consumers or clients’ protection and grievance procedure policies implemented??			a major customer complaint case handling method to standardize the customer complaint procedure to protect the rights and interests of customers.	
vi. Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results?	✓		The Company has formulated vendor management practices as a basis for supplier management and conducts regular supplier evaluations to monitor and ensure supplier safety and health, risk, environmental protection, and labor and human rights conditions.	None
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainable development reports? Do the reports above obtain assurance from a third party verification unit?		✓	The Company has prepared a ESG report for the year 2023.	None
VI. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Corporate sustainable development Best Practice Principles for TWSE/TPEX Listed Companies: In order to practice sustainable development, the Company has formulated the "Code of Practice on Sustainable Development" in accordance with the "Code of Practice on Sustainable Development for Listed Companies", and will continue to implement and execute the Code of Practice in accordance with the norms and spirit of the Code of Practice on Sustainable Development together with all the colleagues of the Company.				
VII. Other useful information for explaining the status of sustainable development practices: The Company has explained the status of its CSR operations on the Company's official website, and will disclose the relevant information on the Company's website in accordance with its actual operations in the future.				

2.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implement status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(i) The Ethical Corporate Management Best Practice Principles and the Corporate Governance Best Practice Principles have been adopted by the Board of Directors, and there is a special unit responsible for formulating and supervising the implementation of Ethical Corporate Management Best Practice Principles and preventive programs, and reporting to the Board of Directors on a regular basis, and members of the Board of Directors and the management have signed the Declaration of Compliance with the Ethical Corporate Management Best Practice Principles in November 2023.	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX	✓		(ii) The Company promotes the concepts of corporate governance and integrity management at regular and unscheduled meetings. The Company has established the Ethical Corporate Management Best Practice Principles to regulate business activities within the scope of business that carry a high risk of dishonest behavior, and to prevent bribery, the acceptance of bribes, and the provision of illegal political contributions.	None

Evaluation Item	Implement status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
Listed Companies? (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(iii) The Ethical Corporate Management Best Practice Principles and the Corporate Governance Best Practice Principles of the Company have already set forth a program to prevent dishonest behavior. The Company also has a sound complaint and disciplinary system, which can be reflected through the mailbox of the Management Division.	None
2. Implementing integrity operation (1) Does the company evaluate its counterparty’s integrity record and set up integrity rules of code and conducts?	✓		(a) The Ethical Corporate Management Best Practice Principles prohibits dishonest behavior and conducts business activities in a fair and transparent manner; if dishonest behavior is involved, the contract may be terminated or dissolved at any time.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(b) The Management Division is responsible for the formulation and implementation of the program to improve the management of the Company's integrity, and the status of implementation for fiscal year 2024 was reported to the Board of Directors on November 12.	None
(3) Does the company establish interest conflict prevention policy, providing appropriate appealing channel and	✓		(c) The Company prohibits all employees from accepting unreasonable gifts, which may affect the Company's product transactions,	None

Evaluation Item	Implement status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
execution? (4) Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? (5) Does the company hold integrity education training on a regular basis?	✓ ✓		and provides appropriate reporting channels to specify the penalties for violating the regulations. (d) In order to ensure the implementation of integrity management, the Company has established an effective accounting and internal control system, which is regularly audited by the internal auditors and submitted to the Board of Directors in the form of an audit report. (e) The Company regularly organizes educational training or advocates for integrity management, and the related implementation status in 2024: 1. Organize internal and external education and training courses on integrity management issues, such as compliance with integrity management laws and regulations, accounting systems and internal control, for a total of 718 attendees and 463 person-hours. 2. Incorporate content related to promoting ethical and honest business practices into the education and training of new employees, with 165 participants and 15 minutes of instruction each time.	None None
3. Reporting System execution (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be	✓		(i) The Company has a Personnel Review Committee and a special line for complaints, and has a specialized unit	None

Evaluation Item	Implement status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
reached by an appropriate person for follow-up?			responsible for handling related matters.	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(ii) The Company has a Personnel Review Committee, which is responsible for maintaining the confidentiality of the parties involved.	None
(3) Does the company take action in protecting litigant not to be treated in an inappropriate way when reporting an offense?	✓		(iii) The Company has a Personnel Review Committee, which is responsible for maintaining the confidentiality of the parties involved, and will not be subject to improper handling of complaints.	None
4. Enhancing information disclosure (1) Does the company reveal its integrity content and execution in its website and MOPS (Market Observation Post System)?	✓		(i) The Company maintains a website to disclose information on its corporate culture and management policies, and publishes the Ethical Corporate Management Best Practice Principles on the Market Observation Post System.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for CHEM, the Company, please describe any discrepancy between the policies and their implementation. There is no discrepancy.				
6. Other information which help to understand corporate integrity operation (e.g. Corporate amendment in corporate integrity operation): No.				

2.3.7 Other useful information that would enhance understanding of the operation of corporate governance

There is a special area on the Company's website that describes the corporate governance situation and includes regulations related to corporate governance for internal and external references at <http://www.chem.com.tw>. In addition, the Company will disclose significant information to the public in real time, please refer to the Market Observation Post System (MOPS) for more details.

2.3.8 Corporate Governance Guidelines and Regulations for Information

1. Statement of Internal Control.

Chung-Hsin Electric and Machinery Manufacturing Corp. Statement of Internal Control System

Date: March 5, 2025

Based on the results of our self-assessment, we would like to state the following about our internal control system for the year 2024:

1. The Company recognizes that it is the responsibility of the Board of Directors and managers of the Company to establish, implement and maintain an internal control system, and the Company has established such a system. The purpose of this system is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), the reliability, timeliness, and transparency of reporting, and compliance with relevant standards and laws and regulations.
2. The internal control system has inherent limitations. No matter how well-designed it is, an effective internal control system can only provide reasonable assurance that the three objectives mentioned above are achieved; moreover, the effectiveness of the internal control system may change as a result of changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism, and once deficiencies are identified, the Company will take corrective actions.
3. The Company judges the effectiveness of the design and implementation of the internal control system based on the judgment items for the effectiveness of the internal control system set forth in the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Guidelines"). The judgmental items of the internal control system adopted in the "Guidelines for the Establishment of Internal Control System for Public Companies" (hereinafter referred to as the "Guidelines") are based on the process of management control, and the internal control system is divided into five components: 1) control environment, 2) risk assessment and response, 3) control operations, 4) information and communication, and 5) supervisory operations. Each of these components consists of a number of items. Please refer to the "Handling Guidelines" for the aforementioned items.
4. The Company has adopted the above judgmental items of the internal control system to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the preceding assessment, the Company concluded that the design and implementation of the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including the degree of understanding of the effectiveness of operations and the achievement of the efficiency objectives, and the extent to which the reports are reliable, timely, transparent, and in accordance with the relevant norms and compliance with relevant laws and regulations, were effective, and that the design and implementation of the system of internal control were able to reasonably ensure that the above objectives were achieved. The Company's internal control system is designed and implemented effectively to reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the Company's Annual Report and Public Prospectus, and will be made public. Any falsehood or concealment of the above disclosed information may result in legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors of the Company on March 5, 2025. Of the nine directors present, zero (0) were opposed to the statement, and the remainder agreed to the contents of this statement and hereby declare their consent.

Chung-Hsin Electric and Machinery Manufacturing Corp.

Chairman:

Signature

General Manager:

Signature

2. The person who entrusts the accountant to review the internal control system in special projects shall disclose the accountant's review report: None.

2.3.9 Major Resolutions of Shareholders' Meeting and Board Meetings in the most recent year and as of the printing date of the annual report:

Date	Type	Important resolutions	Execution in shareholders' meeting
2024.05.27	Shareholders' Meeting	1. Vote to approve the proposal of the Company's 2023 Annual Accounts Book. 2. Vote to approve the distribution of the Company's 2023 surplus. 3. Vote to approve the amendment to the Articles of Incorporation. 4. Voted to approve the proposed release of shares and related operational procedures for the planning of the listing of subsidiary Bao-Sheng International (stock) Co.	For the 2023 earnings distribution, in accordance with the resolution of the shareholders' meeting, the Company set July 7, 2024 as the base date for dividend distribution. The Company completed the distribution of cash dividends to shareholders of NT\$1,811,205,054 (NT\$3.6 cash dividend per share) on July 24, 2024.
2024.01.18	Board Meeting	1. The Company's subsidiary, Tian Chong Energy Co., Ltd. proposed to finance NT\$1.3 billion to the Company due to business needs. 2. Approved the proposed disposal of the Company's equity interest in Hueilan Energy Co., Ltd. 3. Approved the distribution of surplus to capital increase and cash dividends of the Company's mainland reinvested company, Jiangsu CHEM Precision Machinery Co. 4. Adoption of the amendment to the Articles of Incorporation.	
2024.03.11	Board Meeting	1. adopt the Company's case for assessing the independence and suitability of the visa accountants for the year 2023. 2. Approved the amendment to the "Rules and Regulations Governing the Organization of the Audit Committee" of the Company. 3. Approved the revision of the Company's "Operational Procedures for the Preparation and Verification of the APR". 4. adoption of the Company's 2023 Business Report, Individual Financial Report and Consolidated Financial Report case. 5. To approve the distribution of the Company's 2023 surplus. 6. Approved the amendment of the "Rules of Procedure of the Board of Directors" of the Company. 7. Adopted the plan for the subsidiary Bao-Sheng International (Stock) Company to be listed on the counter, to handle the release of shares and related operational procedures.	
2024.05.09	Board Meeting	1. To approve the consolidated financial report of the Company for the first quarter of 2024. 2. Adoption of endorsement and guarantee for each of the Company's investee companies. 3. Approved the revision of the Company's "Operating Procedures Related to Financial Operations among Related Parties". 4. Adoption of the proposal for the introduction of our ISO37001 Bribery Prevention Management System. 5. Approved the capital reduction of the Company's subsidiary, CHEM Corp.	
2024.06.14	Board Meeting	1. Approved the finalization of the Company's "Pre-approval Method for Non-Confidence-Based Services". 2. Approved the amendment of the Company's Ethical Corporate Management Best Practice Principles. 3. Approved the capital reduction of ME ENERGY SYSTEMS LIMITED, a subsidiary of the Company. 4. Adoption of the proposal to set a base date for the distribution of cash dividends on the Company's common shares and other related matters. 5. Approved to consider the proposal for the allotment of remuneration to the directors of the Company for the year 2023.	
2024.08.12	Board Meeting	1. To approve the consolidated financial report of the Company for the second quarter of 2024. 2. To approve the consolidated credit line between the Company and the bank.	
2024.11.12	Board Meeting	1. to adopt the Company's 2025 risk assessment case. 2. Adoption of the case for the preparation and filing of the Company's 2023 perpetual report. 3. To approve the consolidated financial report of the Company for the third quarter of 2024. 4. Approved the capital reduction of CHEM Power Limited, a subsidiary of the Company. 5. Approved the amendment of the Company's "Code of Corporate Governance Practices".	

Date	Type	Important resolutions	Execution in shareholders' meeting
2025.01.14	Board Meeting	1. Approved the change of the Company's auditing accountants to Crowe (TW) CPAs Chun-Chin Lin and Ya-Chuan Chang, effective as of the fourth quarter of fiscal year 2024. 2. adopt the Company's case for assessing the independence and suitability of the visa accountants for the year 2024. 3. Adoption of the finalization of the Company's "Operational Procedures for Sustainable Information Management".	
2025.03.05	Board Meeting	1. Approved the revision of the Company's "Employee Compensation Distribution Plan". 2. to adopt the Company's 2024 Business Report, Individual Financial Report and Consolidated Financial Report. 3. Approve the distribution of the Company's 2024 surplus. 4. Adoption of the amendment to the Articles of Incorporation. 5. Signed a contract with San-Feng construction Co., Ltd. for the construction of new factory buildings and land preparation works in Chiayi Machouhou Industrial Park and the construction of additional warehousing works in Linko Plant.	

2.3.10 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

2.4 Information Regarding the Company's Audit Fee and Independence

2.4.1 Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit Fee Institutional Design	Non-audit Fee					Period Covered by CAP's Audit			Remarks
				System of Deign	Company Registration	Human Resources	Others (Note 2)	Subtotal	Yes	No (Note 1)	Audit Period	
Crowe (TW) CPAs	Chun-Chin Lin	Ya-Chuan Chang	4,940	None	None	None	235	235	V		Year 2024	Parking mgmt station & custody trust verificati on rpt, etc.

2.4.2 If non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm is equivalent to one quarter or more of the audit fees paid to them: No.

2.4.3 If the securities firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change: No.

2.4.4 If the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 % or more: No.

2.5 Replacement of CPA: None.

2.6 If the Chairman, General Manager, or manager in charge of financial or accounting affairs of the Company has worked for a firm affiliated with the visa accountant or its affiliates within the last one year, the Company shall disclose his/her name, title, and the period of time that he/she has worked for the firm affiliated with the visa accountant or his/her affiliates: None of these cases.

2.7 Changes in Shareholding of Directors, Corporate governance directors, Managers

and Major Shareholders

2.7.1 Changes in shareholdings of directors, managers and substantial shareholders

Unit: Shares

Title	Name	2024		As of March 25, 2025	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Corporate Director	Sunrise Tech. Co. Ltd.	0	0	0	0
Chairman	Legal representative: Fu-Nein Chiang	0	0	0	0
Director Note 1	Legal representative: Hui-Chuan Kuo	0	0	0	0
Director	Legal representative: Wei-Chuan Chang	0	0	0	0
Director	Legal representative: Song-Qin Shen	0	0	0	0
Director Note 2	Legal Representative: Ching-Chung Lin	0	0	0	0
Corporate Director	Sheng Yuan investment Corp.	0	0	0	0
Director	Legal representative: Hon-Ren Lin	0	0	0	0
Corporate Director	CHC International Investment Corp.	0	0	0	0
Director	Legal Representative: Ming-Xian Weng	0	0	0	0
Independent Director	Gene-Tzn Chen	0	0	0	0
Independent Director	Sing-San Pai	0	0	0	0
Independent Director	Horng-Chi Chen	0	0	0	0
President	Hui-Chuan Kuo	0	0	0	0
Vice President	Wei-Chuan Chang	0	0	0	0
Vice President	Ching-Chung Lin	0	0	0	0
Director of Accounting Division	Shu-Chen Wu	0	0	0	0
Director of Corporate Governance	Jing-Feng Lai	0	0	0	0

Note 1. Resignation: 2024.1.10

Note 2. Inauguration: 2024.1.10

2.7.2 Shares transfer and pledge of shares where the counterparties are related parties: None.

2.8 Relationship among the Top Ten Shareholders

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Sheng Yuan investment Corp. Representative: Wang Dengying	44,688,546	8.88%	-	-	-	-	Guang-Hsin engineering & services Co., Ltd.	Investment using equity method	
	0	0.00%	-	-	-	-			
Guang-Hsin engineering & services Co., Ltd. Representative: Wang Dengying	31,036,223	6.17%	-	-	-	-	Sheng Yuan investment Corp.	Investment using equity method	
	0	0.00%	-	-	-	-			
A-Wen Lan	11,292,000	2.24%	-	-	-	-	-	-	
Norges Bank.	7,224,000	1.44%	-	-	-	-	-	-	
Quark Investment Co., Ltd. Representative: Lin Yifan	6,450,000	1.28%	-	-	-	-	-	-	
	0	0.00%	-	-	-	-	-	-	
Sunrise Tech. Co. Ltd. Representative: Fu-Nein Chiang	6,266,514	1.25%	-	-	-	-	-	-	
	77,401	0.02%	-	-	-	-	-	-	
Hanshin Investment Co. Represented by: Tsai Chul-hsiung	3,797,000	0.75%							
	0	0.00%							
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,334,593	0.66%	-	-	-	-	-	-	
Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF	3,277,000	0.65%	-	-	-	-	-	-	
Fei-Ling Li	3,215,168	0.64%	-	-	-	-	-	-	

Note 1: All the top ten shareholders are listed, and the name of the corporate shareholder and the name of the representative should be listed separately.

Note 2: The calculation of shareholding ratio refers to the ratio of shareholding in one's own name, in the name of one's spouse, in the name of one's minor children, or in the name of another person.

Note 3: The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationships among them are disclosed in accordance with the Guidelines Governing the Preparation of Financial Reports by Issuers.

2.9 Ownership of Shares in Affiliated Enterprises

December 31, 2024 Unit: shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
CHEM USA Corp.	1,300,000	100.00%	0	0.00%	1,300,000	100.00%
Guang-Hsin engineering & services Co., Ltd.	17,577,041	24.29%	0	0.00%	17,577,041	24.29%
Sunrise Tech. Co. Ltd.	33,955,200	100.00%	0	0.00%	33,955,200	100.00%
Cheng-Hsin engineering & services CO.,Ltd.	78,685,401	100.00%	0	0.00%	78,685,401	100.00%
Global-Entech Co., Ltd.	5,989,859	99.99%	0	0.00%	5,989,859	99.99%
Tone-zoom industry Co., Ltd.	708,135	67.96%	0	0.00%	708,135	67.96%
Sheng Yuan investment Corp.	18,049,960	29.33%	0	0.00%	18,049,960	29.33%
Etrovision technology Co., Ltd.	4,499,980	99.99%	0	0.00%	4,499,980	99.99%
Bao-Sheng Global Co.,Ltd.	26,360,860	100.00%	0	0.00%	26,360,860	100.00%
Li-Xiang Technology Co., Ltd.	667,000	40.00%	0	0.00%	667,000	40.00%
Chung- Hsin Energy Tech. Inc.	10,000,000	100.00%	0	0.00%	10,000,000	100.00%
Tian Cin Energy Co., Ltd.	21,013,300	86.74%	3,213,420	13.26%	24,226,720	100.00%
Tian Peng Energy Co., Ltd.	67,657,540	85.61%	11,368,980	14.39%	79,026,520	100.00%
Tian Chong Energy Co., Ltd.	99,804,600	87.07%	14,817,600	12.93%	114,622,200	100.00%
Tian Fu Energy Co., Ltd.	15,600,000	52.42%	14,160,000	47.58%	29,760,000	100.00%
Aura Material Inc.	3,700,000	37.00%	0	0.00%	3,700,000	37.00%
Stellar Power System Co., Ltd.	100,000	5.00%	1,900,000	95.00%	2,000,000	100.00%
Shen Ghe Precision Co., Ltd.	396,000	45.00%	0	0.00%	396,000	45.00%
CHEM CORP.	44,652,648	100.00%	0	0.00%	44,652,648	100.00%
me energy systems limited	10,673,455	100.00%	0	0.00%	10,673,455	100.00%
egme energy ecosystems (india) private limited	3,590,000	71.80%	1,409,999	28.19%	4,999,999	99.99%

Note 1: These investments are accounted for under the equity method.

III. CAPITAL OVERVIEW

3.1 Capital and Shares

3.1.1 Source of Capital

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1988.8	10	96,784,349	967,843,490	96,784,349	967,843,490	Transfer of surplus to capitalization 126,240,450	-	-
1989.7	10	130,000,000	1,300,000,000	130,000,000	1,300,000,000	Capitalization of surplus and capital surplus 303,542,010	-	-
1990.9	20	234,600,000	2,346,000,000	234,600,000	2,346,000,000	Cash capital increase 500,000,000 Capitalization of surplus and capital surplus 546,000,000	-	-
1991.8	10	269,790,000	2,697,900,000	269,790,000	2,697,900,000	Capitalization of surplus and capital surplus 351,900,000	-	-
1992.9	10	283,300,000	2,833,000,000	283,300,000	2,833,000,000	Capitalization of capital surplus 135,100,000	-	-
1993.11	10	311,630,000	3,116,300,000	311,630,000	3,116,300,000	Capitalization of capital surplus 283,300,000	-	Note 1
1994.9	26	490,000,000	4,900,000,000	380,327,800	3,803,278,000	Cash capital increase 500,000,000 Capitalization of surplus and capital surplus 186,978,000	-	Note 2
1995.9	10	490,000,000	4,900,000,000	410,000,000	4,100,000,000	Capitalization of surplus and capital surplus 296,722,000	-	Note 3
1997.7	10	334,200,000	3,342,000,000	254,200,000	2,542,000,000	Capital reduction 1,558,000,000	-	Note 4
1997.12	13.8	600,000,000	6,000,000,000	410,000,000	4,100,000,000	Cash capital increase 1,558,000,000	-	Note 5
1998.9	10	600,000,000	6,000,000,000	430,500,000	4,305,000,000	Capitalization from capital surplus 205,000,000	-	Note 6
1999.8	10	600,000,000	6,000,000,000	473,550,000	4,735,500,000	Capitalization of capital surplus 430,500,000	-	Note 7
2000.3	10.5	750,000,000	7,500,000,000	573,550,000	5,735,500,000	Issue of special shares by cash capital	-	Note 8

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						increase 1,000,000,000		
2000.9	10	750,000,000	7,500,000,000	623,304,000	6,233,040,000	Transfer of surplus to capitalization 308,120,000 Capitalization of capital surplus 189,420,000	-	Note 9
2002.10	10.5	750,000,000	7,500,000,000	558,456,606	5,584,566,060	Capital reduction from recovery of special shares 648,473,940	-	-
2002.12	10	750,000,000	7,500,000,000	550,101,606	5,501,016,060	Capital reduction by buying back treasury shares 83,550,000	-	-
2003.4	10	750,000,000	7,500,000,000	530,101,606	5,301,016,060	Capital reduction by buying back treasury shares 200,000,000	-	-
2003.5	10.5	750,000,000	7,500,000,000	507,297,339	5,072,973,390	Capital reduction from recovery of special shares 228,042,670	-	-
2004.4	10.5	750,000,000	7,500,000,000	504,811,548	5,048,115,480	Capital reduction from recovery of special shares 24,857,910	-	-
2004.10	10	750,000,000	7,500,000,000	489,862,548	4,898,625,480	Capital reduction by buying back treasury shares 149,490,000	-	-
2005.4	10.5	750,000,000	7,500,000,000	480,000,000	4,800,000,000	Capital reduction from recovery of special shares 98,625,480	-	-
2014.10	10	750,000,000	7,500,000,000	420,000,000	4,200,000,000	Cash reduction 600,000,000		Note 10
2020.11	10	750,000,000	7,500,000,000	459,063,248	4,590,632,480	2020 first unsecured convertible corporate bond conversion into 390,632,480 shares		Note 11
2020.12	10	750,000,000	7,500,000,000	476,134,310	4,761,343,100	2020 first unsecured convertible corporate bond conversion into 170,710,620 shares		Note 11
2022.8	10	750,000,000	7,500,000,000	476,136,108	4,761,361,080	2020 second unsecured convertible corporate bond conversion into 1,798 shares		Note 12
2022.12	10	750,000,000	7,500,000,000	476,326,754	4,763,267,540	2020 second unsecured convertible corporate bond conversion into 190,646 shares		Note 12
2023.1-3	10	750,000,000	7,500,000,000	494,846,399	4,948,463,990	2020 second unsecured convertible corporate bond conversion into 18,712,089		Note 12

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						shares		
2023.7	10	750,000,000	7,500,000,000	503,112,515	5,031,125,150	2020 second unsecured convertible corporate bond conversion into 8,266,116 shares		Note 12

Note 1. Approved by the Securities and Futures Commission by letter No. (82) TCC (I) 02320 dated November 26, 1993.

2. Approved by the Securities and Futures Commission by letter No. (83) TCC (I) 28201 dated June 21, 1994.

3. Approved by the Securities and Futures Commission by letter No. (84) TCC (I) 38924 dated July 4, 1995.

4. Approved by the Securities and Futures Commission by letter No. (86) TCC (I) 48481 dated June 24, 1997.

5. Approved by the Securities and Futures Commission by letter No. (86) TCC (I) 53262 dated September 1, 1997.

6. Approved by the Securities and Futures Commission by letter No. (87) TCC (I) 55970 dated July 6, 1998.

7. Approved by the Securities and Futures Commission in letter No. (88) Taishin Financial Securities (I) 03093 dated June 23, 1988

8. Approved by the Securities and Futures Commission in letter No. (88) TCC (I) 07937 dated January 14, 2000.

9. Approved by the Securities and Futures Commission by letter No. (89) TCC (I) 57520 dated July 4, 2000.

10. Approved by the FSC in letter No. 1030034440 dated September 12, 2024.

11. Approved by the FSC in letter No. 1080340114 dated December 20, 2019.

12. Approved by the FSC in letter No. 1090373987 dated November 26, 2020.

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	503,112,515	146,887,485	650,000,000	Unregistered shares: 0 shares
Preferred stock	0	100,000,000	100,000,000	-
Total	503,112,515	246,887,485	750,000,000	-

Information for Shelf Registration: None.

3.1.2 List of Major Shareholders

Shareholders' Name	Shareholding	Shares	Percentage
Sheng Yuan investment Corp.		44,688,546	8.88%
Guang-Hsin engineering & services Co., Ltd.		31,036,223	6.17%
A-Wen Lan		11,292,000	2.24%
Norges Bank		7,224,000	1.44%
Quark Investment Co., Ltd.		6,450,000	1.28%
Sunrise Tech. Co. Ltd.		6,266,514	1.25%
Hanshin Investment Co.		3,797,000	0.75%
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		3,334,593	0.66%
Taishin TIP Customized Taiwan ESG High Dividend Small/Mid-Cap ETF		3,277,000	0.65%
Fei-Ling Li		3,215,168	0.64%

3.1.3 Dividend Policy and Implementation Status

- A. Dividend Policy: The dividend distribution policy approved by the shareholders' meeting of the Company should be in line with the overall business environment and industrial growth policies, as well as long-term financial planning, in order to achieve stable and sustainable operations. The dividend policy is to fully reflect the operating performance and the need for diversified operations. If the Company has a surplus in the annual accounts, the Company will distribute 50% to 80% of the distributable surplus as cash dividends each year. The Company does not pay stock dividends, and 100% of the dividends distributed are in the form of cash dividends.
- B. Proposed Distribution of Dividend: The distribution of the Company's 2024 earnings was resolved at the Company's 23rd meeting of the 24th Board of Directors as follows: Dividends of NT\$2,314,317,569 (US\$2,314,317,569) per common share of NT\$4,600 (US\$4.6 in cash dividends) per thousand shares of common stock, based on the proportion of ownership of common stock in the shareholders' register as of the date of the dividend distribution, will be authorized to be distributed by the Board of Directors upon the approval of the shareholders at the regular shareholders' meeting. If the number of outstanding shares increases or decreases as a result of subsequent buybacks of the Company's shares or the conversion, transfer, or cancellation of the Company's shares, the Board of Directors is authorized to adjust the dividend payout ratio in accordance with the actual number of outstanding shares as of the base date for the dividend distribution based on the total cash dividend resolved by the Board of Directors in the distribution of earnings.
- C. If a material change in dividend policy is expected, an explanation shall be provided: Not changed.

3.1.4 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

3.1.5 Compensation of Employees, Directors and Supervisors

A. The percentage or range of compensation for employees and directors as set forth in the Articles of Incorporation:

Article of Incorporation Article 33 If the Company makes a profit in a year, it shall set aside an amount of at least one percent (1%) as compensation for employees and an amount of less than three percent (3%) as compensation for directors. However, if the Company has accumulated losses, the accumulated losses shall be deducted first and then the remaining balance shall be calculated and appropriated.

B. The basis for estimating the amount of compensation to employees and directors, the basis for calculating the number of shares of employees' compensation to be distributed by stock, and the accounting treatment if the actual amount of compensation distributed is different from the estimated amount: None.

C. Board of Directors adopted the distribution of remuneration: 2024

a. Amounts of employee compensation and directors' compensation distributed in cash or stock:

Distributed in cash \$44,609,498 in employee compensation and \$89,218,996 in director compensation.

b. Amount of employee compensation distributed in stock and its proportion to the total of net income after income tax and total employee compensation for the current period for individual or separate financial reports: Not applicable.

D. The actual distribution of employees' and directors' compensation for 2023 (including the number of shares distributed, the amount, and the price of the shares), and the differences between the distribution and the recognized employees' and directors' compensation, as well as the number of differences, the reasons for the differences, and the circumstances under which the differences were handled:

Item	Actual distribution	Recommended distribution by the Board of Directors	Discrepancy	Reasons for Discrepancy
Employee Compensation	23,527,015	23,527,015	0	None
Directors' Compensation	47,054,030	47,054,030	0	None

3.1.6 Buy-back of Treasury Stock: None.

3.2 Bonds

Corporate Bond Type	First domestic secured corporate bond (Note 4)
Issue (processing) date	Sept. 29, 2021.
Denomination	NT\$1,000,000
Issuing and transaction location (Note 2)	Republic of China
Issue price	Issue by denomination
Total price	NT\$20 billion
Coupon rate	Coupon rate 0.55%
Tenor	5 years Due date: 09/29/2026
Guarantee agency	Co-operative Treasury Commercial

Corporate Bond Type		First domestic secured corporate bond (Note 4)
		Bank Ltd.
Consignee		Yongfeng Commercial Bank Co.
Underwriting institution		Cooperative Vault Securities Co.
Certified lawyer		Far East Associates Law Firm Yau Nga Man, Attorney-at-Law
Certified Public Accountants		Crowe (TW) CPAs Accountant Jin-Feng Lin
Repayment method		Repayment of principal at maturity in a single installment after 5 years from the date of issue
Outstanding principal		NT\$2 billion
Terms of redemption or advance repayment		None
Restrictive clause (Note 3)		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	N/A
	Issuance and conversion (exchange or subscription) method	N/A
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		No dilution of shareholding and strengthening of financial structure, positively contributing to shareholders' equity.
Transfer agent		N/A

Note 1: Corporate bonds include public and private bonds under processing. Publicly-placed corporate bonds under processing are those that have been approved by the Board of Directors, while privately-placed corporate bonds under processing are those that have been approved by the Board of Directors.

Note 2: Note 2: This is for overseas corporate debt.

Note 3: Such as restrictions on cash dividends, foreign investments or requirements to maintain a certain percentage of assets.

Note 4: A person who is a private placement shall be conspicuously labeled as such.

Note 5: Convertible bonds, exchangeable bonds, bonds declared for issuance in aggregate, or bonds with warrants should be disclosed in tabular format according to their nature, as well as information on convertible bonds, exchangeable bonds, bonds declared for issuance in aggregate, and bonds with warrants.

3.3 Preferred Stock Processing Status: None.

3.4 Overseas Depository Receipts Processing Status: None.

3.5 Employee Stock Options Processing Status: None.

3.6 New Restricted Employee Shares or Other Activities Processing Status: None.

3.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

3.8 Financing Plans and Implementation

3.8.1 Finance Plans: None.

3.8.2 Implementation: None.

IV. Operational Highlights

4.1 Business Activities

4.1.1 Business Scope

1. Main businesses

Booster/transformer substation design and manufacturing, GIS operators and medium-voltage switchgear equipment; new energy solutions (hydrogen energy - on-site hydrogen production and stationary generators; energy-as-a-service - supercharging services for electric vehicles and smart grid management; new energy commercial mobility vehicles - light vehicles for hydrogen power electric vehicles); parking lot planning and management; air-conditioning and refrigeration products, generator products, and electronic meter products; contracting and construction of power transmission and distribution systems and power monitoring systems, electrical piping and installation, air-conditioning, mechanical and electrical, and system engineering; contracting and construction of wind, water, and solar power generation, power storage, and turnkey projects for power substations and booster stations; incinerators, pollution prevention and control projects; contracting and construction of housing and residential buildings and electric vehicles; contracting and construction of incinerators, pollution control projects, etc.; rental and sale of housing and building development; production and processing of precision machining components, aerospace components, panels, and semiconductor equipment chambers.

2. Sales proportion

The proportions of the Company's consolidated operating revenues for various businesses in the most recent fiscal year were as follows: **power/energy business: 70.91%, service business: 18.27%, and engineering and other businesses: 10.82%.**

3. Main products and uses

- (1) Engineering business: Integrating and combine heavy power, wind power, hydro-power, and thermal power generating sets, solar photovoltaic plants, air-conditioning, electric motors, instrumentation and control, environmental protection, electromechanical labor, and other engineering technologies, as well as enhancing the efficiency of industrial construction.
- (2) Magnetic bearing inverter centrifugal flooded chiller machines, air-cooled chiller machines, cabinet-air-type box-type air-conditioners, cabinet-type air conditioners, constant temperature and humidity room box-type air-conditioners, air-conditioning boxes, small air-conditioners, and other high-efficiency units and superb technology for electromechanical operation and maintenance: providing customers with a comfortable living environment.
- (3) Generator sets: fire-fighting tight supply generator sets, continuous operation generator sets, flood control pumping generator sets, national military backup generator sets, variable frequency motor-type generator sets, dynamic uninterruptible power system generator sets, gas turbine-type and special-purpose generator sets: not only providing a full range of motor products for customers to choose from, but also replacing the utility power, supplying stable power to the relevant power-using equipment to solve the problems of the customer in the event of a power outage.
- (4) Electricity meter products: providing single-phase and three-phase electronic meters to perform voltage and current sampling calculations (effective power, ineffective power, and other data) for the client, and then providing the calculation results (e.g., power purchased by Taipower, power sold by Taipower) and records (peak, off-peak,

weekday half-peak, off-peak, and other power consumption information) through the meter directly (installing meter-associated products) or indirectly (providing the communication interface and the communication module link purchased by Taipower), which can be read and monitored by the Taipower system.

- (5) High-voltage circuit breaker: isolating faults, safeguarding the safety of power facilities and improving the quality of power.
- (6) Parking equipment: using safe and comfortable design combined with high-tech technology to create an unlimited parking environment in a limited space.
- (7) Parking management: enabling the majority of consumers to enjoy a truly high-quality, convenient parking space.
- (8) Electric vehicles supercharging services: With its own brand iCharging, the Company also provides one-stop supercharging solutions for international vehicle manufacturers, building a supercharging network that covers highways, cities, and science parks, and comprehensively enhancing the convenience of charging for electric vehicle owners. Through the integration of microgrid and virtual power plant (VPP) technologies, the Company optimizes energy distribution, strengthens the stability of the power grid, and achieves dynamic power scheduling, peak shaving, valley filling, and load balancing to promote the popularization of electric vehicles and the development of sustainable energy in cities.
- (9) Smart grid power automation equipment: Distribution automation is the use of computers, electronics and communications technology to monitor, control and manage the distribution network and related equipment and power loads, the purpose of which is to improve the safe and economic operation of the distribution system, reduce power loss, reduce faults and improve the quality of power supply. The dispatching center of the distribution network and the computers and automatic control equipment in the distribution departments at all levels are connected by communication networks to complete the relevant measurement, control and management work, and the system composed of them is called a distribution automation system (DAS). If the DAS is combined with the management information system, it is called a distribution management automation system (DMS).

The remote terminal unit (RTU) of a DAS is the basic unit of the DAS, which is commonly used for monitoring and controlling a distribution system transformer, circuit breaker, vacuum switch, integrator, load switch, ring net distance, or reactive power compensation capacitor, communicating with the main station of the distribution automation system, providing the data required for operation control and management of the distribution system, and executing the control instructions issued by the host for the distribution equipment. DAS can be divided into two types based on their uses. One type is used in substations and switch houses, called station RTU; the other type is installed on outdoor lines, used for monitoring and controlling equipment such as vacuum switches and ring network cabinets, called network DTU or FTU.

Renewable energy power generation is one of the government's current policies. Whether in wind power or solar power generation power automation monitoring, the Company's RTU, FTU and SCADA systems provide good and stable products and services, and the Company has rich experience with Taipower, the German WPD Group, Innolux, and Tong Ho Steel and other renewable energy power generation plants.

- (10) Intelligent DC microgrid management systems: development of energy management systems (EMS) with artificial intelligence
 - (A) Operations and management of virtual power plants (VPPs)

- (B) DC/DC converters
 - (C) DC/AC inverters
 - (D) Embedded intelligent energy management system (EMS)
 - (E) Integrated management of multiple energy sources, including hydrogen energy, solar energy, and utilities
- (11) Stationary generators: This product provides long-lasting and stable backup power for network communication base stations, remote areas with insufficient grid coverage and outlying islands, as well as scenarios that require 24-hour uninterrupted power supply, such as military camps, data centers, warehousing of fresh goods or ports, and smart factories in areas with independent power grids. Compared with diesel generators, it has higher energy efficiency and economic benefits, and reduces long-term operating costs. It also provides the best green backup solution for enterprises and governmental organizations facing ESG pressure and low-carbon transition.
- (12) On-site hydrogen-generating systems: Adopting methanol-based restructuring technology, it has the advantages of high conversion rate, easy storage and safe transportation, and effectively reduces the risk of high-pressure hydrogen storage. It has mastered more than 100 global key patents and realized high-efficiency hydrogen production, with a daily output of 100 kilograms of high-purity hydrogen (up to 99.97%). It can be used in hydrogen refueling stations, high-power hydrogen power systems and backup power systems.
- (13) Light-weight hydrogen-powered motorcycles and electric vehicles: We have our own operating brand Stellar and provide hydrogen fuel cell hybrid powertrain solutions for OEMs. Our products include motorcycles, tricycles and light vehicles, which are designed to provide efficient, zero GHG emissions mobility vehicles for commercial logistics, postal distribution and police patrol fleets, and to drive urban transportation towards a cleaner and more sustainable future.
- (14) Various types of operators can be applied to high-voltage switchgear to carry out fault isolation and switching of various operational responsibilities to protect the safety of power facilities and enhance the quality of power.
- (A) High-voltage circuit breaker with operators (hydraulic-operated handlers, spring-operated handlers, pneumatic-operated handlers): providing the power source of circuit breaker opening and closing circuits, so that it can do high-speed opening and closing of accidental current or normal load current to quickly eliminate the fault current of the electric power system or to do the electric power dispatching; and having a high-speed re-closing function, which can enhance the stability of the system.
 - (B) Operators for high-voltage disconnecting switches (electric-operated handlers): driving the disconnecting switches to open and close the induced current and to switch the double-busbar operation current function.
 - (C) Operators for high-voltage quick-earthing switches (electric and spring-operated handlers): utilizing electric motors to drive worm gears to compress springs to store power and then quickly release the energy to complete the quick action of the earthing switch, so that the circuit can be smoothly grounded and have the ability to open and close by inducing current.
- (15) Panels and semiconductor equipment cavities: used mainly in the manufacture of flat panel displays (such as liquid crystal displays, organic light-emitting diode OLED displays) and equipment for packaging, processing and manufacturing of semiconductor devices (such as wafers).

4. New products planned for development

Unit: NT\$10,000

R&D unit	Planned new products	Estimated investment costs
Design and R&D Office 4	Development of 69kV 40kAGIS environmentally friendly equipment	1,665
	Science and Technology R&D Program of Ministry of Economic Affairs – energy-saving -process development program for ultra-high voltage switchgear in power systems	1,482
	Development of 161kV 50kA 4000A11 1.4m GIS	5,999
	Development of 345kV 63kA Hydraulic Disc/Spring Operated GIS-CB	4,994
Hydrogen Energy Products R&D Office	Development of key technologies for 10kW methanol-based reconstituted fuel cell systems	1,963
	Development of second generation commercial vehicles mounted with fuel cell power modules and key technologies	4,573
	Development of hydrogen-generating equipment for variable pressure adsorption (VPA)	3,754
	Development of skid-mounted transformer pressure adsorption (TPAS) hydrogen-generating system	6,817

4.1.2 Industry overview

1. Current status and development of the industry

(1) Heavy electrical machinery industry

From 2010 to 2021, Taipower implemented the seventh transmission and substation program, building about 103 new substations at all levels (E/S, P/S, D/S, and S/S), with a total of 18,554 MVA (kVA) in substation projects, and with a total cost of NT\$236.9 billion. The equipment in the seventh transmission program accounts for about 45%, with GIS equipment being the main heavy power equipment. In addition, Taipower also implemented the "Changhua Offshore Wind Power Strengthening Power Network Phase 1 Plan," with a budget of about NT\$141.6 billion, and based on the power load forecast for the next ten years to put forward the latest power supply development program as well as in line with the government's policy, planned to spend another NT\$20 billion on the launch of a wind power generation plan, the development of hydroelectricity, renewal and expansion of coal-fired power plants and other projects. In July 2016 the government launched the "Solar Photovoltaic 2-Year Promotion Program," and then the "2020 Solar Photovoltaic 6.5 GW Compliance Program," with the goal of reaching 20 GW of cumulative solar photovoltaic capacity and 5.5 GW of offshore wind power generation in 2025. Governmental agencies and private companies continue to release engineering contracts and construction and operation and maintenance of solar photovoltaic plants and land-based substations for offshore wind power generation. In particular, Taipower announced a 10-year "Grid Resilience Strengthening Construction Plan" in 2011, investing as much as NT\$564.5 billion to enhance the domestic power grid's overall ability to respond to unexpected accidents and prepare for the 2050 net-zero transition goal.

(2) Engineering business

The development of the system engineering market is closely related to factors such

as economic conditions, construction supply volume, and national public infrastructure projects. In order to enhance the domestic demand for the infrastructure reconstruction market and promote economic development, the government's fixed investment will increase by NT\$500 billion. Thus, some of the projects will be in the form of BOT. In the future, with the urban renewal, transportation construction, water power and environmental protection projects, the demand for the system engineering business will also increase.

(A) Generator set products

Generator set products belong to the traditional manufacturing industry. However, due to the short-term exchange rate and the impact of the financial climate, and product development and the use of domestic power in line with the market, these products still have considerable potential for development in the market.. The market demand for generator sets for large-scale development and general construction projects has also increased compared to previous years; in addition, public work projects are increasingly focused on overall system design. As the Company possesses integration capabilities and large-scale test equipment, its competitiveness is relatively superior to that of industry peers. Knowing that the national army prefers homemade national defense equipment, the Company has also obtained certifications for a number of precision military specification generator sets, which will significantly enhance its sales potential in the next few years. Looking ahead at the generator market, the demand for professional technical capabilities will gradually increase, which cannot be met by ordinary private genset manufacturers. With the gradual amendments of the government's fire safety regulations, large-scale genset manufacturers will be more recognized by the market and achieve stable growth.

(B) Air-conditioning products

The total production value of the domestic market is about NT\$10 billion, of which window-type machines and separators account for about 50%, box-type machines account for about 15%, and centralized system mainframe machines account for about 35%. Window-type, separator-type, and box-type machines are mass-produced and technically mature products, which require large investment of resources and expansion of the market, and the highly competitive international market is not the Company's main market; the Company's main markets are centralized system chiller machines, forced-air box-type machines, and special box-type machines for computer rooms; centralized system chiller machines, excluding imported centrifuges, which are mostly produced domestically, and their market size is about NT\$2 billion.

(3) Electricity meter products

According to the net zero GHG emissions pathway plan announced by the National Development Council, Taiwan's smart meter deployment rate should reach 100% in 2035, which means that nearly 15 million domestic low-voltage customers are required to replace their smart meters. In addition, starting from the second half of 2022, the bidding process was changed from public bidding to selective bidding, and from now on, only Taipower's qualified meter manufacturers can participate. Because Taipower needs to increase the deployment rate of smart meters every year and the number of participating vendors is limited, this will help the meter business grow steadily.

(4) Parking lot operation

According to the Ministry of Transportation statistics, the number of registered cars and small trucks in Taiwan reached 8.68 million in 2024, while the total off-street parking spaces are only about 3 million. In addition, the government has canceled the floor-area-ratio incentives for increasing parking spaces. It is clear that in the short term, it is still difficult to alleviate the shortage of parking spaces.

As for public parking lots, because of the government's financial and manpower burdens, there is a tendency to gradually entrust the private sector to operate them, and the gradual release of these lots in the future will be helpful to the industry's related business development.

(5) New energy industry:

According to The Economist, the rapid growth of the global new energy industry, driven by the expansion of the electric vehicles market, increased demand for AI computing, smart power plants and energy storage technology breakthroughs, has propelled the new energy industry into a period of rapid growth. Hydrogen energy, electric vehicles and power storage technologies will drive the global energy transition and promote the achievement of carbon neutrality goals.

(A) Hydrogen backup power: With the soaring demand for AI computing, global data center power consumption will reach 600TWh in 2025, increasing the demand for stable power supply. Hydrogen fuel cells and power storage technologies are key backup solutions to ensure uninterrupted AI computing and reduce carbon emissions.

(B) On-site hydrogen production systems and hydrogen refueling stations: Hydrogen energy is suitable for hard-to-electrify industries such as steelmaking, shipping and heavy transportation. Countries with renewable energy advantages are actively developing green hydrogen and accelerating the construction of hydrogen pipelines and hydrogen refueling stations to reduce power storage and transportation costs.

(C) Electric vehicles and fast charging services: Global electric vehicles sales are expected to grow 25% in 2025, with accelerated construction of supercharging facilities. The number of electric vehicles in Taiwan reached 90,000 units in 2024, with a market share exceeding 10%, pushing companies to expand charging stations and smart grids to improve power dispatching efficiency.

(D) Smart grid and energy storage technologies: The IEA forecasts the global grid-scale energy storage to increase by 80GW in 2025, an 8-fold increase. Li-ion battery costs are falling, enhancing the application of electric vehicle charging and renewable energy.

(E) New energy vehicles: New energy vehicle technologies are maturing, and hydrogen fuel cell power is widely used in commercial logistics and public service fleets. Taiwan launched a trial run of hydrogen fuel cell buses in 2024, subsidizing local governments and operators to accelerate the decarbonization of public transportation.

(6) Smart grid automation equipment

In 2022, Taipower launched a ten-year plan to strengthen the resilience of power grids. The plan includes three major areas: "decentralization of power grids"

"strengthening of power grids" and "system defense capability."

(7) Operator products

Operators are mainly used in heavy power equipment of 22kV~550kV voltage levels and are key components of heavy power switchgear. The domestic market is in line with the needs of Taipower's Grid Strengthening Construction Plan, power plant upgrade and expansion, equipment replacement, and construction of new wind power and solar power plants. With the steady growth in market demand from mainland China and Japan, the operator product business will experience stable growth in the coming years.

(8) Panels and semiconductor equipment cavities

The consumer electronics market (such as smartphones, tablet PCs, and TVs), emerging application markets (such as industrial automation, medical devices, and automotive electronics) and the rate of technological innovation and product upgrades (such as improvements in resolution, color performance, and refresh rate) all drive the growth in demand for corresponding panels. Omdia's long-term demand forecast tracking study for displays shows that the demand for OLED displays will grow at a compound annual growth rate (CAGR) of 11.0% from 2022 to 2030. OLED panels will be gradually used in the flagship product lines of several major brands across TVs, cell phones, and consumer electronics such as laptops and tablets.

The semiconductor industry has entered the fourth generation driven by the Internet of Things (IoT) and Artificial Intelligence (AI), and the value of the industry is estimated to be worth \$1 trillion in 2030. ICAPS (Internet of Things, Communications, Automotive, Power, and Sensors) customers will launch large-scale key technologies such as clean energy, electric vehicles, and industrial automation. These turning points will drive significant innovations. Over the next five years, governments worldwide will collectively provide approximately \$400 billion in investment incentives, with a substantial portion being allocated to the ICAPS market.

2. Relationship between upstream, midstream and downstream sectors of industries

(1) Heavy electrical machinery industry

Taipower's ongoing feeder automation project continues to provide significant business opportunities in the heavy power market, and the Company actively participates in everything from hardware development to securing engineering projects.

The heavy power industry highly specializes, with stringent quality requirements. It greatly benefits the capabilities of upstream, midstream and downstream sectors, from the introduction of technology, development of design skills, processing of components, manufacturing, inspection, on-site assembly, to testing.

(2) Engineering business

(A) Genset products

Genset products are divided into upstream, midstream and downstream sectors, forming a production and sales chain. The upstream sector consists of raw material producers; including engine manufacturers, generator manufacturers, control boxes, purifier suppliers and other genset accessory suppliers. The midstream sector consists of raw material assemblers (the Company belongs to this sector): engaging in raw material assembly, wiring, testing, inspection, packaging, sales.. In the downstream sector, customers can be divided into product buyers and end users. Generally speaking, product buyers are mostly

utility contractors, construction companies, or engineering companies, while product end users are mostly building management committees. When the buyer and the user are the same entity, most cases involve public work projects, which are typically acquired through bidding.

(B) Air-conditioning products

The upstream sector of air-conditioning products consists of raw material producers, including steelmakers and processing manufacturers, compressor manufacturers, distribution control box manufacturers, as well as imported control components manufacturers; the midstream operators are assembly companies, responsible for tasks such as raw material processing, assembly, testing, packaging, sales, and transportation. The downstream sector consists of buyers and users, and most buyers provide engineering and installation services for users.

(3) Parking lot operation

The upstream operators of the parking lot industry are: private vacant land owners (landlords), management committees of various residential and office buildings, hospitals, parking lots belonging to department stores and hospitals, public parking lots at all government levels and parking lot automation system manufacturers. The downstream operators: directly provide parking lot service products to consumers and the banking industry.

(4) New energy industry

New energy solutions aim to integrate resources, establish a complete industry ecosystem chain and actively engage in a number of strategic collaborations with the upstream, midstream and downstream sector of the industry, including upstream raw materials and core technologies, midstream equipment manufacturing and system integration, and downstream market applications and energy services, in order to promote industrial development.

(A) Hydrogen (on-site hydrogen-generating systems and stationary generators)

The upstream sector involves supply of fuel cell stacks, methanol-based reformers, hydrogen storage technology and related electronic parts. The midstream sector involves development and manufacturing of hydrogen fuel cell systems, including reactor modules, power conditioning modules, fuel cell controllers, hydrogen refueling stations and hydrogen storage facilities. Downstream hydrogen energy is applied to stationary generators, data centers, medical institutions, and industrial backup power, and expands to the renewable energy and distributed power generation markets to enhance energy stability and carbon reduction.

(B) Energy-as-a-service (electric vehicle supercharging service and smart grid management)

The upstream sector consists of charging equipment manufacturers (superchargers, power modules, and power converters) and battery suppliers; the midstream sector involves charging station construction and operation, development of smart grids and energy management systems (EMS); the downstream sector involves electric vehicle users, government and corporate fleet management, highway and urban supercharging station applications, and extends to the carbon market, promoting the development of green finance.

- (C) New energy commercial mobility vehicles (light hydrogen-powered motorcycles and electric vehicles)

The upstream sector involves supply of electric vehicle batteries, hydrogen fuel cells and electric motors; the midstream sector relates to manufacturing and assembly of new energy vehicles, including light hydrogen-powered motorcycles, tricycles and light four-wheeled vehicles; and the downstream sector involves the use of new energy vehicles in commercial logistics, postal distribution, police patrols, and official vehicles, as well as working with the government to promote the low-carbon transformation of public transportation.

(5) Smart grids

The smart grid industry is composed of the upstream, midstream and downstream sectors. The upstream sector consists of suppliers of wind turbines, solar power generation equipment, fuel cell power generation equipment, online monitoring equipment, power system grid protection equipment, information and communication equipment and energy management system. The midstream sector consists of system integration operators (with the Company being one of them), which integrates distributed energy, smart energy and online monitoring equipment with information and communication equipment and energy management system to improve power quality and reduce transmission and distribution losses. The downstream sector consists of power companies or large power users.

(6) Operator products

From upstream design and development and customized specification creation, to midstream component preparation, processing and manufacturing, parts inspection and assembly testing, and finally to downstream customer-side warranty and repairs and paid maintenance and paid maintenance, the Company possess self-sufficient capabilities to provide customers with a full range of product services.

(7) Panels and semiconductor equipment cavities

The upstream sector mainly consists of suppliers that provide raw materials and equipment required for the manufacturing of panels and semiconductor equipment cavities. These raw materials may include glass, metal, plastics, etc., while the equipment may include glass cutting machines, metal machining centers, injection molding machines, etc.; the midstream sector consists of enterprises manufacturing panels and semiconductor equipment cavities, processing, manufacturing and assembling raw materials and equipment provided by the upstream suppliers into panels and equipment cavity products; the downstream sector consist of companies that ultimately uses the panels and semiconductor equipment cavities in the manufacturing of final products, such as electronic product manufacturers and semiconductor manufacturers. These companies use panels and device chambers as part of their products, such as displays and semiconductor chips.

3. Various development trends and competitive situations of products

(1) Heavy electrical machinery industry

Taipower's 345kV ultra-high voltage substation is a key project under the "Grid Resilience Strengthening Construction Plan." Being the only domestic manufacturer that has passed the localization assessment for the main substation equipment, the

Company has a strong R&D team and independent R&D and design capabilities, and the key components are all designed and produced independently, so the development prospect is promising. As for the 161kV GIS, although there are a number of manufacturers such as Shihlin, Tatung, Nanya, and TECO competing together, and there are manufacturers such as Nichia and TECO competing in the 69kV GIS sector, the Company continues to maintain a significant edge in quality, delivery timeliness, production scale, after-sales service, product line comprehensiveness, and system integration capabilities, earning widespread acclaim from its customers.

(2) Engineering business

(A) Generator products

The development trends of generator sets can be divided into two major parts. The first part relates to development of higher quality generator sets, which basically involves the gradual adoption of new ideas and more advanced materials to enhance the capacity and efficiency of generator sets, thereby improving product performance and contributing efforts toward greater energy conservation and environmental protection.

The second part of the development trends for generator products puts more emphasis on after-sales services of "repair, warranty and regular maintenance." To implement this part, the Company not only increases service and maintenance manpower, but also conducts regular internal training sessions to enhance the professional repair and maintenance skills of technical staff. In addition to this, the Company also uses a SAP computerized material system to record the relevant data of each dispatched generator set, so that the maintenance personnel can utilize comprehensive information to provide customers with enhanced after-sales services.

In terms of competition in the industry, the Company adopts a market-segmentation strategy, leveraging comprehensive testing equipment and the competitive advantage of a strong R&D, and focusing on production of generator sets that emphasize high specification and superior quality and other larger-scale public work system integration projects, in the hope of establishing market segmentation from other general generator set manufacturers.

(B) Air-conditioning products

The development trends of the air conditioning industry are energy saving, indoor air quality and automation. Indoor air quality is more relevant to the design of indoor air conditioning in buildings, while energy saving and automation are more directly related to air conditioning products. Air conditioning products not only have need to be highly efficient, but also compatible with smart buildings, becoming digitalized products are set to dominate the market. In addition, the ability to provide users with energy-saving services and product after-sales service is another aspect of the air conditioning industry's operating direction. The above two situations are not general market standard products, but are products customized to meet users' needs. A stronger technical team is essential, which is precisely CHEM's competitive advantage and what differentiate it from standard products in the market.

(3) Electricity meter products

Since the bidding process was changed from open bidding to selective bidding in the second half of 2022, a total of two tenders were issued, with five companies competing in each. The Company was awarded single-phase three-wire meter projects valued at NT\$360 million (accounting for 17.27% of the tender) and

NT\$1.47 billion (accounting for 21.15% of the tender). In 2025, the Company was awarded another project valued at about NT\$1.491 billion (accounting for 21.2% of the tender).

(4) Parking lot operation

In view of the government's policy of streamlining personnel, it is expected that parking lots outside the roadways of all counties and cities will be gradually opened to outsourced operations. With CHEM Dodohome's rich and solid management experience and cost control capabilities, it is believed that CHEM Dodohome will be able to align with the government's policy and oversee the parking business operations on its behalf, achieving a win-win-win outcome for the government, CHEM Dodohome, and the parking public.

Although CHEM Dodohome is a leader in the industry in terms of scale, service quality and business performance, due to the large number of competitors and the tendency of some small vendors to form alliances with each other, CHEM Dodohome, in addition to actively developing partnerships within the industry and cross-industry alliances, is making efforts to develop a mobile parking application called iParking by utilizing a parking management system and engaging in cross-industry cooperation. In the future, vehicle-related products will be planned to provide enhanced parking value-added services, creating new channel value.

(5) New energy industry

CHEM's Renewable Energy Business Group focuses on new energy solutions, integrates resources, develops new business models, and strengthens its competitive edge by working with international energy companies.

(A) Hydrogen (on-site hydrogen-generating systems and stationary generators)

Through the acquisitions of Ida Tech (2014) and Ballard's stationary power generation business (2016), CHEM has become one of the top three companies in the world in terms of patents for hydrogen production from methanol, and its products are used by telecom giants around the world. It is now expanding into renewable energy and distributed power generation, as well as smart microgrids, to build a complete ecosystem.

(B) Energy-as-a-service (electric vehicle supercharging operation service and smart grid management)

Self-branded iCharging integrates charging, smart parking, multi-payment, and energy management, and introduces smart power storage and backup power to enhance energy efficiency. Currently operating 16 highway charging stations, iCharging optimizes power scheduling through smart grids and power storage to reduce electricity costs and ensure continuous power supply during power outages. It is the most complete electric vehicle charging service provider in Taiwan with the most efficient use of electricity.

(C) New energy commercial mobility vehicles (light hydrogen-powered motorcycles and electric vehicles)

Cooperating with governments worldwide to promote the low-carbon transformation of public transportation, the Company provides complete solutions for new energy commercial motorcycles, tricycles, and official and logistics vehicles, and integrates hydrogen energy and supercharging infrastructure to build a new energy transportation ecosystem and enhance market competitiveness.

(6) Smart grid

Due to global warming and energy depletion, the demand for global smart grids has become even more pressing, and the world's major power equipment suppliers are

pursuing the development of smart grids by upgrading the smart online monitoring functions of their equipment. In order to equip its main power products with self-diagnostic intelligent functions, the Company will focus on the development of online monitoring systems for SF₆ gas density and water content, partial discharge, and circuit breaker operation status of GIS equipment, in order to enhance the reliability of power equipment.

(7) Operator products

Through Taipower's implementation of various plans, significant demand for 69~345kV high-voltage equipment has been released. In addition, since the Company is the only domestic manufacturer that has passed the assessment for localization of 345kV voltage equipment, and owns a 70% share of the domestic market for high-voltage switchgear above 69kV, these advantages enable the Company's operator products to maintain technological leadership and securing a dominant market position.

(8) Panels and semiconductor device cavities

Applied Materials Inc. is actively involved in the OLED market for panels, providing a wide range of OLED manufacturing-related equipment and technologies, including organic materials deposition, vapor deposition, grinding and testing; and in semiconductors, it has created a dedicated organization to focus on the ICAPS market and has launched more than 20 new products for ICAPS applications. CHEM continues to improve its own processing and soldering technology, and actively integrates the supply of key components (including surface treatment, assembly, and performance testing for special processes) to meet customers' requirements for delivery, cost, and product quality.

4.1.3 Overview of technology and R&D in 2024

Unit: NT\$1,000

Unit	Program	R&D results	Estimated Costs	Costs invested	Estimated reinvestment cost	Estimated mass production time	Factors affecting future R&D success
Design and R&D Office 4	Science and Technology R&D Program of Ministry of Economic Affairs – development plan for energy-saving processes in ultra-high voltage switchgear for power systems	1. Development of friction stir welding tools for copper conductors 2. Establishment of copper conductor copper alloy material analysis files 3. Establishment of copper conductor welding manufacturing processes	30,000	15,180	14,820	2026/Q3	None
	Development of 161kV 50kA 4000A 1.4m GIS	1. Main R&D results: GIS current throughput capacity increased from 2000A to 4000A, meeting the requirement of power systems. 2. Expected to obtain the 161kV 4000A CB start-up KERI supplementary test report in June 2025 and the TPC letter of compliance in October.	92,050	32,060	59,990	2025/Q4	None
	Development of 345kV 63kA 6000A hydraulically operated GIS	1. Main R&D achievements: (1) GIS current throughput capacity increased from 4000A to 6000A; and (2) M-BUS current throughput capacity increased from 6000A to 8000A, being in line with the requirement of power systems. 2. Passed foreign trials in November 2023 3. Obtained TPC letter of compliance	40,441	40,441	0	2025/Q4	One

Unit	Program	R&D results	Estimated Costs	Costs invested	Estimated reinvestment cost	Estimated mass production time	Factors affecting future R&D success
		in 2024					
	Development of 345kV 63kA hydraulic disc/spring operated GIS-CB	1. Main expected R&D results: (1) introduction of simple and reliable spring-operated handlers with high output force; and (2) completion of the GIS product line with corresponding pneumatic-operated handlers, hydraulic-operated handlers, and spring-operated handlers. 2. Commenced Phase II operational testing in November 2024 3. Scheduled sample tone trial validation again in March 2025	50,000	57	49,943	2027/Q2	None
	Development of 69kV 40kA GIS environmentally friendly equipment	1. Completed in-house test verification of equipment with new design and environmentally friendly gas (C4-FN gas mixture) 2. Completed start/stop performance validation in December 2024 3. To complete the remaining trial validations in March 2025	31,500	14,850	16,650	2026/Q4	None
Hydrogen Energy Products R&D Office	Development plan for metal fuel cell stack systems (Optimus Plan)	1. Completed development of a 10kW fuel cell system 2. Completed the design and configuration of BOPs for hydrogen, air, and water circuits of a 10kW combustion power system.	38,369	38,369	0	2025/Q3	None

Unit	Program	R&D results	Estimated Costs	Costs invested	Estimated reinvestment cost	Estimated mass production time	Factors affecting future R&D success
	Development plan for commercial vehicles with fuel cell systems	1. Completed of the development of first generation of hydrogen-powered two- and three-wheeled vehicles	101,428	101,428	0	2026/Q1	None
	Integration of industrial residual hydrogen validation system and its key technology development	1. Completed design and planning of a fuel cell test station 2. Completed design and planning of a fuel cell power system	11,419	11,419	0	2026/Q1	None
	10KW methanol-based reformer system and its key technology development	1. Completed assembly of 15 reformers 2. 10kW reformer LTT test	93,516	93,516	0	2025/Q2	None
	Development of key technologies for hydrogen-generating systems and high-purity hydrogen-generating system for methanol-based containers with high efficiency and high purity	1. Completed integrated assembly of containerized high-efficiency methanol-based hydrogen systems 2. Performed functional and performance testing of hydrogen-generating containers	24,611	24,611	0	2025/Q2	None
	Second generation commercial vehicles with fuel cell power modules and key technology development	1. Second-generation two-wheelers entering the DVT and PVT stages 2. Completed technology transfer for mass production of two-wheeled vehicles 3. Completed performance verification of 3kW combustion power system	52,000	6,266	45,734	2026/Q1	None
	Development of key technologies of 10kW methanol reforming fuel	1. Completed integration of a methanol-based reformer with a 10kW fuel cell system	25,150	5,517	19,633	2026/Q4	None

Unit	Program	R&D results	Estimated Costs	Costs invested	Estimated reinvestment cost	Estimated mass production time	Factors affecting future R&D success
	cell systems	2. Completed parameter design and interface matching technology for reformers and fuel systems. 3. Completed design of BOPs for methanol-based reconstituted fuel cell systems					
	Development of hydrogen-generating equipment for variable pressure adsorption (VPA)	1. Completed design and testing of cooling systems 2. Completed reformer modification 3. Completed testing of variable pressure adsorption system assembly	38,300	758	37,542	2027/Q2	None
	Development of skid-mounted variable pressure adsorption hydrogen-generating systems	1. Established FPR hydrogen-generation container specifications. 2. Completed design of FPR hydrogen-generation container switchboard 3. Completed design of FPR hydrogen-generation container control cabinet	68,380	215	68,165	2027/Q3	None

4.1.4 Long- and short-term business development plans

Plan \ Unit	Short-term business development plan	Long-term business development plan
Substation engineering business	Striving to secure tenders for onshore substations for offshore wind power projects, power storage substations, highway electrical and mechanical engineering, and other public construction projects.	Taipower's turnkey projects, highway tunnel electromechanical projects, MRT power supply system projects, LRT power supply system projects, other public construction projects and substation construction projects for large private power users are targets of long-term and short-term development plans.
Power generation engineering business	Fully committed to secure tenders for solar, wind, thermal, and small hydroelectric power generation projects from government agencies, Taipower, and private energy companies.	To align with the government's renewable energy policy of installing 1,000 wind turbines to promote low-carbon island wind power development, we plan to continue to pursue power generation-related engineering projects from Taipower and private energy operators; the government has listed the green energy industry as a "5+2" industrial innovation program, and we plan to make every effort to secure tenders for power generation projects related to solar energy, thermal power, small hydropower and other energy sources.
Power supply business	Win projects under Taipower's "Grid Resilience Strengthening Construction Plan" and latest power supply development, reconstruction, replacement, maintenance projects, and private sector tenders for heavy power equipment, onshore substations and switchgear related to wind and solar renewable energy operators.	Expand transmission, power generation and substation projects in Japan, the United States, India and mainland China, as well as foreign ODM and OEM business and technology export.

Plan \ Unit	Short-term business development plan	Long-term business development plan
Parking lot operation	Increase market share, promote industry peer alliance, and enhance operational efficiency	Develop cross-industry alliances to create channel value.
New energy business	(A) Hydrogen energy: Independently develop a new generation of stationary generators to enhance power and economic efficiency, and expanded their application to data centers and smart factories to provide stable and low-carbon backup power. (B) Energy-as-a-service: Accelerate the expansion of the iCharging station network, optimizing smart energy management, and deepen the commercial supercharging application scenarios, covering logistics, corporate fleets and public transportation, and increasing the adoption rate of charging infrastructure. (C) New energy commercial vehicles: Through cooperation with the government and enterprises, actively participate in the demonstration operations of hydrogen-powered hybrid vehicles, promote the application of new energy logistics vehicles, official vehicles and public transportation, and accelerate market penetration.	Based on successful cases in Taiwan, we have established cross-border strategic alliances with top international energy players and ecosystem partners to deepen the integrated application of renewable energy, smart grid, new energy and vehicle supercharging services, and to promote distributed energy solutions. At the same time, we plan to assist governments and enterprises in achieving carbon neutrality, develop new business models for green energy, and strengthen the international market deployment to expand the global influence of the new energy industry.
Smart grid automation business	1. Optimize the functions of existing SCADA systems to meet market needs and increase the competitiveness in accordance with the government's green energy	1. Explore more international smart grid business opportunities through the Taiwan Smart Grid Association. 2. Closely integrate professionals from industry, government, academia and

Plan \ Unit	Short-term business development plan	Long-term business development plan
	policy, demand for grid connection and changes in communication protocols. 2. Develop G3 power line carrier communication modules in line with the development trends of smart meters.	research sectors to develop a microgrid power quality monitoring system.
Operator business	In addition to the Taiwan market, we have successfully expanded our products to the Southeast Asia and Japan markets. We will deepen relationships with existing customers to further secure more business opportunities.	Expand ODM and OEM business outside of Southeast Asia and Japan to expand international business operations.
Manufacturing division	Cavities: Expand production capacity, increase output, and actively develop new suppliers to meet the needs of future new industry developments, and achieve phased growth targets.	Cavities: Continue to meet the quality, delivery and cost requirements of our existing customers and expand our non-cavity business.

4.2 Market and Sales overview

4.2.1 Market analysis

1. Main products, services, and regions offered

Our products are mainly sold domestically, and our heavy electric products are sold directly to Taipower, public utility enterprises, and major factories. In addition, we have developed the Indian and Pakistani markets for our power supply products, and have successfully received and completed orders. We also accept foreign ODM and OEM orders for export of related parts and components to Japan, mainland China, and Southeast Asia.

The engineering business covers a wide range of projects, including wind, hydro, solar photovoltaic power generation programs and various types of turnkey substations, utilities, fire protection systems and various complete factory engineer projects. All engineering services for domestic sales.

Power automation products will primarily be offered in domestic bidding projects in the short term, and will address the power monitoring business needs of the Company's various power engineering projects. In the medium- and long-terms, these products are expected to reach the mainland and international markets, in order to secure cooperation with foreign manufacturers and OEM orders. Bidding agency services will serve as secondary business operations.

Parking lot operation and management is a contracted service, including public and

private parking lots, and entrusted management of private building and open space parking lots.

Our new energy business covers hydrogen energy, energy-as-a-service, and new energy commercial mobility vehicles, providing a full range of solutions and services. Through technology integration, independent brand management, innovative R&D and strategic cooperation, we are committed to improving energy efficiency and market competitiveness, and actively expanding into the international market. In the future, Taiwan will serve as the central base and we will gradually expand into markets in Malaysia, India, South Africa, the U.S., Japan, and mainland China, to promote the global low-carbon transition and sustainable development of energy, and to become an important player in the international new energy market.

(1) Heavy electrical products

The Company mainly produces products for power system protection, switching, dispatching, power supply and metering, including GIS (Gas Insulated Switchgear), GCB (Gas Circuit Breaker), GCS (Gas Insulated Combined Switchgear), GIL (Gas Insulated Line), load switches (LBS), underground four-way automatic line switches, and fuse chain switches. . Currently, CHEM, Tatung, Fortune Electric, Shilin Electric, Luxe, TECO, Kuenfeng, Nissin-Allis, and Allis have passed Taipower's evaluation, and their heavy motor products have been widely adopted by IPP power plants, large-scale public construction projects, and large power users in the industrial sector. In particular, the Company has received awards in the Executive Yuan's Public Construction Golden Quality Awards and Taipower's Excellent Green Site for many times, and the quality of its products and construction projects is highly recognized and trusted by customers.

The Company has established a power engineering and construction division in order to meet the needs of Taipower's wind, thermal, and solar photovoltaic power generation programs, and to develop business opportunities in hydroelectric power generation programs, substation engineering, power plant renewal and expansion programs, feeder automation engineering projects, the Highway Bureau's road tunnel electromechanical fire protection projects, as well as new construction projects for substations of major power users/energy companies in the private sector.

(A) Power generation projects: Since 1992, the Company has been awarded the following turnkey projects for hydro, thermal, solar and wind power generation:

- a. Electromechanical engineering for reconstruction of hydropower generation facilities: (9 units, total installation capacity of 609.327 MW)
- b. Construction of new thermal power facilities: (6 units, total installation capacity of 26 MW)
 - Renewal and replacement for the third and fourth units of the power plants on Lanyu and Green Island, each unit rated at 1,500 kilowatts, with the bids secured in 2022.
- c. Construction of new wind power generation facilities: (85 units, total installation capacity of 142.66 MW)
 - Construction of new wind turbines in Yunlin Taihsi: 4 units, total installation capacity of 9.2MW, scheduled for completion and acceptance in August 2025.

d. Construction of new solar photovoltaic plant and its operation and maintenance

- To align with the government's promotion of the "2-Year Solar Photovoltaic Promotion Plan" and to support the development of Taiwan's green energy industry, Taiwan Sugar released land unsuitable for cultivation to build solar power generation facilities. The Company acquired the Tainan District of Area B (seven sites), built solar power generation facilities with a total output of 216.0576 MWp, officially begin electricity sales in 2022, with maintenance and upkeep for 20 years from the start of power generation.
- In 2022, the Company was awarded the solar photovoltaic and wind turbine procurement and installation project for Nuclear Power Plant No. 3, with the construction of 45.9111 MWp of solar power generation facilities and 12.6 MW of wind power generation facilities.

(B) Substation engineering:

- a. Power generation plan for additional gas-fired recirculating units at Datan Power Plant Turnkey project for additional 161kV switchyard at Datan and Linkou Power Plants: scheduled for completion and acceptance by June 2025.
- b. The turnkey project to upgrade the armored switchgear box equipment in the switchyard of Kinmen Tashan Power Plant to 23kV gas-insulated switchgear was completed and accepted in 2025.
- c. T16F Turnkey project for switchyard of wind farm in Lunbei Township, Yunlin County, with warranty starting from January 2024
- d. Turnkey project of 161kV (200MW+100MW) booster stations for Power Storage Case undertaken by J&V Energy and Senyong, the warranty of external pipeline construction, foundation platform (including buildings) and access facilities started on June 20, 2024, and the warranty of electromechanical facilities (including but not limited to MTR, GIS and high-voltage panels, communication facilities, and fire-fighting facilities): Senyong Electromechanical started warranty on June 20, 2024; Storm Electromechanical started warranty on June 20, 2024; and Shenhexing Electromechanical started warranty on August 23, 2024.
- e. On January 15, 2025, the construction of 161kV booster stations and 161kV pipelines for Taitron Energy's power storage project in Douliu, Yunlin was completed and accepted.
- f. Offshore Wind Power Enhancement Power Grid Phase I Program Daitan Power Plant Meihu Line New 161kV Reactor, GIS, Cable and Accessory Equipment Project started on-site in September 2024.
- g. In January 2024, the Company was awarded the new 161kV switchyard turnkey project of Tongxiao Power Plant Phase II Renewal and Reconstruction Program.

(C) Automation engineering aspects:

- a. Turnkey project for 345/161kV switchyard supervisory control (SCADA) protection and auxiliary power equipment for the gas-fired unit upgrade and reconstruction program at Hsinta Power Plant, scheduled for completion and acceptance in 2025.

- b. Taichung Power Plant's new gas-fired unit program 345/161kV switchyard monitoring (SCADA) protection and auxiliary power equipment turnkey project is scheduled for completion and acceptance in 2025.

The various types of generator sets designed and produced for other applications are accurately tested by the TAF National Certification Foundation's accredited computerized testing system for generator sets, and their performance meets the requirements of the Republic of China or relevant international regulations. Currently, the Company has been recognized by Chunghwa Telecom as a qualified manufacturer of generator sets up to 1,800kW, and in recent years, the Company is also shifting towards public infrastructure project and flood control pumped-storage power generation units, aiming for diversified operations to strengthen market share in power generation units.

(2) Engineering business

CHEM's complete electromechanical and air-conditioning product manufacturing capabilities and professional team, combined with technologies in generators, refrigeration and air-conditioning, hydropower and fire-fighting, instrumentation and control, and environmental protection engineering, have allowed CHEM to aggressively enter the markets for wind, solar photovoltaic, hydropower and thermal power generation projects; electromechanical fire protection for road tunnels; various turnkey substations; as well as automation and integrated system engineering. In addition to creating higher value-added assets, it also encourages companies to improve operational efficiency. Only with CHEM's advanced technology and engineering capabilities, combined with high-level "project management" and "system integration," can numerous major projects be successfully completed.

(3) Parking management division

Parking management is a contracted service, including the management of public-private partnership parking lots, private buildings and open space parking lots. The division has introduced parking e-services and built a multi-functional website to make parking in parking lots more convenient for consumers, providing a high-quality parking service. The Dodohome brand has achieved a leading position in the market, and one of its important technological capabilities is the on-street parking fee management system, including roadside ticket issuance, convenience store payment systems and off-street parking automated fee management systems, which can enhance market competitiveness. In the parking lots it owns, the division has introduced a real-time parking management system, which can accelerate the collaboration potential for intra-industry and cross-industry alliances. In addition, the division has engaged in the development of unmanned systems, which can reduce director labor costs for parking lots, as well as backend audit and management manpower expenses, while effectively enhancing management efficiency.

(4) New energy business

(A) Hydrogen energy

- a. On-site hydrogen-generating systems: We mainly supply hydrogen fuel for hydrogen refueling stations, commercial logistics and public transportation hybrid hydrogen-powered vehicles. With Taiwan as the demonstration site, we are actively seeking overseas strategic alliance opportunities to promote

hydrogen energy infrastructure development and enhance the breadth of market applications.

- b. Stationary generators: Our fuel cell generators have been used by global telecom giants for more than 10 years as backup power for base stations in Taiwan, Japan, Malaysia, Thailand, Indonesia, South Africa and India. The new generation of products will further expand into data centers and smart factories, providing stable and low-carbon backup power to meet the demand for long-time and highly reliable power supply.

(B) Energy-as-a-service

- a. Electric vehicles supercharging service: With its own brand iCharging as the core, our new energy business provides charging services for electric vehicles users and offers one-stop supercharging construction and operation solutions for international vehicle manufacturers. Currently, iCharging has obtained the right to operate 16 highway charging stations in the Taiwan market and provides supercharging services for BMW, Jaguar, Volvo, Tesla, etc. Meanwhile, iCharging is expanding its electric vehicle power charging network by sharing the charging network with CPOs through charging roaming.
- b. Smart grid management: The Company focuses on renewable energy integration, electric vehicle supercharging operation and offshore grid management. While Taiwan is its major market, the Company is promoting the "Zero-Carbon Demonstration Island" initiative on Dongji Island, Penghu, to maximize the use of renewable energy, reduce dependence on diesel fuel, and enhance the stability of power grids in remote areas. In the future, in line with the expansion of the new energy business, the Company will enter the overseas market and provide low-carbon smart energy management solutions.

(C) New energy commercial mobility vehicles

Lightweight hydrogen-powered motorcycles and electric vehicles: Stellar provides complete solutions for hydrogen power systems, vehicle development, and hydrogen exchange stations under its own brand name, which are used in commercial logistics, government official vehicles, and mass transportation, supporting the global market's transition to low-carbon mobility.

(5) Smart grid R&D unit

Our products cover software and hardware equipment required for smart grid automation, including: SCADA platform iFlex-EMS, RTU DS-32C, DS-32E FRTU iEDG, and FTU iPAC-CN.

Our power automation equipment can be used in the dispatch center for power system monitoring and dispatching, and for substation automation and feeder automation projects, and is integrated with the Power CC power automation platform from international power company Siemens and the PACiS power automation platform from French Alstom, as demonstrated by their implementation in Taiwan's major large-scale power plants and substations, such as the switchyard SCADA systems for Datan Power Plant, Xiehe Power Plant, Nuclear Power Plant No. 4 and various IPP power plants, as well as 19 primary substations, four ultra-high-voltage substations, two distribution centers, and many wind/solar power plants.

(6) Operator products

Our operator products are mainly supplied to high-voltage switchgear manufacturers for assembly and sale. Domestic end-users are Taipower and private large-scale power users. For export, Fuji Electric, Hitachi, and EPE Malaysia are our main customers.

(7) Panels and semiconductor equipment cavities

The Company's main customer at this stage is American Applied Materials Inc. (Applied Materials). Applied Materials is a leading global supplier of semiconductor manufacturing equipment, and its business scope includes wafer manufacturing equipment, panel manufacturing equipment, solar energy equipment and related services. The products it offers cover the entire process of semiconductor manufacturing in all aspects, including wafer manufacturing, semiconductor materials processing, panel manufacturing and so on. Its product line includes chemical vapor deposition (CVD), physical vapor deposition (PVD), chemical mechanical milling (CMP), ion implant and other areas.

2. Market share

Product type	Market share	Explanation
Heavy electric products	70%	1. This data is based on the proportion of CHEM's actual sales revenue to the total sales value in each market in recent years. 2. Since E&E system engineering services cover various industries and public construction, and each engineering service company has its own specialized service areas, it is not possible to calculate its market share based on a single market.
Substation turnkey project	37%	
Wind power project	36%	
Parking management project	Revenue market share (including on-street parking) of about 5.6%	With Taiwan's parking market estimated at NT\$54 billion, CHEM DodoHome not only has actively participated in public and private sector tenders and promoted intra-industry collaboration, having 460 parking lots, but also has earned annual revenue exceeding NT\$3 billion. All these make it one of the largest companies in the industry. However, there is still significant growth potential.

3. Future supply and demand, market growth, and competitive niche

(1) Power equipment industry: see pages 63-66 of this Annual Report.

(2) Engineering business

As air conditioning and electrical products and related system engineering can be widely used in residential buildings, office buildings, industrial plants, general commercial and industrial air conditioning equipment, the development potential of their market is highly correlated with economic prosperity, construction supply, national public infrastructure projects. In addition, in order to accelerate the reconstruction of infrastructure, the government will increase fixed investment to NT\$569.7 billion. Thus, some projects will be carried out through the BOT (Build-Operate-Transfer) model. In the future, urban renewal, transportation construction, hydraulic projects, redevelopment of military dependents' villages, and environmental protection construction projects are expected to boost the demand for related system engineering services.

(3) Parking lot operation and management

Growth: The Company operates the industry's largest parking stations, having the highest market share and strong competitiveness. With the Company's competitive edges in management and finance, and the gradual outsourcing of public and private parking lots through the most advantageous bidding, due to the high entry barriers

and limited competition, growth is expected to reach 20%. In addition, regarding collaboration projects with banks offering free parking benefits, the Company has developed an information system that allows the use of reward points to offset parking fees. Currently, the Company collaborates with 22 banks such as Chinatrust, Taishin, Shin Kong, and Citibank, and these projects can maintain stable revenue.

(4) New energy business

(A) Hydrogen

With the launch of global carbon reduction policies, hydrogen energy has become an important technology for energy transition. CHEM possesses core technology for methanol reforming hydrogen production, holding a significant position in the global market. CHEM has successfully introduced the use of such technology into telecom base station backup power supply for markets such as Taiwan, Japan, Southeast Asia, South Africa, and India. In response to corporate demand for low-carbon power, the new generation of stationary fuel cells will be expanded into data centers and smart factories to enhance energy stability.

In addition, CHEM is actively developing on-site hydrogen-generating systems, with a focus on hydrogen refueling stations and hydrogen-powered commercial vehicles, to promote the use of hydrogen in commercial logistics, public transportation and industries. In the future, CHEM will deepen its presence in Southeast Asia, Europe and the United States, and expand the green hydrogen ecosystem through its technological advantages to promote the development of hydrogen energy infrastructure.

(B) Energy-as-a-service

The electric vehicle market continues to grow, driving up the demand for charging infrastructure and smart grids. CHEM's iCharging supercharging stations have covered all major highway nodes throughout Taiwan, and have cooperated with international car manufacturers and corporate fleets to provide one-stop charging solutions, and are gradually building urban supercharging networks to support corporate and mass users.

In the field of smart energy, CHEM develops smart microgrid management technology to optimize the integration of renewable energy and power storage systems. CHEM has introduced low-carbon power dispatch in outlying islands to reduce reliance on traditional fuel oil power generation. In the future, CHEM will expand into the international market to enhance the efficiency of grid-connected renewable energy through energy management systems (EMS) and virtual power plants (VPP) so as to provide more stable energy solutions for enterprises.

(C) New energy commercial vehicle

CHEM has launched new energy commercial vehicles under the Stellar brand, including hydrogen fuel cell motorcycles, tricycles and light electric vehicles designed for logistics and distribution, corporate fleets and government official vehicles, providing more efficient and low-carbon transportation solutions.

In response to the tightening of environmental regulations in various countries, the market demand for hydrogen energy and electric vehicles is increasing rapidly. CHEM is actively cooperating with governments and enterprises to promote the demonstration operation of new energy vehicles, and is also working with related industrial chain partners to build CET infrastructure and hydrogen exchange stations to accelerate market penetration. In the future, it will expand to the international market to further consolidate its market

competitiveness in the new energy transportation field.

(5) Smart grid R&D unit

In response to the development trends of intelligent distribution automation and microgrids, advanced metering infrastructure (AMI) is being developed. Since 2021, Taipower has been establishing control centers and initiating the procurement and installation of low-voltage electricity meters, which will bring greater business opportunities. In addition, value-added service functions derived from the completed automation network architecture, such as energy management, home automation, security services, and information services, will be realized in the foreseeable future. Taiwan is advancing the deployment of smart grid construction, and implementing enhancement policies for the IEC-61850 communication protocol. These efforts include distribution feeder automation projects, which are part of the smart grid infrastructure, as well as the replacement of IEC-61850 SCADA system IEDs across seven transmission substations, and other replacement projects. Budget allocations for these projects will be expanded. With the growing demand for electricity, higher standards for power quality, the number of power supply feeder lines has correspondingly increased. Enhanced functions for automatic power dispatching and have been developed as a result. Therefore, the field of power automation system engineering will continue to flourish.

(6) Operators

Taipower invested NT\$564.5 billion in 2022 to launch the 10-year grid resilience strengthening construction plan. In 2025~2038, it is expected to decommission some of the thermal and nuclear power units and renew and expand gas and thermal power plants, and in 2025, the proportion of renewable energy power generation must reach 20% of the target, in which the GIS equipment is indispensable for the major heavy power equipment in various projects. CHEM cooperates with Japanese switchgear manufacturers in technical exchanges. In addition to supplying and selling OEM products of various types of operators, CHEM also provides ODM product services with its own key technologies. With the competitive niche of its own technology, CHEM is deepening its cooperation with the existing partners and expanding its cooperation with switchgear manufacturers in other regions to deepen and broaden the scope of its business.

(7) Manufacturing

CHEM is Applied Materials' main supplier of large-scale processing chamber equipment in Asia, and has been investing in chamber processes for many years and has become one of the indispensable suppliers in Asia with the development of G8.7 OLEDs and CVDs. CHEM has also successfully developed new semiconductor business operations and implemented the "Just In Time Delivery" program with its customers in 2023, which is expected to be expanded to increase CHEM's competitiveness in 2024.

4. Favorable and unfavorable factors for future development and countermeasures

(1) Favorable factors

- The Company's generator sets are of excellent quality and have an outstanding reputation, which have not only received the CNS Mark, but have also been recognized by the ISO9001 quality management system and the CED Gold Award. In recent years, in order to increase the credibility of the testing of generator sets, CHEM has been certified by the TAF National Accreditation Foundation and has established the first generator set testing laboratory in the country for six years, which has significantly improved its quality and technical capabilities and ensured

the reliability of the operation of generator sets. A professional electrical engineering and design R&D team has further enhanced the breadth of products and system integration capabilities. All these can be integrated in response to customer demand and planning, thus enhancing the quality and stability of power systems, which would help the future development of the market.

- In terms of protection switchgear, the Company produces GCB, GCS, GIS, LBS, underground four-way automatic line switches and fuse-link switches, which are the most successful cases of localization in the domestic heavy electric machinery industry. Ninety percent of the 19 types of products of the three voltage levels are self-manufactured, among which the most difficult 345KV GIS has completed Taipower's last stage of evaluation for the localization specification and was sent to CESI of Italy, the most credible company in the world for certification, to complete the "type testing certification" at the end of 1997, proving that the Company has successfully transformed from purchasing parts from overseas suppliers to manufacturing all of its parts in-house in Taiwan. . In the future, CHEM will cooperate with other heavy electric power industries to improve the integration capacity of electric power systems and to enter the overseas market. In addition, because of active implementation of government public infrastructure projects and major domestic investment plans, the superior quality of CHEM's talents compared to industry peers, and technological cooperation with well-known foreign heavy electric manufacturers, the level of CHEM's technical expertise continues to advance, and its products have already passed the ISO9001, ISO9002 and ISO14001 certifications. In order to increase the credibility of switchgear testing, CHEM was certified by the TAF National Certification Foundation in August 2011 and set up a testing laboratory for power supply products, which greatly improves its quality and testing capability and ensures the reliability of its switchgear products. On May 28, 2012, CHEM's GIS products obtained the high-voltage electrical equipment manufacturer certification issued by the Bureau of Energy, Ministry of Economic Affairs (MOEA), for high-voltage gas-insulated switchgear and high-voltage gas-insulated circuit breakers, (Certificate No. 10103004950), and the type testing reports of 69kV/161kV/345kV GIS have been examined by the MOEA and are posted on the website of the MOEA, which fully demonstrates the effectiveness of CHEM's localization efforts, contributing to the development and acquisition of domestic and international business opportunities.
- The Company participates in various projects, continuously researches, develops and introduces new technologies and applies them to construction processes, and has a complete series of air-conditioning products. It has established expertise and experience in water and electricity, as well as air-conditioning construction, with a high degree of operational mobility. With the government's efforts towards globalization and liberalization, CHEM will move toward large-scale and international development, enabling participation in the global market competition.
- In the parking lot management business, the Dodohome brand has strong recognition, and all major projects have been successfully fulfilled, resulting in a relatively high rate of contract renewals with the owners. Due to manpower downsizing and the budget crowding-out effect, the government has seen an increase in outsourced parking lot projects, and parking management is receiving more and more attention. Additionally, there is the gradual implementation of the most advantageous tender policy and the increasing certification requirements for

management personnel. All these developments are highly favorable to CHEM Dodohome, which has strong financial capabilities and systematic management in place.

- The CHEM Dodohome brand has built up a good reputation in the banking industry through long-term cooperation and alliance promotions with banks. Amid the decline in consumer banking, effectively enhancing cardholder benefits to maintain their spending habits has become a key marketing focus for banks. Therefore, the trust in the CHEM Dodohome brand has been a favorable factor in the development of cooperation with banks. At the same time, a fully automated unmanned station management system has been developed, which can effectively save labor costs and create a competitive advantage over industry peers.
- The latest trend in the global power market focuses on the improvement of power supply quality, stable power supply, accurate dispatching, intelligent management, rapid repair and efficient energy saving, all of which depend on the construction of power automation systems. Feeder automation systems are being actively constructed in Taiwan and the world is moving in this direction. The Company's power automation equipment has a complete product line, including SCADA, FRTU, RTU, FTU/DTU, and IEDG, and the related products have been certified by the relevant certification organizations in the U.S., China, and Taiwan for their functionality and quality, and through the implementation of six transmission projects, the Company has accomplished the integration of the SCADA system with major domestic manufacturers and international manufacturers, such as Siemens and Alstom, and has established a complete transmission/distribution automation system in Taipower. In 2010, the Company joined the Microgrid Program, composed of industry, government, academia, and research institutes, in order to contribute to the new energy policy in Taiwan. In the coming year, in addition to continuing to develop software and hardware for high-power intelligent inverters and strengthening the development of software related to microgrid energy management systems, the Company will continue to strengthen its cooperation with domestic industry, academia, and research institutes in order to gain insights into global market trends and to prepare the groundwork for product internationalization.
- The new energy business, which covers hydrogen energy, energy-as-a-service and new energy commercial mobility vehicles, has a promising future, benefiting from the global carbon reduction policy and growing market demand. CHEM has established a leading position in the new energy sector through technology integration, R&D innovation and market deployment. In the field of hydrogen-generating, CHEM holds the world's top three patents for methanol-based hydrogen production, which have been adopted by international telecommunications giants. The technologies involved cover fuel cells, off-the-shelf hydrogen-generating, and power conditioning systems, which can support base stations, data centers, and smart factories in backing up their power supplies, as well as expanding the markets of hydrogen refueling stations and industrial hydrogen. In the area of energy-as-a-service, iCharging has obtained the right to operate superchargers on most of Taiwan's highways. iCharging also integrates smart grid and energy management technologies to enhance electric vehicles supercharging services, renewable energy grid integration and low-carbon power applications on outlying islands to ensure energy dispatch stability and enhance operational efficiency. In the field of new energy commercial mobility vehicles, CHEM provides hydrogen fuel cell and electric vehicle solutions under the brand

name of Stellar to support logistics and distribution, government official vehicles and public transportation, and participates in government demonstration and operation programs to promote the low-carbon transition of public transportation and establish a competitive market advantage. CHEM's new energy business will continue to expand in Taiwan, Southeast Asia, the U.S., and Europe, deepening international cooperation and accelerating the global energy transition and carbon-neutral development, based on its complete technology chain and market application experience.

- The manufacturing technology and design capabilities of operator products have reached the mature stage, and the quality of these products is comparable to that of major foreign manufacturers in terms of technical specifications and quality. Additionally, CHEM can meet diverse customization needs and provide comprehensive timely after-sales maintenance services.

(2) Unfavorable factors

- The Company's heavy electrical machinery business requires more skilled manpower in the production process, and the current price fluctuation of raw materials and the increase in costs after amendments to the Labor Standards Act have increased manufacturing costs. Due to the COVID-19 epidemic and the war between Russia and Ukraine, the supply chain lead time has been lengthened, making it more difficult to control product delivery.
- With the rise of environmental awareness and the lack of comprehensive management systems, the overall development of the industry, including technical standards, experience and scale, falls short of being to compete with Japan, Europe, the United States and even South Korea.
- The Company's production facilities focus on traditional industries. In addition to developing core technologies, recruiting related professionals, and establishing independent design capabilities, the Company will cooperate with specialized OEMs to enhance its competitiveness in high-tech industries.
- DAS automation equipment is a combination of electric power, electronics, communications and computer software and other technology products. With the rapid development of related technology, the market requirements for automation equipment functions are changing day by day. Continuous investment in research and development and improvements has increased equipment costs. The domestic market is becoming increasingly saturated, resulting in malicious competition among manufacturers for projects. On the other hand, the foreign market is just beginning to develop, and during this transitional phase, profit margins have been significantly compressed.
- Power automation system and equipment involve high-tech integrated technology such as electronic engineering, information software, and communication technology. It is not easy to cultivate professionals in this field. In Taiwan, engineering talents in fields like electrical and electronic engineering generally prefer working for companies in the electronic high-tech sector it is very difficult to find local talent in the professional fields the Company specializes in. The Company will strive to recruit talent actively provide training, and establish independent design and development capabilities.
- In the parking management business, the Company's advantages are under threat because alliances among small and medium-sized industry peers have been formed, and several developers are also making significant investments in parking

lot operations. The Company's competitors have also signed alliances with banks, impacting the strengths of the Company.

- Power system monitoring is regarded by mainland China as a product involving national security, so mainland China is relatively conservative and scrupulous towards relevant products from Taiwan, and the Company lack on-site operation experience for its power automation products in mainland China, and an online trial run is necessary in order to have the opportunity to participate in public bidding. It requires political trust between the two sides to break through this situation and take control of oneself.
- :: While the new energy business has market potential, it still faces challenges in terms of technology costs, infrastructure and market-driven speed. In the hydrogen-generating sector, the high cost of fuel cells and on-site hydrogen-generating equipment is mainly due to the domestic supply chain being underdeveloped, with key components still reliant on imports. In the short term, it is challenging to compete with traditional backup power. In addition, the progress of hydrogen refueling station construction is limited, affecting the speed of hydrogen energy application promotion. In terms of energy-as-a-service, DC supercharging stations have high construction costs and a long payback period. Also, the popularity of electric vehicles is still in the development stage, so market growth is limited in the short term. At the same time, the challenges of power grid load management are increasing, requiring the use of smart microgrids and energy storage technologies to balance the demand for supercharging and ensure a stable supply of electricity. In the field of new energy commercial mobility vehicles, the acquisition cost of hydrogen-powered and electric commercial vehicles is relatively high, and the early-stage market still relies on government subsidies, coupled with the limited adoption of hydrogen refueling and exchange infrastructure, which affects the speed of market implementation. In addition, the global market competition is fierce. New energy automakers in Europe, the United States and China have actively planned their strategies. It is thus necessary to strengthen the Company's brand and technological advantages, in order to enhance market competitiveness.

(3) Countermeasures

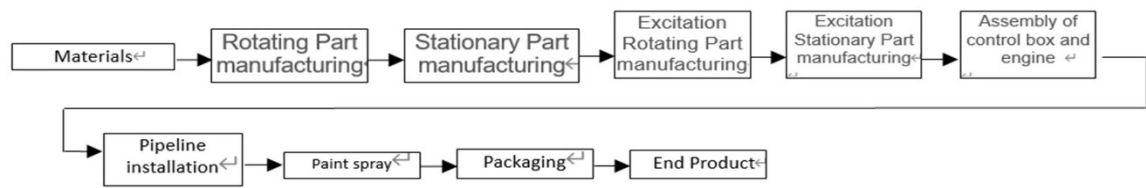
- In order to compete in the most advantageous bundled contracting process for engineering projects from government agencies, Taipower, and private companies, countermeasures have been taken. The major countermeasures include reducing consulting work (i.e., bringing back some of the consulting work for self-management), reducing design costs and increasing the number of contracted vendors (i.e., selecting good vendors to establish long-term cooperation), accurately calculating civil/electromechanical costs, reducing construction material wastage, and strengthening progress management and control, with the goal of securing project tenders. In addition, the Company continues to improve its technology and develop new products and processes to maintain its existing advantages in the domestic market.
- The Company's power automation products have been in operation for many years at Taipower. In line with the national energy policy, the Company is expanding into the renewable energy power generation sector in the current markets and expanding into the Southeast Asian market in response to the government's southbound policy.

- The Company is actively expanding its cooperation with major international power equipment manufacturers, striving to become an equipment supplier in the supply chain, expand the scale of equipment, reduce costs, increase profit margins, and utilize international advancements in technology to maintain the competitiveness of its company's products.
- In the parking management business, through the development of the "iParking" app, the Company provides consumers with a new way to pay online. In addition, collaborating with banks will provide more diversified system support, enabling deeper integration and fostering long-term cooperative considerations. Through a fully automated station management system, the Company has been able to increase collaboration incentives for industry peers and expand the scope of bank benefits. At the same time, the Company has been actively acquiring second- and third-tier parking lot operators to increase its market share and widen the gap with competitors. It is also actively developing new parking lot operations and adding new parking lots across Taiwan. Specialists are stationed in Taichung to achieve efficiency in development and expansion efforts.
- The new energy business will strengthen its competitive advantages through technology optimization, industrial cooperation and market expansion to promote low-carbon energy transformation. In the field of CET, CHEM will expand its ecosystem and supply chain layout, and cooperate with domestic and international partners to jointly develop and integrate key technology solutions to reduce R&D and manufacturing costs. In addition, CHEM will actively expand into data centers, smart factories and the industrial backup market, accelerate the commercialization of hydrogen energy, and promote the construction of hydrogen refueling stations to improve infrastructure. In terms of energy-as-a-service, CHEM will strengthen its smart grid and energy management technologies, and enhance the integration of power scheduling and power storage at electric vehicle supercharging stations to reduce operating costs and optimize the efficiency of energy use. Meanwhile, CHEM will continue to expand corporate fleet and logistics charging services to increase market penetration, and cooperate with the government and international car manufacturers to promote the growth of the supercharging network. In the field of new energy commercial mobility vehicles, CHEM will promote cooperation with the government on pilot operation plans to accelerate market introduction, and work with supply chain partners to jointly develop hydrogen refueling and hydrogen exchange infrastructure. In addition, CHEM will actively expand into Southeast Asia, the United States, and Europe to enhance the competitiveness of new energy vehicles through technological innovation and local cooperation, and establish a global new energy transportation ecosystem. CHEM will continue to deepen technological research and development, foster international cooperation and market deployment, strengthen the competitive advantage of its new energy business in the global market, and accelerate energy transition and carbon neutrality efforts.
- In addition to continuing to strengthen the business of high-end products for domestic and Japanese customers, the Company is actively developing affordable and high-value-added customized operators to address the threat of low-priced and simple products from China, and expanding its business to areas such as Malaysia and Korea.

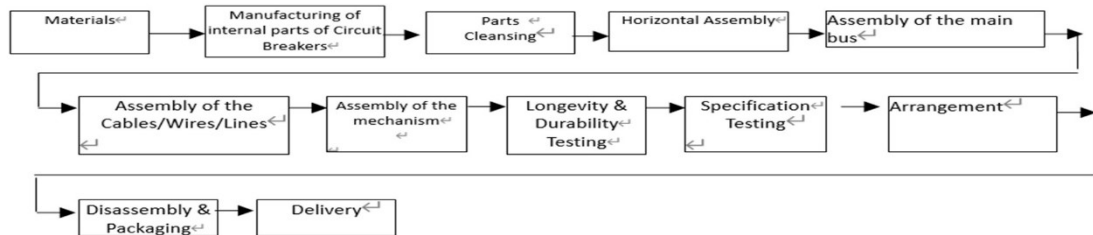
4.2.2 Key uses of main products and their production processes

1. Key uses of main products: please refer to pages 59-60 of this Annual Report.
2. Production processes of main products

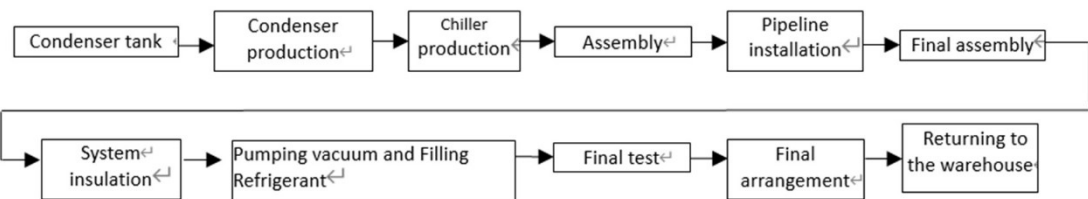
(1) Generator set production flowchart



(2) Circuit breaker production flowchart



(3) Chiller machine production flowchart



4.2.3 Supply of major raw materials

The supply of raw materials for each of the Company's products is as follows:

1. Foreign raw materials:

Based on major technical cooperation factories in the U.S. and Japan, the foreign material suppliers are as follows:

- (1) Chiller compressors are supplied by Copeland.
- (2) Sulphur hexafluoride GIS partial materials are from companies including Japan Hitachi (Hitachi).
- (3) Most laser engines are from the American Symbol company, but there are no raw material supply problems.

In addition, the Company's also supplies general waste to be transported to the plants by EPA cleaner trucks, and the annual guaranteed amount of waste to be burned is stipulated in the operation contract. EPA-approved general utility waste is brought to the plants. The amount and price of consumables for the waste disposal system are stabilized.

- (4) Diesel engines are from world-famous brands such as Cummins, MTU, and Perkins. Generators are from world-famous brands such as MARATHON, LEROY-SOMER, and STAMFORD. In response to the global economic recovery, the demand for raw materials has increased, leading to extended procurement schedules. To ensure business expansion, the Company maintains a safe inventory regularly to prepare for any unforeseen needs.

2. Domestic raw materials:

Partner manufacturers provide supply within a central-satellite system framework. Some

of the suppliers within the central-satellite system framework are::

- (1) Chung Cheng Metal Industry Co. Ltd.: supplying air conditioner condenser tubes and other components.
- (2) Hanbell and Fusheng: supplying compressors.
- (3) Leung Ying, Huei Sun and Sheng Di, providing plastic molding materials.
- (4) Dynafluo, Ziao Lung, Multichem Trading, Allied Supreme Corp., Taiwan Rectronic Enterprise Co., DuPont Taiwan, Hephass Energy, Jhongli Bakelite and other manufacturers: supplying power stack materials.
- (5) Ctimes, Burning Enterprise, Commotech, Winling Technology, Tary Technology, Well Strong Corporation, Sesh Electronics, Lai Chen Electronics and other manufacturers: supplying electronic materials such as control ICs, transformers, transistors, and relays.

4.2.4 List of major customers for the last two years

1. Information on major customers in the last two years

Unit: NT\$1,000

Item	2023				2024			
	Name	Amount	% out of total annual net sales	Relationship with CHEM	Name	Amount	% out of total annual net sales	Relationship with CHEM
	Customer A	11,182,582	50.50%	None	Customer A	13,545,105	52.89%	None
	Others	10,962,290	49.50%		Others	12,064,351	47.11%	
	Net sales	22,144,872	100.00%		Net sales	25,609,456	100.00%	

Note 1: The names of customers with sales of 10% or more of the total sales in the last two years and the amounts and percentages of their sales are listed. However, if the names of the customers are not allowed to be disclosed due to contractual agreements or if the counterparties are individuals and not related parties, codes may be used to identify those customers instead.

2. Data on major sources of supply for the last two years

Unit: NT\$1,000

Ite.	2023				2024			
	Name	Amount	% out of total annual net purchase	Relationship with CHEM	Name	Amount	% out of total annual net purchase	Relationship with CHEM
	Others	11,102,479	100.00%		Others	12,388,230	100.00%	
	Total net purchase	11,102,479	100.00%		Total net purchase	12,388,230	100.00%	

Note 1 The names of suppliers providing 10% or more of the total amount of raw materials in the last two years and the amounts and percentages of their supplies are listed. However, if it is agreed in the contract that the name of the supplier cannot be disclosed, or the counterparty is an individual and not a related party, a code may be used to identify the

supplier/individual instead.

4.3 Human Resources

Year		2023	2024	As of April 10, 2025
Number of employees	Direct labor	2,283	2,293	2,317
	Indirect labor	1,354	1,321	1,403
	Total	3,637	3,524	3,720
Average age		41.5	40.3	39.3
Average years of service		7.7	7.4	9.3
Education	PhD	0.30%	0.31%	0.37%
	Master's degree	5.28%	5.20%	9.25%
	College and university	50.76%	53.04%	54.08%
	Senior high	36.46%	21.23%	19.41%
	Junior high or below	7.20%	22.66%	24.30%

Note: 1. Information of the current year as of the printing date of this Annual Report.

2. Direct labor means personnel directly involved in the front line.

4.4 Environmental Protection Expenditures

4.4.1 The total amount of losses and penalties incurred as a result of pollution of the environment in the most recent year and up to the date of publication of this Annual Report:

The Company has not incurred any losses or received penalties from environmental inspections due to environmental pollution incidents.

4.4.2 Measures

At present, we plan to continuously implement pollution prevention and energy conservation and carbon reduction in our plants. The highlights are as follows:

1. Water pollution prevention and control:

In accordance with the law, wastewater and domestic sewage from the plants are discharged into the wastewater treatment plants in the industrial areas, and are sampled and tested regularly by the management center. In addition, there is a wastewater treatment specialist who keeps daily records of the amount of water intake, the characteristics of the water intake quality, the amount of drugs and medication used in the discharge volume, and electricity consumption records, which are used as the basis for setting and reviewing annual energy-saving targets.

2. Waste pollution prevention and control:

Under the law, it is stipulated that recyclables should be recycled in the factory and placed in the temporary storage area for waste, with signboards on the site, and regularly commissioned to be removed by qualified manufacturers to comply with the Waste Disposal Act.

3. Waste removal:

The classification and execution of industrial waste disposal is conducted according to the waste disposal plan. Professional contractors recognized by the government are entrusted with the transportation and processing of waste, and the waste disposal flow is reported online in accordance with legal requirements to meet the standards of the Waste Disposal Act.

4. Energy-saving equipment:

In order to reduce greenhouse gas emissions, the Company is committed to promoting energy conservation and carbon reduction, and also seeks to optimize equipment such as air conditioning and lighting systems.

4.4.3 Estimated environmental protection expenses

Estimated environmental protection capital expenditures over the next three years

Item	2024	2025	2026
1. Planned purchase of pollution prevention and control equipment or of expenditures	Air pollution equipment for air flow improvement project	Improvement of cleaning tank of wastewater treatment plant and temporary waste storage area	Improvement of air pollution equipment at the Precision Machinery Plant
2. Expected improvements	Shorten the pipelines to increase the air extraction capacity	Improve water quality and tank capacity	Enhance air extraction
3. Amount	About NT\$2 million	About NT\$3 million	About NT\$3 million
4. Impact on net profit and competitive position after improvements	No significant impact	No significant impact	No significant impact

4.5 Labor Relations

The Company was founded more than 60 years ago and has implemented a compressive salary and benefits and retirement system, so that employees and their families can benefit from a life-long employment system. Regardless of the company's performance, it adheres to the principle of no layoffs and no pay cuts, maintaining harmonious and amicable labor relations. The Company's labor relations are described below:

(i) Employee welfare measures

In order to seek the welfare of employees, the Company allocates welfare funds in accordance with the law, which are kept by the Employee Welfare Committee composed of labor and management representatives. Each employee is entitled to welfare funds of approximately NT\$20,000 per year, and the Company's various employee welfare measures are as follows:

1. Gifts for the three festivals (Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival) and birthday.
2. Employee benefits for marriage, childbirth and death.
3. Employee hospitalization condolences and medical assistance for injuries and illnesses.
4. Domestic and overseas travel allowance of NT\$6,000.
5. Scholarship assistance for children of employees.
6. Uniforms.
7. Subsidies for staff club activities.
8. Staff dormitories and free-use of equipment for cultural and recreational and various activities.
9. Shuttle buses to and from the Linkou area.
10. Employee restaurant.
11. Employee bonus.
12. Employee insurance: labor and health insurance handled in accordance with government regulations.

(ii) Training and development

For employee training, there are dedicated staff responsible for pre-employment and on-the-job training for employees, and various training activities are organized from time to time. The self-organized and outsourced training activities in 2024 include: production excellence, document control, Ni-Cr alloy surfacing welding skills training, crane operators, 2024H1 information security education training, intelligent property management related procedures and TIPS (2016) training, bribery prevention and control management system,

business secret management cases and practices, importance of patents, safety and health education training (local and foreign personnel), labor law knowledge for auditors, and occupational health training for operators of stationary cranes of more than three metric tons, education and training (local and foreign), labor law knowledge for auditors, on-the-job education and training for occupational safety and health supervisors, information security management system CQI & IRCA lead auditor training, non-destructive testing (MT, VT), Taiwan hydrogen refueling station setup standards and methods CNS 19880-1, the latest pulse of corporate governance from corporate governance assessment indicators, aerial work trucks training course, quality technology training course, quality management system, Quality Technician, Purchasing and Supply Practitioner Basic Purchasing Inspection Course, Non-Destructive Testing (UT), Public Works Quality Management Training Course (E&E), TIPS (Level A) and corporate governance training course, Class B Waste Treatment Professionals and Technicians, enhancement of corporate sustainable value and improvement of risk management system, discussion on and response to practices of insider trading and misrepresentation in financial reports, Carbon Footprint LCA The Way to Respond, Carbon Footprint LCA Management Application, Laboratory Accreditation ISO/IEC17025 Training, Risk-Based Internal Audit Methods and Practices, How to Adjust the Internal Control System to Respond to the New ESG Norms, Dimensional Measurement Application, Continuing Education for Accounting Supervisors of Issuing Securities Dealers and Stock Exchanges, Analysis of the Impacts of the Sustainability Action Plan and Net Zero GHG Emissions on the Financial Reporting, Occupational Safety and Security for the Construction Industry, Grade A Occupational Safety and Health Business Supervisor for the Construction Industry, Hydrogen Fuel Cell Education and Training Program, Class B Wastewater Treatment Specialist Training, Hydrogen Fuel Cell Peripheral Mechanical Module Design and Verification, Comprehensive Start-up of Enterprise Innovation and Growth, Common Engineering Contract Disputes and Solutions, Fire Prevention Administrator Initial Training, Generative AI and ChatGPT Application, Taiwan Mitutoyo GEOPAK Basic Class, ACU AUTOCAD, Ministry of Economic Affairs Ipas Net Zero Carbon Planning Manager Certification Course, Organic Solvent Operation Supervisor Safety and Health Education Training Course. About 234 courses were conducted, with a total training cost of about NT\$3.28 million, totaling 12,851 training hours, and benefiting 1,804 trainees.

(iii) Implementation of the retirement system

The Company's retirement system is in accordance with Articles 53 and 54 of the Labor Standards Act and Articles 47 and 48 of the Company's Employee Work Rules, and two types of retirement are available: voluntary retirement and mandatory retirement. In accordance with Article 56 of the Labor Standards Act, the Company contributes 10% of an employee's monthly salary to the Trust Department of the Bank of Taiwan for safekeeping, and pays retirement benefits to the retired employees according to the standards set forth in the Act. In addition, since July 1, 2005, employees who chose the new system in accordance with the Labor Pension Act are required to make monthly contributions of 6% of their monthly salary to the labor pension individual account set up by the Bureau of Labor Insurance.

(d) Implementation of existing major labor agreements and measures to protect the rights and interests of employees

The agreements between the Company's labor and management are negotiated between the Company's administration and the labor union in accordance with the law, group agreements, and work rules for employees. The interaction between the Company and the labor union is good, the labor-management is harmonious, and the labor union operates smoothly. The labor union has won various awards over the years, such as the National

Excellent Labor Union Award of the Taoyuan County Government in 1993, the Excellent Labor Union Award of the Provincial Electricity Federation in 1995, the Excellent Labor Union Award of the Council of Labor Affairs in 1996, the first-class rating from the Taoyuan County Government in 1992, and the Excellent Labor Union Award of the Taoyuan County General Labor Union in 1996, first-class rating in the Taoyuan County Government's 2003 annual conference evaluation, outstanding labor union by the Taoyuan County Federation of Trade Unions, being evaluated as an outstanding labor union by the Taoyuan County Federation of Trade Unions and the Provincial Electric Union Association in 2011, being rated as an excellent labor union by the Taoyuan County Government in 2012, 2015, 2017, 2019 and 2010, being rated as a distinguished labor union by the Taoyuan City Government in 2021, and being rated an excellent labor union by the Taoyuan City Government in 2024.

(e) Losses due to labor disputes in the most recent year and up to the date of publication of this Annual Report

1. The Company did not have any major labor disputes that resulted in losses in the last three years.
2. The Company currently does not expect to suffer any losses from major labor disputes in the future.

4.6 Employee Code of Conduct or Ethics

With regard to employee behavior and work ethics, the Company has established "Employee Work Rules," "Sexual Harassment Prevention and Complaint and Disciplinary Measures," and "Code of Conduct for Business Integrity" to serve as guidelines for employee behavior and to encourage colleagues at all levels to abide by work ethics. A Personnel Review Committee was also established to fairly and objectively review personnel awards and punishments, and to regulate all employees to faithfully perform their duties, fulfill their social responsibilities and obligations of care, and exercise their duties in a self-disciplined and prudent manner through various systems and regulations.

In order to ensure that the behavior of employees conforms to the Company's ethical standards and to enable related parties to better understand the ethical standards of the Company's personnel in the performance of their duties, the Company has formulated "Employee Code of Ethical Conduct," which is primarily based on the "Employee Work Rules" and the "Reference Examples for the Formulation of Ethical Conduct Guidelines by Listed Companies," with the main chapters as follows:

- Chapter I. Prevention of conflicts of interest
- Chapter II. Avoiding opportunities for personal gain
- Chapter III. Duty of confidentiality
- Chapter IV. Fair dealing
- Chapter V. Protection and proper use of corporate assets
- Chapter VI. Compliance with laws and regulations
- Chapter VII. Encouragement of reporting of any illegal or unethical conduct
- Chapter VIII. Disciplinary measures
- Chapter IX. Procedure for application of immunity

For more information on the "Employee Code of Ethical Conduct", please visit <http://www.chem.com.tw>.

The Company's internal operating procedures for handling material information have been established and communicated to all employees, managers, directors and supervisors, and the personnel working with material information are required to sign confidentiality agreements, and the disclosure of material information is handled in accordance with the definitions and relevant regulations in the "Administrative Measures for the Scope of Material Information and

its Disclosure Methods" as stipulated in Article 157-1, Paragraph 4 of the Securities and Exchange Act, and the "Procedures for Verification and Disclosure of Material Information of Listed Companies" issued by Taiwan Stock Exchange Corporation.

4.7 Working environment and protective measures for personal safety

1. The Company has passed the ISO 14001 environmental management system certification (validity period: 2024.11.06-2026.12.02). The working environment is good, in compliance with environmental protection regulations.
2. The Company has passed ISO 45001 Occupational Safety and Health Management System Certification (validity period: 2024.11.06-2025.12.30).
3. Safety standards are set for each job position. Occupational safety education and training courses and fire drills are conducted annually, and safety and health notifications are utilized on a regular basis to promote health and medical knowledge and preventive concepts. Additionally, safety and security personnel from each unit are required to carry out inspections and audits in order to enhance the safety awareness of colleagues and achieve protective effects.
4. Comprehensive regular maintenance and inspection of hazardous machinery and equipment are conducted to meet the highest requirements for the intrinsic safety of the equipment.
5. The implementation of self-management of safety and health has effectively reduced the rate of occupational accidents.

4.8 Corporate social responsibility: The Company's actions and measures for environmental protection, community involvement, social contribution, social services, social welfare, consumer rights and human rights, safety and health, and other social responsibilities, and their fulfillment.

The Company has spared no effort in fulfilling its corporate social responsibility (CSR). As the scope of CSR continues to expand, the Company has promptly adjusted its CSR framework to facilitate the fulfillment of its commitment to fulfilling its social responsibility and environmental protection. Since most of our products and services are aimed at corporate customers rather than individual consumers, the description of consumer rights in this section is replaced by a description of customer-supplier relations. Human rights and other social responsibilities are also covered in the description of corporate governance, human rights and employee care, and investor relations, and thus will not be discussed here. Environmental protection, social responsibility (including community involvement, social contribution, social services, and social welfare), and safety and hygiene are explained below.

1. Environmental protection

Electricity is the main business of the Company. In the era of energy shortage and high oil prices, the Company has spared no effort in research and development of energy conservation. In order to develop power-saving energy products, it set up a new energy research and development center in 1997, which is dedicated to power-saving energy products, and also develops power-saving air-conditioning products, so as to integrate the concept of power saving into people's lives, and help the society move towards the zero-pollution, power-saving, and net-energy era. Internally, the Company has fully implemented paperless management, eliminated the consumption of paper cups during meetings and implemented the power-saving function from the "air conditioning demand control mechanism." In addition, low-efficiency, high-pollution lighting is replaced with T5 fluorescent tubes to reduce electricity consumption by half. As for wastewater management, the plants' wastewater and sewage have been integrated into pipeline systems connected to water treatment facilities, achieving zero discharge of water pollution. Furthermore, measures for environmental protection planning, energy conservation and carbon reduction are as follows:

- (1) In order to ensure compliance with air pollution prevention and control, water pollution prevention and control, waste cleanup, and noise control in the Company's factories, offices, and engineering sites of, the Company has formulated environmental protection measures: (a) when planning or changing processes, avoid highly polluting production methods or equipment, and use high-productivity, low-pollution equipment instead; (b) use low-pollution LPG as the fuel for heating and baking equipment to reduce pollutant emissions and to ensure air quality; (c) when adding, improving, or expanding production equipment to produce new sources of pollution or to add pollution prevention equipment, carefully plan the setup of recycling equipment to reduce the loss of valuable resources and to prevent pollution; (d) plant flowers and trees, and make efforts to green the environment in response to the energy-saving and carbon-reducing policy, and (e) build a centralized power monitoring system to achieve the best state of power saving.
- (2) Prevention and control: Hire qualified air pollution prevention, water pollution prevention and waste cleanup specialists in accordance with the provisions of the central competent authority to carry out related environmental protection work, to check whether the Company's various actions comply with the requirements of government regulations, and if found non-compliant, take corrective actions
- (3) Air pollution prevention and control: (a) each process has a fixed source of pollution that has been designated and announced by the central competent authority, and the air pollution prevention and control plan is examined and approved by the competent authority for the issuance of an installation permit and operation permit, and is carried out in accordance with the relevant permits, with emissions of air pollutants meeting the emission standards; (b) no burning, grinding, transporting or other operations are conducted to produce obvious particulate pollutants, dispersed in the air or other people's property; and (c) there are appropriate prevention measures for construction projects, storage of powdered materials, transportation of engineering/construction materials, waste management or other works, and placement, use, heating, or storage of organic solvents or other volatile substances are managed in such a way as to avoid generating odors, and the installation of pollution prevention equipment does maintain normal operation.
- (4) Water pollution prevention and Control: (a) prepare water pollution prevention and control measure plans and related documents, and submit them to the competent authorities for review and obtain approval documents; (b) set up water pollution prevention and control facilities and discharge wastewater through the industrial zone pipeline system in accordance with regulations, with the discharged water meeting or exceeding the prescribed standards; and (c) wastewater treatment personnel recording, on a daily basis, the amount of water intake, intake of water quality, characteristics, the discharge volume of water, use of drugs and medication, and electricity consumption, with the records being used in the annual review to set the goal of energy conservation.
- (5) Storage, removal, and disposal of business waste: (a) business waste removal is contracted to public or private waste removal and disposal organizations licensed by the competent authority, and we confirm the legality of the license documents of these contractors, the flow of waste removal and treatment, and that they are handled properly;. (b) there are different types of waste recycling points in each factory and site, and different classifications for storage, removal, recycling, and treatment; (c) the Company has a dedicated unit to coordinate the management of waste, prioritizing source reduction and waste minimization during production processes, following by reuse and recycling; and (d) records of operations and testing of business waste storage, removal, and disposal are kept for inspection.
- (6) Noise control: The sound emitted from factories (yards), construction projects, and other places and facilities are strictly controlled so that they do not exceed the noise control

standards. If any process exceeds the noise control standards, measure to enhance sound-proofing and corrective actions will be taken.

- (7) Environmental management system: In recent years, due to issues such as the destruction of the ozone layer, global warming, and acid rain, environmental problems have been transformed from traditional local and regional problems to global problems. The environmental problems faced by companies have expanded from the requirements of domestic environmental laws and regulations and the struggles of nearby residents to the constraints of various international environmental agreements and conventions in order to avoid international trade retaliation. Therefore, in order to cope with the new environmental protection trends, the Company has introduced the "Environmental Management System" ISO 14001 into its system, and has shifted from the traditional pollution control method, which was government mandatory and regulation-oriented, to a company-led system, which in the past required compliance with the passive control of emission standards and investment in pollution improvement facilities, and which in the future will start from the enhancement of technological and managerial efficiency, and the establishment of a system that meets the standards of environmental management, which is the most effective way to utilize the rational utilization of resources and the best environmental protection strategy.
- (8) In addition, the Company places great importance on the development of electric power in Taiwan. In order to align with the government's the "Solar Photovoltaic 2-Year Promotion Plan" and support the development of the green energy industry, the Company has obtained a project from Taiwan Sugar to build solar power generation facilities on unsuitable farming land in Tainan as one of the demonstration projects, and has been planning to build ground-based solar power generation facilities with a combined installation capacity of 193,142.40 KW in Qigu District of Tainan by its three subsidiaries - Tian Chong, Tian Cin and Tian Peng. The estimated annual power generation capacity will reach 277,545,628.8 kWh, and the power generated will be able to provide about 79,200 households with electricity for one year, with an annual carbon reduction of 157,900 tons, equivalent to the annual carbon absorption of 409 Daan Forest Parks, which will not only develop green energy to achieve the goal of energy conservation and carbon reduction, but also revitalize our limited land resources. The Company spares no effort in supporting Taiwan's green energy industry and will continue to play an important role in the government's vision of promoting energy security, a green economy and environmental sustainability.

2. Social responsibility

Social responsibility is an important mission of the Company's management, and we are constantly injecting resources through "social welfare," "industry-academia cooperation," "excellent products and national construction," "environmental protection, safety and health management," and "neighborliness," such as donating to neighboring elementary schools to support activity expenses and conducting blood donation activities on a regular basis in the hope of continuously caring for society.

(1) Social welfare

Since the establishment of our company, we have always been committed to giving back to the community. In addition to the care of our employees and the importance of environmental protection and energy conservation, we have also participated in many important moments of social need, such as the 921 and the Sichuan earthquake, in the hope that the community will be more perfect. 2006 marked an important milestone for CHEM as it celebrated its 50th year of existence. Looking back on the Company's transformation process, we also felt that there are many social problems caused by social

changes, such as the increase of single-parent disadvantaged families and the widening of the gap between the rich and the poor. Based on the spirit of feeling others' hunger as one's own, CHEM set up the "CHEM Charity Trust Fund Trust" in that year to make it responsibility to the society more concrete, with the aim of providing timely assistance to people in need. It is hoped that those in need can receive more precise support in a timely manner and overcome difficulties with the assistance of the trust fund. In addition, the Company's Benevolent Club has been established for more than 30 years. Over the years, in addition to donating to social welfare organizations, the Company has also visited and cared for children's homes and nursing homes from time to time. The CHEM Charity Trust Fund primarily focuses on supporting major illnesses, disaster relief, livelihood assistance and other forms of aid. Its main areas of assistance are as follows:

(A) Major illnesses and disaster relief

Due to the excessive pressure of modern society, many people overlook the importance of their health due to the demands of life. In the cases receiving subsidies from the Fund, many individuals, being the primary source of income for their families, suffer from major illnesses such as cancer, kidney disease, high blood pressure, and complications, which consequently lead their families into difficult situations, and the Fund, in addition to monetary support, also provide care to the current living conditions to determine if further assistance is needed.

(B) Livelihood support

This assistance mainly provides a considerable amount of aid to those who are living in hardship. Currently, the Fund has provided regular monthly payments ranging from NT\$3,000 to NT\$20,000, or one-time payments of a considerable amount, to those whose family members have suffered from major illnesses requiring large medical expenses, or whose family members have been in dire straits due to a major incident or death, in order to help these families in distress to overcome their difficulties.

(C) Other support

In addition to family or disease relief and over-employment of mentally and physically challenged people, assistance is also given to disadvantaged families and children. For example, the Fund not only annually provides scholarships to institutionalized children of the Cihuai Social Welfare Foundation to encourage them to learn and develop achievement motivation, but also sponsors disadvantaged children on a regular basis, so they can grow up happily and peacefully. In addition, the entire Company's employees are mobilized to donate second-hand clothes and shoes to those in need, and they also participate in social welfare activities on an irregular basis, such as the annual dish donation activity under the Huashan Gensis Foundation's "Love the Elderly, Love Reunion" initiative.

(D) In 2024, the Company sponsored World Vision, Children's Welfare League Literary and Educational Foundation, Cihuai Social Welfare Foundation, Private Taitung Christian Anishever Children's Home, Taoyuan Taigang Junior High School Custodial Fund Special Account, Tainan City Jhuciao National High School, Tainan City Sangu Elementary School, Tainan City Chiqu Elementary School, Taiwan Second Spring of Love Literary and Educational Foundation, Dandelion Hope Foundation, Rexin Social Welfare Foundation, Taipei City Chengdong Christ Presbyterian Church Hope Foundation, Tainan City Jhuciao National Elementary School, Taiwan Children and

Families Support Foundation, Taipei City Chengdong Christ Presbyterian Church Hope Foundation, Taiwan Children and Families Support Foundation, Taiwan Children and Families Support Foundation, Taipei City Chengdong Christ Presbyterian Church Hope Foundation, Taiwan Children and Families Support Foundation. Foundation, the Dandelion Hope Foundation, the Taipei City Chengtung Presbyterian Church Hope Foundation, the Tainan City Lizhuqiao Elementary School, the Taiwan Child and Family Support Foundation, and the Christian Rehabilitation Fellowship, donating a total of NT\$3,000,000.

(2) Industry-academia cooperation

Due to the lack of manpower in the domestic electric power field, in order to cultivate more outstanding talent in this field, the Company has, in addition to providing scholarships from time to time to assist outstanding but poor electrical and mechanical students to complete their studies, has formed collaboration programs with various universities, such as Chang Gung University, the National Taiwan University of Science and Technology, Taipei University of Science and Technology, Chung Yuan Christian University, National Formosa University, Wufeng University, Lunghwa University of Science and Technology, Lee-Ming Institute of Technology, Vanung University, Chien Hsin University of Science and Technology, Tungnan University, Far East University, and participated in electric power, mechanical research and development projects. In 2007, the Company, in collaboration with the Taipei University of Science and Technology, conducted high-quality electric power supply industry master's degree program as an effort to cultivate the next generation of outstanding talents in this field. In 2024, there were 5 students and 17 interns, totaling 22 students.

(3) Excellent products and nation building

In view of the fact that electric power is national infrastructure, the Company adheres to the principle of seeking truth from facts and creating a better and safer power supply system for the people of the country in the construction of hydro, thermal, wind and nuclear power plants and the quality of various products, and for this reason, in addition to obtaining 46 awards for quality excellence, the Company has won various awards in the Public Construction Golden Quality Award and other awards for various projects since 2004. The Company not only aims to provide the highest quality electric power supply products, but also aspires to develop energy-saving products in the future so that mankind will be free from the fear of power shortage.

Major awards received by CHEM are as follows:

1998 – Excellence Award in National Public Construction Evaluation.

1998 – GIS Gold Product Award by the Electrical and Electronic Development Association.

2004 – Public Construction Work Golden Quality Award: 161 KV GIS for Daitan gas-fired power project.

2006 – Public Construction Work Golden Quality Award: Wufeng Substation Equipment Phase I DS E&M Turnkey Project.

2007 – Public Construction Work Golden Quality Award: Turnkey project for a primary distribution substation in Tangwei.

2008 – Public Construction Work Golden Quality Award: Dajiaxi Power Plant Sub-plant Rehabilitation Project, Bid No. 11, Power Plant Power Generating Equipment and

Ancillary Equipment Project.

- 2008 – Public Construction Work Golden Quality Award: Changfa Primary Distribution Substation Turnkey Project.
- 2010 – shortlisted for the Work Committee's selection of outstanding public engineering personnel for promoting labor safety and health: Changhua Wangong Wind Power New Construction Project.
- 2011 – Excellence Award in Public Construction Work Golden Quality Award: New construction projects of Changhua Wangong, Datan II and Penghu Huxi wind turbine units.
- 2013 – Excellence Award for Policy Planning from the Ministry of Economic Affairs.
- 2015 – Engineering Excellence Award from the Chinese Society of Engineers.
- 2015 – Distinguished Excellence Award in Public Construction Work Golden Quality Award: Dajiaxi Power Plant Qingshan Branch Reconstruction Project No. II Power Plant Power Generating Equipment and Ancillary Equipment Project.
- 2016 – Distinguished Excellence Award in Public Construction Work Golden Quality Award (facility category): the 345kV gas-insulated switchgear and ancillary equipment project of the Linkou Power Plant renewal and expansion plan.
- 2017 – Distinguished Excellence Award in Public Construction Work Golden Quality Award (facility category): the 345kV Gas Insulated Switchgear Attachment Project of the Tongxiao Power Plant Renewal and Expansion Plan.
- 2019 – Excellence Awards in Public Construction Work Golden Quality Award (design and construction categories): New Construction of Zhang Gong and Yongxing Wind Turbine Project.
- 2020 – Excellence Award and Special Contribution Award in Public Construction Work Golden Quality Award: the design and construction of new Electrical and Mechanical Engineering Facilities Nos. 9 and 10 of the Kinmen Tashan Power Plant.
- 2021 – Excellence Award in Public Construction Work Golden Quality Award: the 69kV switchyard restoration project of the Tongmen and Longjian units of Eastern Power Plant.
- 2022 – Distinguished Excellence Award in Public Construction Work Golden Quality Award (facility category): addition of gas-fired compound cycle units to Datan Power Plant and the turnkey project for addition of 161KV switchyard to Linkou Power Plant.
- 2024 – Special Contribution Award in Public Construction Work Golden Quality Award (design and construction category): the 345/161KV Switchyard Monitoring, Protection and Auxiliary Power Equipment Turnkey Project for the Xingda Power Plant Gas Unit Renewal and Reconstruction Plan.
- 2024 – "Five Consecutive Special Contribution Awards" in design and construction in the Public Construction Work Golden Quality Award.

3. Safety and health management

We implement safety, health and environmental management system in accordance with the ISO 45001 occupational safety and health management system and the ISO 14001 environmental management system . The system integrates relevant safety, health and environmental protection laws and regulations as specifications for various operations, and

we set goals based on these specifications to achieve perfection through continuous improvement.

(1) Safety and health management:

At this stage, regular automatic inspections of dangerous machinery and equipment are implemented, and high-risk machinery and equipment, such as lifting and elevating equipment, are specially listed and controlled to avoid hazards caused by damage to machinery and equipment. Hazard identification and risk assessments are made for various operations and activities. Safety and protection facilities are strengthened based on the assessment results in order to avoid occupational accidents. For new production units, additional safety and health personnel as well as personnel in charge of special operations are recruited, safety and operational standards are regularly updated, and safety and health advocacy and education and training in various units are conducted to prevent occupational accidents. .

(2) Environmental management:

At this stage, the GHS Global Classification and Harmonization of Chemicals System is implemented, and the labels of various hazardous materials and harmful substances are fully updated and controlled to prevent the hazards of chemicals. In terms of air pollution prevention, filter material activated carbon is replaced in the coating process of our processing and electrical factories to effectively reduce the concentration of exhaust gases in the discharged air. In terms of wastewater treatment, in order to cooperate with the energy saving and waste reduction measures, we are actively studying the possibility of reducing the amount of chemicals used in the wastewater treatment system, and in order to comply with the regulations on the discharge of sewage and wastewater, we are planning to improve and update the pH meter of the pH tanks, the sludge pumps, and the triangular weir flow meters.

(3) Emergency response

Each unit in the Linkou Plant conducts firefighting lectures and fire drills every year to educate employees on various on-site hazards and contingency measures such as notification, evacuation of personnel, salvage of goods, and first aid for the injured in case of an emergency, as well as emergency handling of the leakage of sulphur hexafluoride, refrigerant, gas, and carbon dioxide. All these are conducted according to plan, one by one, in preparation for the occurrence of an actual situation to handle it calmly and prevent a disaster from happening. Due to the vast area of the plants, communication and support among all units has also been listed as a focus of the drills to leverage the power of mutual assistance and cooperation among all units so as to reduce disaster losses.

(4) Management of suppliers and contractors

In order to ensure that the business negotiation, construction or delivery of its suppliers and contractors entering the Linkou Plant goes smoothly, the Company usually communicates with them in advance and ask them to sign an environmental communication opinion form in order to make them understand the handling of hazardous materials in the event of storage, use and leakage. In addition, when they also need to sign the notice of precautions for entering the plant and the construction hazard notification form. These are used to regulate the suppliers' driving speed, smoking areas, delivery methods, use of hazardous equipment, and contractors' operations involving things such as heights, excavation, or fire-related dangerous work, specifying the use of protective

facilities that align with on-site conditions to avoid any accidents.

(5) Employee health management

The Company places great importance on the health and safety of its employees. In addition to contracting doctors and hiring full-time nursing staff, the Company conducts annual health checks for employees engaged in special jobs and provides them with relevant protective equipment, and conducts biannual health checks for general employees, and conducts follow-up for employees with physical abnormalities, so as to ensure that the employees are able to work in good health. The Company also offers health education courses and health promotion programs from time to time.

4. Task Force on Climate-Related Financial Disclosures (TCFD)

In response to global warming caused by greenhouse gas emissions and the possible impact of extreme weather on operations, CHEM has set up a cross-departmental working team since 2022 to systematically analyze and assess climate risks and formulate relevant strategies to respond (Figure 4-1). Analysis and planning are carried out based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework, focusing on four core elements: governance, strategy, risk management, and indicators and targets (as shown in Table 4-1). Also, the Group's energy management objectives are divided into short-term, mid-term and long-term goals (as shown in Table 4-1). Through the identification of potential climate change risks and opportunities, the Group assesses the impacts and influences of the relevant factors on the Company's operations and formulates relevant counter-strategies to prevent the risks and damage brought about by climate change. The team regularly reports relevant analyses, recommendations, improvements, and implementation results to the Board of Directors for their reference in corporate governance. Since up to 80% of CHEM's products belong to the green energy industry, a total of seven climate change risks and 11 climate change opportunities have been identified, which are depicted in Figure 4-2 and Figure 4-3, respectively, and descriptions are given in Table 4-3 and Table 4-4.

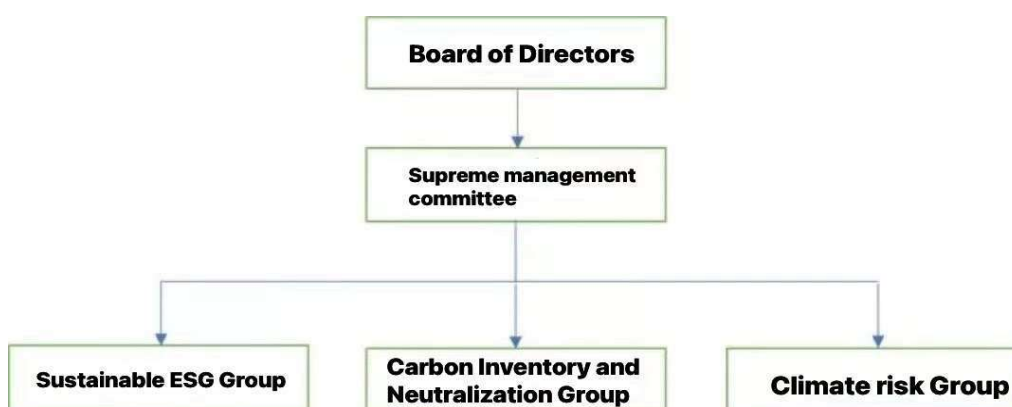


Figure 4-1: Organizational structure of climate change management

Table 4-1: TCFD Framework Analysis

Core element	Unit or theme	Functions or content
Governance	Supreme Management Committee	It is the highest-level organization for the Company's climate change and sustainable management, It members consist of independent directors and senior managers, with the

Core element	Unit or theme	Functions or content
		Chairman of the Board of Directors as the Chairman, and the General Manager as the Vice Chairman. The Committee consists of cross-departmental units such as the Sustainable ESG Group, the Carbon Footprint Verification and Carbon Neutrality Group, and the Climate Risk Group. Each group meets at least twice a year and submits to the Supreme Management Committee every six months the results of the current year's implementation and the planning for the following year, and then the Committee submits the implementation plan and results to the Board of Directors every six months for supervision by the Board.
	Sustainability ESG Group	As a unit under the Supreme Management Committee, it is responsible for the planning and implementation of ESG according to the ESG blueprint formulated by the Committee. The unit has a team leader, headed by Corporate Governance Director Jing-Feng Lai, who coordinates the Company's various administrative and business units to carry out planning and implementation of relevant environmental, social, and governance contents, and the team holds at least two meetings a year, presided over by the deputy chairman and general manager, to carry out ESG content implementation, effectiveness evaluation, and review and feedback.
	Carbon Inventory and Carbon Neutrality Group	The group is under the supervision of the Supreme Management Committee and is responsible for planning and executing the Company's carbon footprint neutrality strategy formulated by the Committee. The group's team leader is Ms. Yumei Huang, special assistant in the CEO's office, who coordinates all the Company's administrative and business units to conduct annual carbon inventory work, and, through statistical data, identifies opportunities for carbon reduction and gradually achieves the goal of carbon neutrality. The group holds at least two meetings a year, chaired by the deputy chairman and general manager, to provide feedback and discuss the progress of carbon inventory progress, hotspot analysis, carbon reduction opportunities, and carbon neutrality goals.
	Climate Risk Group	As a unit under the Supreme Management Committee, it is responsible for the planning and implementation of the Company's climate risk strategy formulated by the Committee. The unit is headed by Huang Yumei, special assistant from the CEO's office,. She coordinates the Company's various administrative and business units to prepare for the implementation of various climate-related risk avoidance programs. The group holds at least two meetings a year, chaired by the deputy chairman and general manager, to evaluate the effectiveness of the implementation of climate-related issues and review feedback. Since extreme weather

Core element	Unit or theme	Functions or content
		disasters will occur from time to time in recent years, when a climate disaster occurs, an interim meeting will be held to direct each department to initiate relevant countermeasures in accordance with procedures to minimize the impact of climate disasters on the Company.
Strategy	Identifying Risks and Opportunities	For relevant climate scenario analysis and risk identification, reference is made to the Intergovernmental Panel on Climate Change (IPCC), the Net Zero GHG emissions (NZE) of the International Energy Agency (IEA), and the 2050 Net Zero Emissions Pathway and Strategy announced by the National Development Council (NDC), Emissions (NZE) of the International Energy Agency (IEA), and the Taiwan 2050 Net Zero GHG emissions pathway and strategy announced by the National Development Council (NDC), to review and analyze the impacts of extreme climate risks and opportunities under different scenarios. Through cross-departmental discussions, each business unit will conduct a comprehensive assessment of the frequency, likelihood, timeframe, degree of impact, response measures, and opportunities for adjustment of extreme climate risks based on their professional experience and the environmental conditions of the region in which they are located, and will identify and rank major risks and opportunities based on the likelihood of their occurrence and the impact of their occurrence.
	Assessing potential financial impact	In the same risk and opportunity identification process, after the identification of extreme climate risks and opportunities, each business unit will analyze and evaluate the potential financial impacts on production, sales, and operations caused by extreme climate scenarios, and also take into account the impacts on the Company's finances caused by the implementation of contingency or preventive countermeasures. Since 2024, an internal carbon pricing mechanism has been incorporated, referencing the preliminary carbon fee standards set by the Ministry of the Environment, to assess the potential financial impact of carbon emissions related to operational activities.
Risk management	Importing the TCFD Framework	The TCFD framework is used to an overall analysis of policies, regulations, technology, markets, corporate reputation and other items, taking into account "transition risks" and "physical risks." "Transition risks" involve a comprehensive analysis of factors such as policies, regulations, technology, market conditions, and corporate reputation. "Physical risks" take into account both immediate and long-term risks. The Climate Risk team integrates the participation of the supervisors of each unit and colleagues to jointly discuss the impacts of the risks and opportunities on the Company. It regularly reviews the results of the risk identification and adjusts response strategies to ensure timely

Core element	Unit or theme	Functions or content
		feedback into company operations, aiming to prevent or mitigate the negative effects of climate change..
	Presentation of identification results	The results of the updated identification of climate change risks and opportunities based on the TCFD framework are regularly reported to the Corporate Sustainability Committee, which meets every six months, along with a description of the response plan and the expected financial impact on the Company and other related risk management measures. The Committee conducts verification, review, and feedback to support the formulation of more reasonable indicators and targets.
Indicators and targets	Corporate governance indicators	For the period from 2022 to 2026, the target is to reduce the GHG emission intensity per million revenue by 3% annually, with annual reviews to assess progress and make necessary adjustments.
	Climate change response strategies	Introducing high-efficiency production equipment, improving product carbon reduction performance, reviewing carbon emission hotspots and providing carbon emission education solutions to improve energy efficiency.
	Greenhouse gas emissions disclosure	According to the GHG inventory schedule announced by the FSC based on capitalization, CHEM's individual companies and the Group belong to Phase II and Phase III, and are required to complete the greenhouse gas inventory in 2025 and 2026; the individual companies will complete the third-party verification of GHG by 2027, and the consolidated subsidiaries will complete the third-party verification by 2028. In 2023, the Company issued a carbon inventory reports for the year 2023. The Company expects to issue the carbon inventory report for 2024d complete the third-party verification in 2025, with subsequent issuances and verifications occurring on a regular annual basis.

Table 4-2: Group's GHG management goals

Schedule	Goal	Current progress
Short-term: 0 to 3 years (2022 to 2025)	1. Conducting carbon inventory work for individual companies and subsidiaries to identify hotspots and gradually plan for reductions, and completing the greenhouse gas inventory of all Group companies two years earlier than the FSC's planning schedule. 2. In order to reduce carbon emissions, we will take 2020 as the base year for reduction, review carbon emission hotspots, and propose corresponding emission reduction programs to reduce GHG emissions by 3% per million revenue per year.	1. Since 2020, carbon emission data has been established for the individual companies. Starting in 2023, individual company carbon inventory data collection started. From 2024 onward, carbon inventory is conducted following the GHG Protocol, with the inclusion of subsidiary carbon inventory data. 2. For the yearly periods from 2022 to 2024, GHG emissions per million revenue were reduced by 3.9%, 17.9% and 17.7%, respectively. 3. New businesses such as solar panel power

Schedule	Goal	Current progress
	3. Developing a new energy business.	generation and chargers services have been developed, resulting in carbon reductions of 2,828.162 and 46,286.2982 tons of CO ₂ e in 2024, respectively.
Medium term: 4 to 10 years (2026 to 2032)	1. The third-party verification of greenhouse gases will begin in 2026, one year earlier than the FSC's planning schedule. 2. New national net GHG emissions reduction targets: 28% $\pm$ 2% by 2030 compared to 2020; and 32% $\pm$ 2% by 2032 compared to 2020; planning to reduce emissions in Scope 1 and Scope 2 to actively reach the targets. 3. Reviewing the results of the inventory and incorporate them into green supply chain management in conjunction with product carbon reduction planning. 4. Incorporating new energy sources and carbon reduction plans in response to the net zero GHG emissions plan to effectively reduce greenhouse gas emissions.	1. Completed establishment of carbon inventory statistical data, and planning for third-party verification. 2. From 2020 to 2024, the GHG emissions from the energy use at the Linkou Plant and South Plant have reduced by 9%. Subsequently, we plan to introduce an energy management system and plan for the conversion of the solar power generation at the South Plant to achieve self-generation and self-consumption, and also plan to apply for green power certificates and implement other carbon management measures to reduce Scope 2 emissions. 3. Starting from 2024, internal carbon pricing assessments have been conducted based on the preliminary carbon fee rate planned by the Ministry of Environment to understand the impact of carbon fees on our operations. In addition, we plan to calculate and certify the carbon footprint of two types of products, and encourage suppliers to reduce carbon emissions to further decarbonize the products. We replace the use of electricity with our green energy products, hydrogen products, and power storage products, and continue to evaluate the carbon reduction program in the production process or factory. 4. Planning the conversion of solar power at South Plant to achieve self-generation and self-consumption, as well as applying for green power certificates.
Long term: 10~30 years (2033~2050)	1. New national net GHG emissions reduction targets: 38% $\pm$ 2% by 2035 compared to 2020; and 50% by 2050 compared to 2020, with plans to reduce Categories 1 and 2 emissions, and actively reach the targets. 2. Identifying and developing comprehensive green power generation technologies, such as hydrogen power generation and biomass power generation, in order to provide all sectors with feasible carbon reduction pathways in a timely manner.	1. Through carbon inventory data, we regularly review the carbon emission of raw materials used in the production process and evaluate feasible alternatives or business models to actively reduce carbon emission. 2. Increase investment in and promote hydrogen power generation facilities to gradually replace traditional fossil fuel power generation; develop biomass renewable fuel technologies and seek new investment and development opportunities.

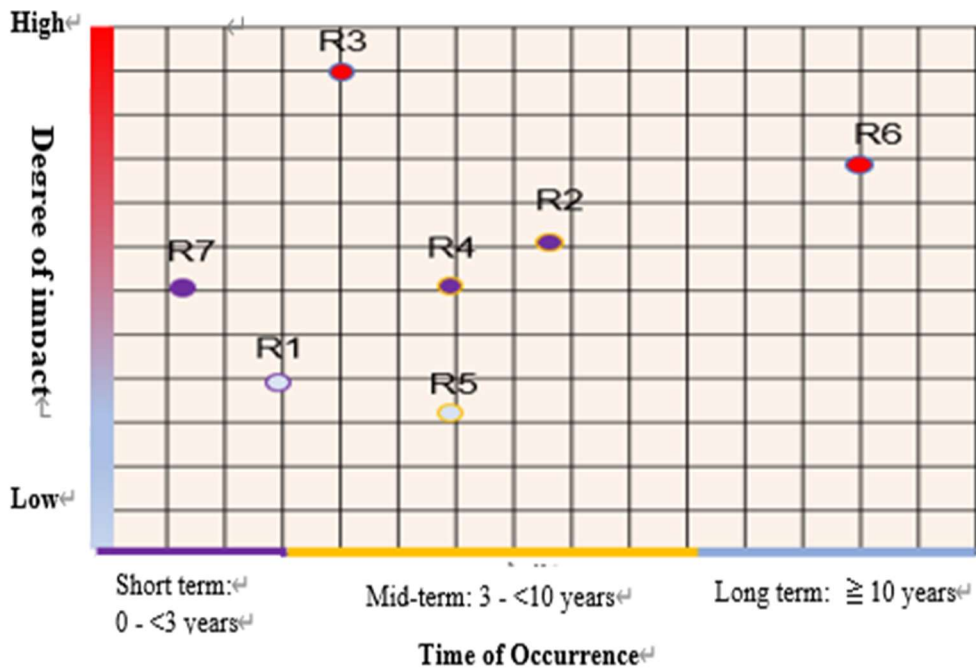


Figure 4-2: Risk matrix diagram

Table 3: Description of risk programs based on the TCFD framework

	Item	Type of risk	Potential impact	Strategic action	Time of occurrence	Degree of impact
Risk identification results	R1	Transition risk	Higher operating costs as a result of national legislation introducing a carbon tax	Plan for short-, medium- and long-term GHG management targets, incorporate internal carbon pricing assessment mechanisms, and continuously reduce carbon emission to mitigate the impact of fees.	Short term	Low
	R2	Transition risk	Higher operating costs due to the overall rise in raw material prices in the low-carbon transition process	Implement carbon reduction programs and actively seek alternatives to mitigate the impact of rising costs.	Mid-term	Medium
	R3	Transition risk	Higher customer requirements for the carbon footprint of equipment manufacturing processes and equipment usage in response to climate action, increasing product sales challenges	Conduct product carbon footprint assessment and planning ahead of regulatory requirement, identify factory hotspots and evaluate improvement programs to reduce carbon emission.	Mid-term	High

R4	Transition risk	In response to the low-carbon development trend, the Group actively researches and develops new equipment production or improves the equipment technology, which increases the operating costs.	After evaluating the production plant, which has Scope 2 as its main source of emissions, the plant has actively renewed its lighting fixtures to reduce electricity consumption.	Mid-term	Medium
R5	Transition risk	In line with the trends of low carbon development, the Group uses new high-efficiency production equipment, which in turn increases operating costs.	Optimize production process of air compressors and motors to reduce the increase in operating costs.	Mid-term	Low
R6	Transition risk	The overall supply chain system is unable to keep up with the demands of low-carbon transition, which affects the supply of raw materials.	Declare the green procurement amount to the Ministry of the Environment and obtain certification, and gradually establish a green supply chain, so that suppliers can respond or alternative suppliers can be found at an early stage.	Long term	High
R7	Physical risk	Increased frequency and severity of extreme weather events such as typhoons, rainstorms, and droughts, which affect product production and supply chain distribution and impact operational efficiency	The Chiayi plant started operations in 2024, reducing the potential production risk of a single factory site during extreme weather events.	Short term	Medium

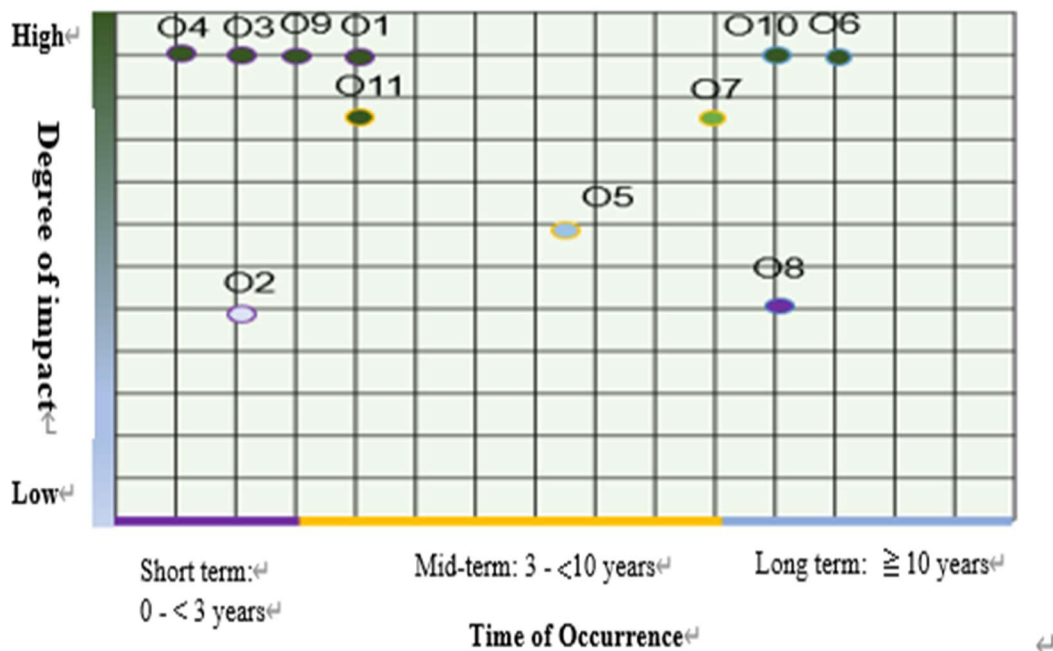


Figure 4-3: Opportunity matrix diagram

Table 4-4: Description of opportunity projects based on the TCFD framework

Table 4-4: Description of opportunity projects based on the TCFD framework	Item	Type of opportunity	Potential opportunities	Strategic action	Time of occurrence	Degree of impact
	O1	Products and services	In response to the global net-zero carbon emission trend, increase the global market penetration of the Company's hydrogen energy products and expand the revenue of the business group.	Develop hydrogen fuel cells to meet market demand.	Mid-term	High
	O2	Products and services	In response to the national energy transition policy, increase the market penetration of the Company's power storage products and expand the revenue of the business group.	Develop microgrid products to meet market demand.	Short term	Medium
	O3	Products and services	In response to the energy transformation of vehicles, the Company, combine with the parking lot business to increase the market penetration of electric vehicle charging services and expand the revenue of the business group.	Coordinate with parking lot operations, and provide charging services.	Short term	High
	O4	Energy sources	In response to the country's green energy transition, increase the Company's solar photovoltaic power generation capacity, which would increase green energy supply and boost the revenue of the business group.	Continue to develop solar panel power generation services. At present, all plants are equipped with solar panels for power generation, and there are three photovoltaic farms in Tian Cin, Tian Chong, and Tian Peng (all located at Qiqu of Tainan) (generating a total of about 320 million kWh of green power).	Short term	High
	O5	Products and services	In response to the development trend of the national power grids, increase the market penetration of the Company's microgrid equipment and expand the revenue of our business group.	Actively promote microgrid products, thereby expanding the market and boosting revenue.	Mid-term	Medium
	O6	Products and services	Develop the Company's carbon capture and reuse technology or low carbon emission technology, provide marketable low carbon products, and assist in its transformation.	Evaluate carbon capture and reuse technologies and low carbon emission technologies based on product characteristics. Assist owners to reduce carbon emissions.	Long term	High

O7	Market	Increased international demand for low-carbon products in response to climate change, thereby expanding the international market for the Company's overall new energy business.	We aim to become a completely green energy company by developing carbon-reducing products, hydrogen energy products, energy-efficiency grade 1 products, installing a wide range of chargers, etc. We are evaluating the feasibility of entering the international arena, thereby expanding our markets and increasing our revenues.	Mid-term	High
O8	Resilience	Guide the supply chain to make a low-carbon transition to reduce the carbon footprint of raw materials and increase product competitiveness.	Depending on product demand, we will increase the number of suppliers with carbon reduction advantages.	Long term	Medium
O9	Resource efficiency	Through the research and development of new product technologies, reduce the carbon footprint of product production and usage and increase product competitiveness.	The Company has the ability to design low carbon customized products according to the owner's needs to enhance market competitiveness.	Mid-term	High
O10	Resilience	In response to the low-carbon transition, continue to develop diversified renewable energy sources and increase our resilience in the face of domestic/international carbon taxes.	Develop and provide diversified green energy products to reduce the potential carbon costs.	Long term	High
O11	Resilience	Actively carry out energy conservation and carbon reduction, develop carbon rights and participate in the carbon market.	Solar power generation was switched to self-generation and self-consumption, and green power certificates were sought, in line with the Company's green energy goals.	Mid-term	High

5. Energy efficiency and carbon reduction results

(1) In terms of energy management, the Company has been actively promoting energy conservation and carbon reduction in recent years, and has been optimizing the lighting fixtures and process equipment in its plants. Referring to the Sustainability Accounting Standards (SASB) Guidelines for the Electronics and Electrical Equipment Industry (EEEI), the Company has calculated the total energy consumption and the source of electricity used. As shown in Table 5 below, in addition to the Linkou Plant and the South Plant, the Chiayi Plant, which is in its first year of operation, has been added to the 2024 statistics. The total energy consumption of the three plants is 43,132 GJ, which is a decrease of 2.9% compared to that of 2023, showing that energy conservation planning has already achieved initial results. Turnover grew by 15.6% compared to the previous year, so energy consumption per million dollars of turnover decreased by 16.0%. From the statistical data, it can be seen that in the past three years (2022-2024), the Company's total turnover has increased, while the energy density per unit of turnover has continued

to decrease, showing the improvement of production energy efficiency. Currently, the main source of electricity is the national grid, and there is no renewable energy source yet. The related energy management objectives are summarized in Table 5-2 below.

Table 5-1: Energy intensity statistics for the last three years

Item	Unit	2022	2023	2024
Total energy consumption	GJ	44,841	44,400	43,132
Annual turnover	Millions of dollars (NTD)	18,547	22,145	25,609.456
Energy intensity	GJ/Million dollars (NTD)	2.39	1.98	1.66
Comparison with previous year	%	-3.6%	-17.1%	-16.0%
Proportion of renewable energy use	%	0	0	0
Proportion of grid electricity use	%	100	100	100

Note: Annual turnover is based on consolidated revenue, and energy consumption data is updated due to LPG conversion factor adjustment.

Table 5-2: Group's energy management objectives

Schedule	Goal	Action plan
Short-term: 0~3 years (2022~2025)	Planning of measures to conserve electricity, water, and non-hazardous waste reuse within the Group: 1. 3% annual electricity savings 2. 3% annual water savings 3. Annual general utility waste reuse rate >80%	Introduce measures to save electricity, water, and reuse non-hazardous waste within the Group: 1. Electricity consumption in 2023 was reduced by 1% compared to 2022, due to the completion of the LED light saving project in the plants at the end of 2023. Th benefits have not been fully demonstrated. Electricity consumption in 2024 was reduced by 2%, mainly due to the Chiayi plant starting operation. If the Chiayi plant was excluded, electricity consumption would decrease by 5%. 2. 3% water saving in 2023; 2% increase in water consumption in 2024, mainly due to the increase in operational activities and the Chiayi plant joining the operation. 3. Reutilization rate of general utility waste: 82% in 2022; 82% in 2023; 82% in 2024.
Medium term: 4~15 years (2026~2032)	1. Take saving and carbon reduction measures in line with the national goal of reducing greenhouse gas emissions by 20% by 2030 compared to the baseline year of 2005., 2. Through, carbon inventory, identify carbon emission hotspots in the plants and propose solutions to reduce emissions.	1. Introducing energy management system, evaluating the energy-saving program of the production process, as well as the feasibility of the use of green power and the proportion of the use of green power. 2. Because the main carbon emission hotspot of the plants falls within Scope 2, the plants have been replacing poor energy efficiency equipment or lamps with energy-efficient equipment, such as LED lamps, inverter air

Schedule	Goal	Action plan
		conditioners, and inverter air compressors since 2023 based on the assessment results.
Long term: 15-30 years (2033-2050)	1. Take saving and carbon reduction measures in line with the national goal of reducing greenhouse gas emissions by 50% by 2050 compared to the baseline year of 2005. 2. Continuously review energy usage based on carbon inventory results and look for clean energy solutions.	1. Continuous energy saving, carbon reduction, waste reduction, and emission reduction have become the consensus of the Group's mission. 2. Continuously evaluating how to improve the efficiency of energy use, or planning to increase the use of green power, based on energy use.

- (2) In order to understand and estimate the impact of climate change on its financial operations, the Company has compiled statistics on the amount of greenhouse gas emissions, water consumption, and the total weight of wastes, and based on these statistics, the Company has formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, and other waste management, and has included the acquisition of carbon related products (such as green power certificates or carbon reduction credits) in the planning of the Company's subsequent carbon reduction strategy. In 2024, we will adopt the preliminary carbon fee of NT\$300 per ton as our internal carbon pricing to estimate the impact of carbon emission on our operations, and we initially assessed the impact to be low. We will then continue to plan energy-saving and carbon-reducing measures, such as the introduction of an energy management system and the continuous optimization of facilities and equipment, in order to reduce the impact of our operations on climate change.
- (3) CHEM 2024 continues to implement pollution prevention and energy saving and carbon reduction in the factory. In order to reduce greenhouse gas emissions, we have not only implemented energy-saving programs in our factories, but also upgraded the efficiency of air-conditioning and lighting systems and other equipment. Meanwhile, in line with the regulations of the Bureau of Energy and the Taoyuan City Government's vision of promoting a low-carbon green city, the company has built solar photovoltaic plants in the Linkou Plant, Taoyuan Tech. Plant, South Plant, and Chiayi Plant, with a total capacity of 5,001.31 kWp. In 2024, a total of 5,725.024 kWh of green electricity was generated from solar power plants, which was sold wholesale to Taiwan Power Co. tCO₂e emissions. In response to the carbon reduction plan, the solar photovoltaic power will be changed from wholesale sale to self-generation and self-consumption in 2025.
- (4) Through energy-saving actions, Linkou Plant and South Plant will save 529 kWh of electricity in 2024 compared to 2023, and reduce GHG emissions by about 261.2232 tCO₂e.
- (5) In terms of the establishment of chargers and charging services for pure electric vehicles (EVs), CHEM's CPO unit will provide charging services from February 2022, and has so far set up 65 chargers (60kW~350kW) at highway rest stops and Dodohome parking lots across the country, resulting in a total of 93,696,960 kWh of charging capacity at rest stops on National Highways in 2024, which is equivalent to a reduction of 46% of CO₂e emissions. This is equivalent to a reduction of 46,286.2982 tons of CO₂e emissions, which is equivalent to the annual carbon absorption of 120 Daan Forest Parks.
- (6) In 2024, the three photovoltaic installations in Tainan's Qiqu, namely, Tian Cin, Tian Chong, and Tian Peng, generated a total of 320 million kWh of green power, which was sold wholesale to Taiwan Power Company Limited. This is equivalent to a reduction of 157,979 tCO₂e, which is the annual carbon absorption of about 409 Daan Forest Parks.
- (7) In the greenhouse gas management section, the carbon emission intensity based on energy use is shown in Table 5-3 below. In addition to the Linkou Plant and the South Plant, the Chiayi Plant, which is in its first year of operation, has been added to the 2024 statistics.

The total amount of greenhouse gas emissions of the three plants is 5,588.4446 [tCO₂e], which is a decrease of 4.5% compared to the 2023 figure, and the carbon emission intensity per one million dollars of revenue has decreased by 17.4%. From the statistical data, it can be seen that the company's GHG emission intensity has been decreasing in the past three years (2022~2024), which means that the Company has reduced its GHG emissions in parallel with the increase in total turnover.

Table 5-3: GHG emission intensity statistics for the last three years

sports event	unit (of measure)	2022	2023	2024
Carbon dioxide equivalent emissions	tCO ₂ e	5,969.7176	5,851.5103	5,588.4446
Carbon emission intensity	tCO ₂ e/million dollars (NTD)	0.3219	0.2642	0.2182
Increase/decrease in density from previous year	%	-3.1%	-17.9%	-17.4%

Note: Annual revenue is calculated based on consolidated revenue; data for 2022-2023 is calculated based on the Ministry of the Environment's "Guidelines for Greenhouse Gas Emission Inventory" (2022.05), and from 2024 onwards, calculations will be conducted in accordance with the GHG Protocol as required by the FSC. Additionally, the LPG conversion factor for 2022-2023 has been adjusted, and thus the data has been updated.

(8)CHEM, in order to comply with the requirements of the FSC, used the latest version of AR6 for the GWP value and the latest 2023 announced value of Taipower Coefficient to define the inventory boundary in accordance with the GHG Protocol for the year of 2024 for Scope 1 (direct GHG emissions) and Scope 2 (indirect energy emissions), and define the inventory boundary based on the operation control method. The operational boundaries of the inventory are production plants (Linkou, Southern Taiwan, and Chiayi), warehouses (Taoyuan Tech. Park), and business offices (Nankang and Taichung), presenting the complete GHG emissions of individual companies. Scope 1 emissions amounted to 1,286.1563 tCO₂e (18%), while Scope 2 emissions amounted to 5,204.1678 tCO₂e (82%), with electricity consumption as a carbon hotspot, and the cumulative total of the two amounted to 6,490.3241 tCO₂e. External validation has been planned for the current year. The categories include important raw materials, employee commuting, cargo transportation, waste disposal transportation and product use, etc., and the preliminary statistics are about 73,768.2693 tCO₂e; among them, the insulating gas (SF₆) used in testing and product use accounts for the highest proportion of the emissions, which is mainly due to the need for the use of SF₆ for IEC 62271 requirements of the product test before shipment and the owner's contract prior to the installation of the required inspection, with a GWP value of 25%. The GWP value of SF(6) is 25,184 (calculated based on AR6), and the fugitive amount is estimated to be 54,805.4794 tCO₂e. The company has improved the product design and testing pipeline, and the annual average fugitive rate in 2024 is 1.87% (the annual average fugitive rate in 2023 is 2.17%).

4.9 Information security management

1. Information security management

In response to the international trends and the fact that information security is national security, and in response to the government' policy of strengthening the information and communication security management of listed companies, the Taiwan Stock Exchange has formulated the "Guidelines for Information and Communication Security Management and

Control of TWSE/GTSM-listed Companies," the Financial Information Center of the Ministry of Finance has established an information security management system in accordance with the provisions in "Points 13 and 30 of the Implementation of the e-Invoicing Operation Points," and internal audit procedures for the information security of accountants. In view of this, the Company has passed the ISO 27001 evaluation and regularly obtains certification for its information security management system (valid from November 24, 2022 to November 23, 2025). Through the establishment of an information security organization, planning and construction of an information management system, network and system security mechanisms and vulnerability defense management, personnel information security education and training, and physical and environmental security management to comply with international standards and norms, the Company is able to ensure that the confidential data it provides complies with information security regulations and protections. The Company has not experienced any major information security incidents in the recent years and up to the printing date of this Annual Report.

The information security organization of the Company consists of the top management, representatives of the management, the information unit and the personnel in charge of the Quality Assurance Committee. Under the supervision of the top management and representatives of the management, the information unit is responsible for coordinating the planning and management of information security, and the Quality Assurance Committee is responsible for the internal audit of the information security system, and the organization is responsible for implementing information security management system policies and the Company's commitments, formulating and implementing information security management plans, establishing and improving the Company's information security management system, and maintaining its effective and continuous operation.

The Company formulates information security management and risk assessment procedures, establishes a risk assessment methodology that identifies risk applicable to the information security management system and business information security, and legal and regulatory requirements, establishes guidelines for risk acceptance and identify acceptable levels of risk, and the chosen risk assessment methodology should ensure that the risk assessment produces comparable and reproducible results. Within the scope of the information security management system, information security risk assessments are conducted to identify the risks and potential consequences due to the loss of confidentiality, integrity, and availability of information, and decide on the level of risk, in order to help minimize losses due to the risk.

The information security risk assessment process is as follows:

- Establish and maintain information security risk standards, including risk acceptance standards and standards for performing risk assessments.
- Ensure that information security risk assessment activities maintain consistency and produce valid and comparable results.
- Identify information security risks.
- Analyze information security risks
- Determine the priority of risk treatment based on the risk level.
- Implement procedures for handling security incidents and corrective measures
- Track and follow up on implementation results and evaluate effectiveness for inclusion in management plans.

(1) Key points of phased implementation:

Implementation phase: Establish information a security protection mechanism, continuously introduce new information security risk control technology, enhance the efficiency of detection and response processing procedures of various information security events by using intelligent/automated mechanisms, and strengthen the information security and network security protection processes in

order to maintain the protection of the Company's important assets.

Verification phase: Regularly monitor the effectiveness of security management indicators, conduct annual internal audits, third-party review audits, and system and service vulnerability scans to ensure continuous improvement of security management and defense capabilities.

Action phase: Review and continuous improvement - When employees and contractors violate information security related norms and procedures, punishments will be imposed in accordance with the regulations, and continuous education and training on information security will be conducted for all employees to enhance information security awareness.

(2) Specific implementation plan

Dedicated responsibilities: Establish annual information security goals, complete technology introduction and related audits to maintain and continuously strengthen information security.

Implementation progress: In accordance with ISO27001 information security implementation standards, the Company's information security policy is implemented across all levels of its operations, and six business continuity plans are carried out from time to time, in order to reduce information security risks and to maintain uninterrupted operations.

Education and training: All new employees must complete an information security education and training course before they report to work. In 2024, 107 quarterly employee social engineering phishing email tests were completed; new employee training, regular semi-annual information security education and training, and occasional information security advocacy activities totaled 51,657 participants, and 494 information security questionnaires were administered in order to strengthen personnel awareness of information security.

Information security bulletin: Information security bulletins are issued from time to time to convey important regulations and precautions for information security protection, and new hacker techniques, totaling 23 times this year.

Commitment to security: All new employees must sign an employee confidentiality agreement, professional ethics and integrity business conduct statement, and a creation undertaking, and all contractors must agree to all information security clauses when signing the bargaining record.

Asset management: All information equipment, hardware and software are fully cataloged for asset management; it is strictly prohibited to install software and set up private information equipment privately, and information equipment is monitored at all times to ensure that there is no non-compliant behavior.

2. Intellectual and financial management

The Company has formulated an intellectual property management plan that is linked to its business strategy and promotes intellectual property in energy development through the implementation of the plan through five major aspects: establishing a management system, providing and maintaining resources, evaluating risks and opportunities, and ensuring a continuous improvement mechanism. The Company also fulfills its corporate social responsibility and global civic responsibility through the sharing of the results of its intellectual property.

(1) Smart property management strategies:

With energy, hydrogen and microgrids as our strategic goals for future development, on December 31, 2024, we passed the TIPS Taiwan Intellectual Property Management certification. In the "local" axis, the Company has launched various implementation plans and continues to promote the local production policy to enhance local

development and local supply of equipment/materials, with the hope that in the above-mentioned process, the Company can promote the output of intellectual property and properly manage and protect the results.

(2) Possible intellectual property risks and measures to address them:

In the era of globalized knowledge economy, we should pay attention to the utilization and value-added of intellectual property rights, and we also have to deal with the risks and challenges that come along with it. Our company actively engages in patent portfolio searches, explores new blue oceans of technology, establishes patent barriers ahead of the industry, and at the same time, in order to benefit the rapid development of the industry, negotiates technology licensing with technology demanders, and collaborate with like-minded individuals from around the world to implement trends in localized production and supply.

Meanwhile, in order to avoid the risks that may be faced during the life cycle of intellectual property, such as the cost of remedies or losses due to unlawful infringement, as well as the risks that may be faced internally and externally (e.g., by internal staff, employees, or external contractors, and industry-academia cooperation organizations) due to their lack of understanding of the meaning of protection of intellectual property, the timeliness of the protection and the protection measures that should be implemented, which may result in the failure to protect the newly produced intellectual property in a timely manner, and thus affect the competitiveness or operating performance of the enterprise., the Company regularly invites external experts to hold lectures and trainings for legal, R&D, business, and procurement personnel. In addition to establishing a system to implement the management of clients' intellectual property rights, the Company also strengthens its intellectual property management policy for supply chain management, so as to truly plant the DNA of intellectual property management and maintenance in its practitioners.

(3) Intellectual property management system:

In order to prevent the risks mentioned above, the Company passed the TIPS Taiwan Intellectual Property Management System certification on December 31, 2024 (the certificate is valid until December 31, 2025) to identify the opportunities or risks related to intellectual property management and formulate relevant measures to deal with them. Through identifying the opportunities or risks associated with intellectual property management and formulating relevant countermeasures, including policies and objectives, systems and norms, education and training, confidentiality management, inventory maintenance, and infringement protection, the Company effectively eliminates and reduces the risk of damages. In the future, the Company will formulate an "Intellectual Property Management Plan" annually in accordance with the aforementioned strategy and relevant management standards, and report to the Board of Directors at least once a year on the content and implementation of the plan. The most recent report was made on March 5, 2025.

3.1. Patent and trademark management:

3.1.1 In accordance with the Company's "Intellectual Property Management Regulations" and TIPS-related documented information, the Legal Affairs Unit continuously evaluates and works with the R&D units to propose the demand and necessity of intellectual property rights, and cooperates with outside firms to handle intellectual property rights applications, maintenance, protection, prosecution, and authorization of use.

3.1.2 The Company has a cumulative total of 47 patents granted worldwide and 11 pending applications.

3.1.3 The Company has accumulated a total of 66 trademarks approved globally.

- 3.2. Management of business secrets and copyrights: In accordance with the Company's "Information Security Management Regulations" and other rules, all employees and the supply chain have the following obligations: i) document management: the confidentiality of documents is implemented, including confidentiality level, labeling, control and authority, etc., in order to ensure confidentiality of undisclosed intellectual property; and ii) confidentiality obligations: employees are required to abide by confidentiality and non-competition rules regarding technology, processes, designs, operational strategies, R&D designs or plans, and other non-public information that is conducive to the Company's competitive advantage, in order to prevent theft and leakage of confidential information through the Internet, and to fulfill confidentiality obligations through education and training as well as the work rules of employees. When cooperating with contractors/suppliers, we also require them to sign confidentiality agreements and include them as part of our intellectual property management program.

4.10 Important contracts

Contract type	Conterparty	Contract start and end dates	Main content	Restrictive clause
Engineering contract	Taipower	2024.1.24 to expiration of warranty period	Turnkey project for the new 161kV switchyard of Tongxiao Power Plant Phase II Renewal and Reconstruction Program	1. NT\$36,500 shall be paid for each day of delay for Phase 1. 2. NT\$1,270,000 shall be paid for each day of delay for Phase 2. 3. NT\$1,880,000 shall be paid for each day of delay for Phase 3. 4. NT\$50,000 shall be paid for each day of delay for Phase 4. 5. NT\$300,000 shall be paid for each day of delay for Phase 5. 6. NT\$724,000 shall be paid for each day of delay for Phase 6. 7. NT\$125,500 shall be paid for each day of delay for Phase 7.
Engineering contract	Taipower	2022.5.13 to expiration of warranty period	Procurement of Solar Photovoltaic and Wind Turbine Property with Installation at Nuclear Power Plant No. 3	1. Late liquidated damages: NT\$200,000 for each day of delay in the completion of the rooftop solar photovoltaic system; NT\$1,100,000 for each day of delay in the completion of the ground-based solar photovoltaic system in Area A; NT\$400,000 for each day of delay in the completion date of the ground-based solar photovoltaic system in Area B; NT\$350,000 for each day of delay in the completion date of the ground-based solar photovoltaic system in Area C; NT\$1,100,000 for each day of delay in the completion date of the ground-based solar photovoltaic system in Area D; NT\$150,000 for each day of delay in the completion of the ground-based solar photovoltaic system in Area E; and NT\$1,000,000 for each day of delay in the completion date of all wind power systems; and NT\$1,000,000/day for the completion date of all wind turbines. 2. Photovoltaic system equipment performance liquidated damages: During the trial period, for every 0.0001 decrease in the solar photovoltaic power generation system performance ratio (PR), a fine of NT\$8,000 will be levied on sites such as the Nanwan Dormitory, a fine of NT\$20,000 will be levied on single dormitories, a fine of NT\$550,000 will be levied on the Nuclear Power Plant No. 3 base area site, and a fine of NT\$4,000 will be levied on the west side of the Nanwan Dormitory site. 3. Wind power generation system equipment performance liquidated damages: selected a unit to conduct performance output testing for wind power generation units, and to calculate the total annual power generation. A penalty of NT\$50 will be applied for each degree below the figure specified in the bidding documents.
Engineering contract	Taipower	2021.5.4 to expiration of warranty period	Taichung Power Plant New Gas-fired Unit Program 345kV Gas Insulated Switchgear and Ancillary Equipment Project	1. For the first phase of the project, NT\$69,000 shall be paid for each day of delay. 2. For the second phase of the project, NT\$3,000 shall be paid for each day of delay. 3. For the third phase of the project, NT\$3,886,000 shall be paid for each day of delay. 4. For the fourth phase of the project, NT\$3,105,000 for each day of delay. 5. For the fifth phase of the project, NT\$17,000 shall be paid for each day of delay. 6. For the sixth phase of the project, NT\$10,000 shall be paid for each day of delay.

Contract type	Conterparty	Contract start and end dates	Main content	Restrictive clause
Engineering contract	Taipower	2020.5.20 to expiration of warranty period	Xingda Power Plant Gas-fired Unit Upgrade and Reconstruction plan 345kV Gas Insulated Switchgear and Ancillary Equipment Project	1. Beyond the completion date of the first phase of the project: NT\$30,000/day. 2. Beyond the completion date of the second phase: NT\$3,000,000/day. 3. Beyond the completion date of the third phase: NT\$260,000/day. 4. Beyond the completion date of the fourth phase: NT\$20,000/day.
Engineering contract	Taipower	2010.01.30 to expiration of warranty period	Turnkey project for the installation of additional 161kV switchyard at Datan and Linkou power plants under the gas-fired combined cycle unit power generation plan at Datan Power Plant	1. NT\$9,000 shall be paid for each day of delay for Phase 1. 2. NT\$2,550,000 shall be paid for each day of delay for Phase 2. 3. NT\$850,000 shall be paid for each day of delay for Phase 3. 4. NT\$135,000 shall be paid for each day of delay for Phase 4. 5. NT\$80,000 shall be paid for each day of delay for Phase 5. 6. NT\$135,000 shall be paid for each day of delay for Phase 6. 7. NT\$10,000 shall be paid for each day of delay under Phase 7.
Parking lot operation and management Contract	Taiwan High Speed Rail Corporation	2022.1.1 to 2026.12.31	Parking lot operation and management at Taiwan High Speed Rail Stations (Taoyuan, Hsinchu, Miaoli, Taichung, Changhua, Yunlin, Chiayi, Tainan, Zuoying)	None
Credit granted by financial institution	Yuanta Commercial Bank Co.	2026.01.06 to 20287.01.05	Project financing	None
Credit granted by financial institution	Bank SinoPac	2024.09.01 to 2026.09.30	Project financing	None
Credit granted by financial institution	Mega Bank, Foreign Department	2024.06.08 to 2026.06.07	Comprehensive credit limit loan	None
Credit granted by financial institution	Hua Nan Bank, Yonghe Branch	2024.06.07 to 2025.06.07	Comprehensive credit limit loan	None
Credit granted	Bank of Taiwan,	2024.07.22 to	Comprehensive credit	None

Contract type	Conterparty	Contract start and end dates	Main content	Restrictive clause
by financial institutions	Liancheng Branch	2025.07.22	limit loan	
Credit granted by financial institution	Taiwan Cooperative Bank, Panshin Branch	2021.09.29 to 2026.09.29	Appointed guarantee limit for issuing corporate bonds	None
Credit granted by financial institution	Yuanta Commercial Bank	2024.12.23 to 2025.12.22	Consolidated Line of Credit Deed	None
Credit granted by financial institution	Mega Bills Finance Corporation, Taoyuan Branch	2024.09.24 to 2025.09.23	Appointed guarantee for issuing commercial paper limits	None
Corporate bond trustee deed	Bank SinoPac	2021.09.29 to 2026.09.29	First secured general corporate bond trust agreement in 2021	None

V. Review of Financial Conditions, Financial Performance, and Risk Management

5.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2024.12.31	2023.12.31	Variance	
			Amount	%
Current Asset	23,103,583	19,453,681	3,649,902	18.76%
Property, Plant And Equipment	13,918,489	14,445,905	(527,416)	-3.65%
Intangible Asset	318,660	318,979	(319)	-0.10%
Other Assets	11,927,100	9,951,996	1,975,104	19.85%
Total Assets	49,267,832	44,170,561	5,097,271	11.54%
Current Liability	16,744,978	15,435,127	1,309,851	8.49%
Non-Current Liability	13,277,933	12,785,197	492,736	3.85%
Total Liability	30,022,911	28,220,324	1,802,587	6.39%
Capital Stock	5,031,125	5,031,125	0	0.00%
Capital Surplus	3,007,439	2,970,660	36,779	1.24%
Retained Earnings	7,718,405	5,763,890	1,954,515	33.91%
Other Equity	3,397,636	2,105,443	1,292,193	61.37%
Treasury Stock	(116,880)	(116,880)	0	0.00%
Non-Controlling Interest	207,196	195,999	11,197	5.71%
Total Shareholders' Equity	19,244,921	15,950,237	3,294,684	20.66%

Analysis of changes in financial ratio (for changes of 20% or more and changes of NT\$10 million or more):

Retained earnings: mainly due to an increase in profit or loss after tax for the period.

Other equity: mainly recognized as an increase in unrealized gains on financial assets at fair value through other comprehensive profit or loss.

5.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2024	2023	Variance	
			Amount	%
Net Operating Revenue	25,609,456	22,144,872	3,464,584	15.65%
Operating Costs	18,888,341	15,725,953	3,162,388	20.11%
Gross Profit	6,721,115	6,418,919	302,196	4.71%
Operating Expense	2,184,194	2,032,422	151,772	7.47%
Non-Operating Incomes and Expenses	(76,027)	(1,989,635)	1,913,608	-96.19%
Profit Before Income Tax	4,460,894	2,396,862	2,064,032	86.11%
Income Tax	(833,744)	(811,418)	(22,326)	2.75%
Net Profit for the Period	3,627,150	1,585,444	2,041,706	128.78%
Other Comprehensive Income for the Period	1,384,078	1,220,975	163,103	13.36%
Total Comprehensive Income for the Period	5,011,228	2,806,419	2,204,809	78.56%

Analysis of changes in financial ratio (for changes of 20% or more and changes of NT\$10 million or more):

Operating Costs: Mainly due to the increase in raw material prices and other cost increases.

Increases in non-operating incomes and expenses, profit before income tax, net profit for the period, and total comprehensive income for the period: all mainly due to a decrease in tithing expenses.

Influence for future financial statues and business: No material impact.

5.3 Analysis of Cash Flow

5.3.1 Liquidity Analysis in last two years

Items	Year	2024	2023	Variance (%)
Cash Flow Ratio (%)		23.62%	46.73%	-49.45%
Cash Flow Adequacy Ratio (%)		85.87%	84.19%	2.00%
Cash Reinvestment Ratio (%)		5.28%	15.45%	-65.83%
The Changes in Liquidity analysis in last two years: Decrease in the cash flow ratio and the cash reinvestment ratio: both were mainly due to the decrease in net cash flows from operating activities.				

5.3.2 Remedial Actions for Liquidity Shortfall: Not applicable.

5.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
(1)	(2)	(3)	(1)+(2)-(3)		
2,740,611	5,583,986	5,920,028	2,404,569	-	-

1. Analysis of changes in cash flows during the year

(1) Net cash flows from operating activities:

Stable profit growth in 2025 to boost working capital.

(2) Cash outflow for the year

The estimated cash outflows, mainly from investing and financing activities, are summarized below:

a. Investing activities: mainly due to increased capital expenditures.

b. Financing activities: mainly cash dividends and lease principal repayments.

2. Analysis of remedies and utilization of projected cash shortfalls: Not applicable.

5.4 Major Capital Expenditure Items

5.4.1 Review and analysis of the source of funds for major capital expenditures

As the Company's operations are in good condition, the recent major capital expenditures were mainly financed by the Company's own working capital, and therefore did not have a significant impact on the Company's finances.

5.4.2 Expected Benefits:

No significant impact.

5.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(Please refer to operation of Affiliated Companies on Annual Report)

Unit: NT\$ thousands

Investee	Net Income (Losses) of the Investee Company	Business Operations	Operation Plans and Improvement Plans	Investment Policy the Coming Year
CHEM USA Corp.	229	Focusing on notebook white label computer sales and OEM industry, the company made a small profit in 2024 with good cost control.	Continuously enhance customer added value and reduce costs to improve the company's competitiveness.	None
Cheng-Hsin engineering & services CO.,Ltd.	152,117	The solar power plant maintenance and operation management business is developing smoothly, so revenue and profit are growing at the same time and continue to be profitable.	Continuously expanding business opportunities in various types of maintenance and operation management, such as electromechanical and solar power plants.	None
Sunrise Tech. Co. Ltd.	80,547	The company's profit is generated from the gain on the evaluation of financial instruments.	None.	None
Global-Entech Co., Ltd.	-5,400	Due to competition in the industry, the overall gross profit was affected, and the operation showed a loss.	We will continue to expand our business and enhance operational efficiency to increase profitability.	None
Tone-zoom industry Co., Ltd.	-1,801	Operations showed a loss due to the tightening of business.	Continuous improvement of operating conditions and restructuring of operations will be carried out.	None
Etrovision technology Co., Ltd.	21,624	The company's operational transformation has been successful, and revenue and profit continue to grow.	Focusing on smart parking related business toward stabilizing operations.	None
San-Feng construction Co., Ltd.	13,864	The Company's profit is mainly generated from the profit of its own business and the interest in the evaluation of financial instruments.	Grasp the business opportunities in the construction business to enhance the company's revenue and profitability.	None

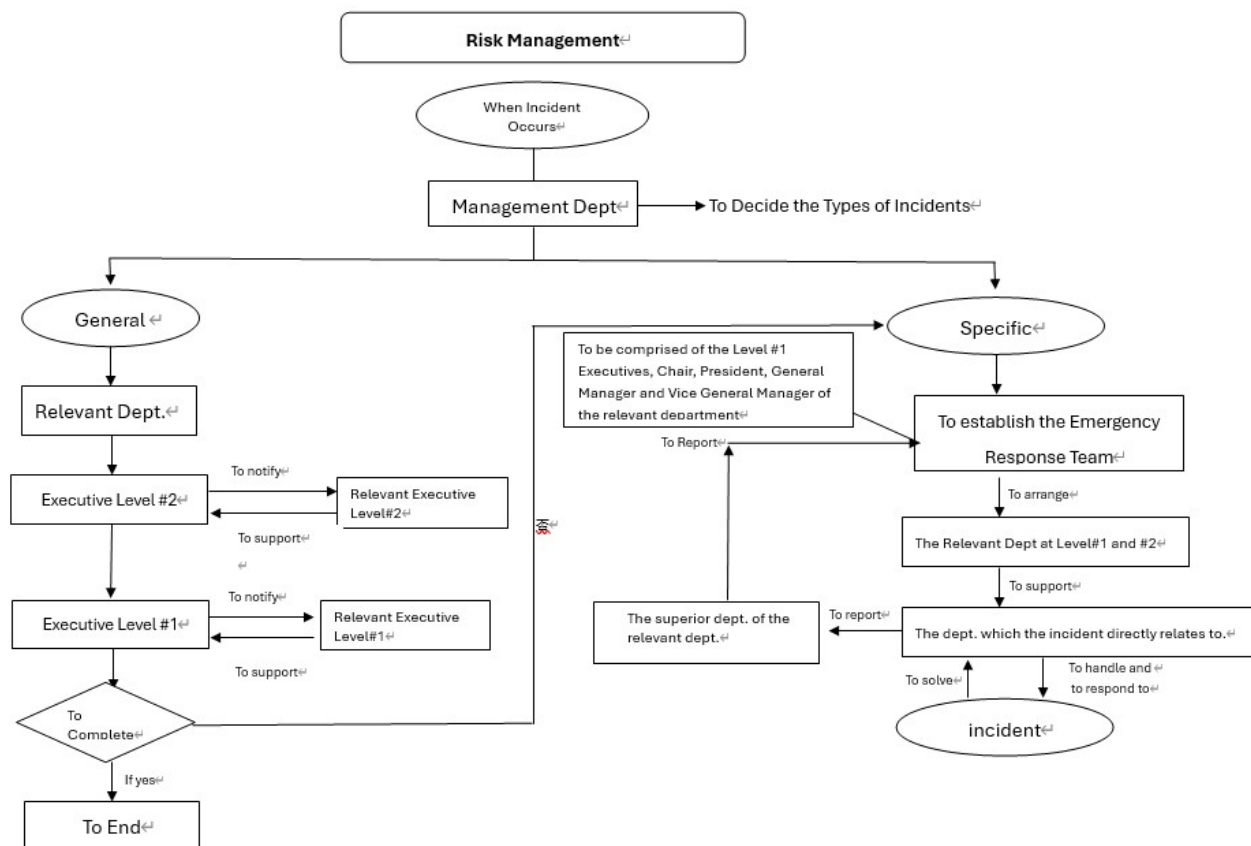
Investee	Net Income (Losses) of the Investee Company	Business Operations	Operation Plans and Improvement Plans	Investment Policy the Coming Year
Bao-Sheng Global Co.,Ltd.	48,657	The Parking Management business is operating at a stable level and the Company has been able to continue to make profits.	Continuing to deepen the domestic Parking Management market and improve operational efficiency.	None
Wha Dun building management service Co., Ltd.	9,286	Management and maintenance business operations are stable and the company continues to be profitable.	It will combine CHEM's professional advantages and continue to expand the scale of its operations.	None
FinData Technology Corp.	35,517	The company's operations are stable and profitable, with growth in both revenue and profit.	Continuously develop the Intelligent Parking Management System, combined with the cell phone APP and the cloud Internet, to provide consumers with more convenient parking services.	None
Tian Chong Energy Co., Ltd.	29,434	Solar power plant operations are stable and the company continues to make profits.	Enhancement of power plant maintenance and management to increase profitability.	None
Tian Peng Energy Co., Ltd.	15,074	Solar power plant operations are stable and the company continues to make profits.	Enhancement of power plant maintenance and management to increase profitability.	None
Tian Cin Energy Co., Ltd.	3,275	Solar power plant operations are stable and the company continues to make profits.	Enhancement of power plant maintenance and management to increase profitability.	None
Tian Fu Energy Co., Ltd.	6,371	Profits from investments in enterprises are recognized under the equity method.	None.	None
Chung- Hsin Energy Tech. Inc.	-18,817	The company is still in its infancy and will continue to expand its business and pursue profit and loss balance.	Actively expanding the global market for fuel cell products.	None
Stellar Power System Co., Ltd.	-5,617	The company is still in its infancy and will continue to expand its business and pursue profit and loss balance.	Continuously expanding related businesses to increase revenue streams.	None

Investee	Net Income (Losses) of the Investee Company	Business Operations	Operation Plans and Improvement Plans	Investment Policy the Coming Year
Chung-Hsin Power Systems (Jiangsu) Corp.	89,499	Benefiting from increased orders in the equipment business, the company's revenue and profit continued to grow.	Continuing to develop orders for heavy power related products in China and the Middle East, stabilizing the company's operating profitability.	None
Jiangsu Chung-Hsin Precision Machinery Co.,Ltd.	195,820	Power supply components and optoelectronic equipment components precision machining two business synchronization rise, the company's profitability continues to grow.	We will continue to focus on the two major businesses of power supply components and precision machining of optoelectronic equipment components in pursuit of corporate growth and profitability.	None
Chemly power equipment Corp.	-2,950	The Company will continue to transform and improve its operational efficiency as competition in the China market affects its business.	Continuing to transform the business and improve operational effectiveness.	None
Chem-tech (Shang-hai) Corp.	33	The company is positioned as a trading and technical services business and will continue to expand its markets.	Continuously expanding related businesses to increase revenue streams.	None
Nantong Shengyi Precision Machinery Co.	7,053	Benefited from the growth of machining business volume and continued to stabilize profits.	Expand operations and maintain profitability.	None
Integrated Manufacturing & Services Co., Ltd.	-6,432	Continuously adjusting the direction and body of operations in pursuit of profit and loss equilibrium.	Continuing to transform the business and improve operational effectiveness.	None
CHEM Corp.	320,379	Income from investments in enterprises is recognized under the equity method.	None.	None
CHEM Power Corp.	-2,861	Losses on business investments are recognized under the equity method.	None.	None
CHEM Power Limited	322,376	Income from investments in enterprises is recognized under the equity method.	None.	None
CHEM J-V Limited	34,126	Income from investments in enterprises is recognized under the equity method.	None.	None

Investee	Net Income (Losses) of the Investee Company	Business Operations	Operation Plans and Improvement Plans	Investment Policy the Coming Year
H2 PowerTech, INC	8,091	Income from investments in enterprises is recognized under the equity method.	None.	None
H2 PowerTech, LLC	8,091	Continuing to expand operations and increase the company's profitability.	Continuous product development and business development to strengthen the company's profitability.	None
ME Energy Systems Limited	-29,676	Losses on business investments are recognized under the equity method.	None.	None
EGME Energy Ecosystems (India) Private Limited.	-3,879	It is still in the business development stage and will continue to develop business in the future.	Tapping into the Indian fuel cell market.	None
CHEM ME Energy Systems Holdings Proprietary Limited	-13,870	Losses on business investments are recognized under the equity method.	None.	None
CHEM Energy SA Proprietary Limited	-44,200	It is still in the business development stage and will continue to develop business in the future.	Expanding the fuel cell market in South Africa.	None

5.6 Analysis of Risk Management

5.6.1 Organizational structure for risk management



Note: The Administration Office shall directly accept the case and determine whether it is an ordinary accident or a special type of major accident. If it is a special and serious accident, the Major Emergency Prevention Settlement Team shall convene relevant departments to discuss and implement measures. Until the accident is relieved, if it is a general accident, the accident unit will control the accident situation first, if it cannot be controlled, the superior unit of the accident unit will coordinate with the relevant units and return to the company.

The objective of risk management of the Company is to maximize the economic benefits of the Company by utilizing its resources in an effective manner within the scope of risks approved by the Board of Directors. The Company establishes risk management policies through the Company's internal control system and internal audit, and implements them in accordance with the Company's established management structure, procedures, and authority and responsibility, and according to the nature of risks, such as market, financial, liquidity, credit, legal, strategic, and operational risks, to implement risk awareness in business decision-making. Regular self-assessment reviews are conducted to implement risk awareness in business decisions.

5.6.2 Analyze and assess the following risk management matters for the most recent year and as of the date of publication of the Annual Report:

1. The impact of interest rate, foreign exchange rate changes and inflation on the Company's profit or loss for the recent year and up to the printing date of the Annual Report, as well as the measures to cope with such impact in the future:

The Company regularly evaluates the international financial situation, changes in interest rates in the currency market, and fluctuations in the foreign exchange market, and adjusts its hedging strategy in accordance with the Company's policy to minimize the impact on the profit or loss of the industry.

(1) Interest rates

The Company's capital planning is based on the principle of conservatism and prudence, and the allocation of funds is based on the priority of safety and liquidity. Please

refer to the latest consolidated financial report for the net interest expense of the Company for the year ended December 31, 2024, and its impact on the Company's profit and loss is limited. U.S. consumer confidence index lower than expected, and the Trump administration's trade policy uncertainty is still high, may depress the U.S. economic growth, the U.S. Federal Reserve (Fed) on March 19, the latest interest rate resolution was unveiled, such as the market is expected to maintain the policy rate unchanged by tariffs lead to price material growth, Atlanta Fed President said that in view of the tariffs impede the return of inflation, is expected to be this year's U.S. Federal Reserve (Fed) to maintain the The interest rate cut two yards. And our central bank has been four consecutive meetings of the Board of Directors and Supervisors to maintain the policy rate unchanged President Yang pointed out that the central bank's monetary policy is currently no conditions for easing, unless the economic growth rate slumped very much, probably has implied that the central bank this year, the chances of a rate cut is not very high.

(2) Foreign exchange rates

The dollar in the FOMC, because the market is expected to FED is not in a hurry to cut interest rates and stop falling back up, looking ahead to the market, short online in the U.S. economy into recession under the haze mood, funds flow into the U.S. bond safe-haven assets, in addition to the U.S.-Russia war peace to promote the unspecified, the Middle East, such as geopolitical risks of war, the U.S. dollar is still a certain degree of support. The euro trend depends on the European and American trade war on the impact of the European boom, the market estimated that the euro trend neutral devaluation. The yen will turn with the country's monetary policy and the spread between the big countries to narrow and drive the yen up.

In recent years, the proportion of foreign capital involved in Taiwan's foreign exchange market is growing, from the movement of foreign capital in the Taiwan stock market can also find clues, the short-term trend of the Taiwan dollar and the movement of foreign capital in the Taiwan stock market is highly correlated with the recent Taiwan stock market continues to correct, the movement of foreign capital is difficult to reverse, the Taiwan dollar fear that the short term is still a weak pattern of oscillation.

However, in the long run, under the policy pattern of the Federal Reserve Board maintaining the cycle of interest rate cuts and the relatively hawkish stance of Taiwan's central bank, the narrowing of the U.S.-Taiwan interest rate differentials will provide the Taiwan dollar with an appreciating force. Overall, the Taiwan dollar maintains a mild appreciation outlook in the long run. The international economic situation is changing rapidly, the Company keeps abreast of foreign exchange financial and monetary information, as of December 31, 2024, the Company exchange rate gains and losses, please refer to the most recent consolidated financial report, in view of the huge fluctuations in the foreign exchange market, on the one hand, try to assets and liabilities against each other, in order to reduce exposure to exchange rate fluctuations in the risk of the parts of the natural hedge strategy, on the other hand, for the purchase of large quantities of imported raw materials, On the other hand, for the purchase of large quantities of imported raw materials, equipment, etc., the Company closely tracks the future demand for funds and engages in the hedging strategy of pre-purchase of foreign exchange and forward exchange to lock in the cost and avoid the risk of exchange rate fluctuations arising from foreign currency debts as much as possible.

(3) Inflation

U.S. President Trump's aggressive tariffs agenda, exacerbated the market's concerns about the prospects for U.S. economic growth, global uncertainty still exists, safe-haven

demand continues to drive gold prices in the vicinity of the historic highs oscillating; Copper market, Comex copper premiums over LME copper to expand to 1,200 U.S. dollars per tonne above the long-term high copper prices continue to rise to hit high copper prices may reach 10,000 U.S. dollars per tonne. Geopolitical risks push up the global price of raw materials, U.S. President Trump ordered the Iranian-backed Houthi armed groups to launch a military attack, the market is worried about the rekindling of the Red Sea crisis, so that the international oil prices and the Middle East conflict triggered by the Red Sea shipping crisis, resulting in soaring freight rates and delayed delivery problems, affecting the global supply chain, resulting in a global inflation problem is more serious. Our country mainly relies on imports of bulk materials, according to the Office of the Comptroller General announced economic and price forecasts, this year, Taiwan's consumer price index CPI annual growth rate of 1.89%, but this year's economic growth rate has been revised down to 3.05%, mainly to take into account the uncertainty of the Trump 2.0. Therefore, the Company continues to work to reduce the procurement costs of raw materials required in manufacturing, and through the market to transfer or find alternative sources of materials to cope with the situation, and then through the process improvement, new product development to reduce the costs, so that the impact on the company's profit and loss is minimal.

2. The main reasons for the profit or loss on the policies of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivatives trading and the measures to be taken in the future for the most recent year and up to the date of publication of the Annual Report:

- (1) High-risk, highly leveraged investments: The Company does not engage in high-risk, highly leveraged investments.
- (2) Loans to others: Please refer to the Company's latest consolidated financial report for the balance of credit to others as of December 31, 2024, and submit this report in accordance with the Company's procedures for credit to others.
- (3) Endorsements and guarantees: For the balance of endorsements and guarantees for others as of December 31, 2024, please refer to the Company's most recent consolidated financial report and I am pleased to present the procedures for endorsing and guaranteeing the Company's endorsements and guarantees.
- (4) Derivative transactions: Please refer to the latest consolidated financial statements for the net assets of derivative financial instruments purchased as hedges as of December 31, 2024; the Company's derivative financial instruments are not held for trading purposes. The forward exchange contracts are used to hedge the risks arising from fluctuations in foreign currency exchange rates, and the gains and losses arising from exchange rate fluctuations are within the Company's control. I am honored to comply with International Accounting Standard (IAS) No. 39 and IFRS No. 9, as well as the Company's procedures for handling derivatives and its internal audit mechanism, and the hedging requirement is the ultimate consideration for the utilization of the strategy.

3. Future R&D Plans and Estimated R&D Expenditures

Recent annual R&D programs, current progress of uncompleted R&D programs, R&D expenses to be reinvested, and major factors influencing the success of future R&D: Please refer to pages 55 to 56 of this Annual Report.

R&D Risk: To ensure the company's long-term development, CHEM is constantly upgrading the technological level of its existing products and expanding into new businesses in order to maintain the company's development. Therefore, continuous research and development is a necessary means to ensure the realization of the above objectives, which is also the reason why CHEM has invested considerable resources in research and development in recent years.

However, the investment in R&D not only increases the company's expenses, but also requires attention to whether the direction of R&D is consistent with the company's business objectives and whether the R&D projects are so extensive as to blur the focus of the business. In order to avoid the above situations, in addition to regular business analysis to track the progress of R&D and expenses, each R&D unit also conducts cross-departmental meetings with business/production units, supervisors, and general managers at all levels from time to time to avoid R&D projects that do not adequately take into account the market demand or deviate from the company's business objectives, resulting in inappropriate allocation of resources, which may affect the future development of the company.

4. The impact of significant domestic and international policy and legal changes on the Company's financial operations and the measures to cope with them in the recent years and up to the date of publication of the Annual Report:

The Company complies with national policies and laws, and is able to effectively grasp important policy and legal changes and make timely adjustments to the Company's internal systems and business activities in order to comply with the laws and regulations and ensure smooth operation of the Company, which does not have a significant impact on the Company's operations.

5. The impact of technological changes (including information and communication security risks) and industry changes on the Company's financial operations and the measures to cope with them for the recent year and up to the printing date of the Annual Report:

Due to the factories to carry out a large number of materials please procurement operations, the subsequent receipt of goods inspection, the work content is cumbersome, requiring a number of units to work together, in order to strengthen the management, effectively grasp the receipt of goods, quality inspection, work orders to receive materials at all stages of the implementation of the operation status, real-time response to the current status of materials, in order to strengthen the project order of revenue and cost control; heavy power materials to take the lead in the introduction of the electronic receipt of goods, quality inspection in order to streamline the operating procedures and to save a lot of paper. In addition to saving costs, the printing of data also achieves the purpose of carbon reduction, and also provides effective and large-scale shortening of the inspection schedule and repetitive work of personnel; focusing on the protection of the environment to strengthen the electronic management of internal operations, and the adoption of electronic signing of official documents; in response to the policies of the government of our country and the international trend of improving the information and communication security, we have successfully passed the annual assessment of the ISO27001 information security system in the current year, and at the same time, strengthened the information and security operations. The information machine room is connected to a hydrogen fuel cell as a safe and permanent backup power, which can maintain the normal operation of the company's core system when the utility power is insufficient, and steadily develop the information security of the Company. It also promotes the improvement of product quality, which in turn enhances the efficiency of operation and management, strengthens the overall competitiveness of the enterprise, and improves the profitability of the enterprise, and has no significant impact on the Company's financial operations.

6. The impact of corporate image change on corporate crisis management and the measures to deal with it in the recent year and up to the date of publication of the Annual Report:

The Company has always emphasized the implementation of the corporate governance system and the transparency of its financial statements, and has been committed to maintaining a high standard of integrity and professional ethics, and has long been known for its quality corporate image of "sound management and stable profit growth". In addition, we have dedicated personnel to plan and respond to various emergencies to minimize the

uncertainty of business operations and to maintain a consistently excellent corporate image.

7. Expected Effects, Possible Risks and Response Measures of the Acquisition

The Company and its subsidiaries have no plans for mergers and acquisitions during the most recent year and up to the date of publication of the public prospectus.

8. Anticipated Effects, Possible Risks and Response Measures of Plant Expansion

Although CHEM's operations have shown growth in recent years, in consideration of the current operating environment, CHEM will respond to business growth by increasing its yield rate and outsourcing its emerging businesses to avoid the risks associated with plant expansion.

9. Risks of centralization of purchases or sales and measures to address them

(1) Purchasing risk and measures to cope with it: A single major purchaser accounted for less than 10% of the net balance of purchases, and there is no risk that the concentration of purchases may lead to such a situation.

(2) Risks of sales and measures to cope with them: In recent years, in addition to the advantages of quality, delivery, after-sales service, product completeness and system integration capability, the Company has been committed to the technological advancement of its products and has maintained a long-term and good relationship with its existing customers. In addition, in recent years, we have continued to utilize the Group's established technological strengths to launch new products and services such as fuel cells, microgrid systems, panel and semiconductor equipment cavities, aerospace products, electromechanical property management, etc. to expand the market. In addition, the Group has continued to utilize its technological strengths to introduce new products and services such as fuel cells, microgrid systems, panel and semiconductor equipment chambers, aerospace products, electro-mechanical property management, etc., to expand its market reach and avoid the risk of concentrated sales.

10. The impact on the Company of a substantial transfer or replacement of shareholdings of directors, supervisors, or major shareholders holding 10% of the Company's shares, and the measures to cope with such risks:

The Company does not have any major shareholders holding 10% of the Company's shares, and there has been no significant transfer or replacement of directors.

11. Impacts, Risks and Measures to be Taken by the Company in the Event of a Change in Business Ownership

There have been no events affecting the Company's operations due to a change in management rights during the recent years and up to the date of publication of the prospectus.

12. Litigation or Non-litigation Matters

● Significant litigations, non-litigations or administrative proceedings of the Company and its subsidiaries in the last two years, the results of which may have a significant impact on shareholders' equity or securities prices: None.

● As of the printing date of the Annual Report, the Company's directors, supervisors, general manager, and major shareholders holding 10% or more of the Company's shares have been adjudicated or are still in the process of litigation, non-litigation, or administrative proceedings, the outcome of which may have a significant impact on shareholders' rights and interests or on the price of securities: None.

13. Other significant risks and response measures: None.

5.7 Other Major Risks: None.

VI. Special Disclosure

6.1 Summary of Affiliated Companies:

Please refer to the Public Information Observatory for the Consolidated Business Report, Consolidated Financial Statements of the Relationship, and the Relationship Report.

6.2 For the most recent year and up to the date of publication of the Annual Report, the status of processing of private placement securities, the utilization of funds for private placement securities, the progress of plan implementation, and the demonstration of plan benefits: None.

6.3 Other additional clarifications as necessary:

6.3.1 Key Performance Indicator for Product/Service in Industries Covered:

Products/Service	Market share in 2024
Heavy electric products	70%
Substation turnkey project	37%
Wind power project	36%
Parking management project	Revenue market share of about 5.6 percent

6.3.2 Whether or not to obtain the relevant licenses specified by the competent authorities.

1. International internal auditor's license: None.
2. Basic Competency Test on Enterprise Internal Control organized by SEF: 3 the audit department
3. Internal auditor of the Republic of China: None.
4. Accountant, Republic of China: None.
5. Carbon Footprint Verification Lead Auditor: 1 person

VII. Material Events Impacting Shareholder Equity or Stock Price Under SEC Act, Art. 36, Para. 3, Subpara. 2 as of the Latest Fiscal Year and Annual Report Printing Date: None.