Stock Code:1537

廣隆光電科技股份有限公司

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

# 2024 Annual Report

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Printed on May 12, 2025

# Kung Long Batteries Industrial Co., Ltd.
# 2024 Annual Report

## I. Company Spokesperson

(I) Spokesperson
Name: Liu Huang-Wei
Title: Assistant Manager of Finance Department
Telephone: (049)2254-777 ext 171
Email address: vincent@mail.klb.com.tw

(II) Acting Spokesperson
Name: Hung, Hsiang-Cheng
Title: Manager of Finance Department
Telephone: (049)2254-777 ext 172
Email address: dick@mail.klb.com.tw

## II. Address and telephone number of the headquarter and factory

Headquarters:
Address: No.6, Zili 3rd Road, Nangang Industrial Zone, Yongfeng Village, Nantou City
Telephone: (049)2254-777

KungLong Plant:
Address: No.244, Nangang 3rd Road, Nangang Industrial Zone, Yongfeng Village, Nantou City
Telephone: (049)2254-777

LiLong Plant:
Address: No.6, Zili 3rd Road, Nangang Industrial Zone, Yongfeng Village, Nantou City
Telephone: (049)2254-777

Bin Li Vietnam:
Address: So 40, Ba Chanh Thau, Khu Pho 2, Thi Tran Ben LUC, Huyen Ben LUC, Tinh Long An.
Telephone: 84-272-3872213

De He Vietnam:
Address: Cum Cong Nghiep Duc My, Xa Duc Hoa Dong,Huyen Duc Hoa,Tinh Long An.
Telephone: 84-272-3779666

## III. Name, address, website, and telephone number of stock transfer agency:

Name: Stock Agency Department of KGI Securities
Address: 5th Floor, No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100502
Website: www.kgi.com.tw Tel: (02)2389-2999

## IV. Certified Public Accountant

Accountant: PwC Taiwan, CPA: Wu Sung-Yuan, Lai Chih-Wei
Address: 27th Floor, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110208
Website: www.pwc.com.tw Tel: (02)2729-6666

## V. Names of overseas exchanges where securities are traded, and methods to inquire about overseas securities: None

## VI. Company website: www.klb.com.tw

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# One. Letter to Shareholders

First of all, thank you for your support and encouragement to Kung Long in the past year. The following is a report on the operating results of 2024 and the operating outlook for 2025.

## I. 2024 Business results

### (I) Business plan implementation results

The net consolidated operating income of the Company for 2024 was NT$8,137,839 thousand, an increase of NT$1,721,032 thousand or 26.82% compared to the net consolidated operating income of NT$6,416,807 thousand in 2023. The consolidated net profit after tax for 2024 was NT$963,328 thousand, an increase of NT$354,226 thousand or 58.16% compared to the consolidated net profit of NT$609,102 thousand in 2023.

At the end of 2023, the "destocking" phase came to an end. The global economic recovery drove an increase in end-user demand, resulting in operating income growth in 2024 over the previous year.

Net income increased not only due to the increase in operating income but also because of higher non-operating income resulting from the depreciation of NTD in 2024. In 2024, the exchange gain was approximately NT$133,981 thousand, representing an increase of NT$78,416 thousand compared to the approximately NT$55,565 thousand in 2023. Therefore, the net income for 2024 increased from the previous year.

### (II) Budget implementation

Implementation of the Company's 2024 Consolidated Budget:

Unit: NT$ thousand

| Item | 2024 | | |
|---|---|---|---|
| | Amount of budget | Amount audited | Achievement rate (%) |
| Net operating income | 6,845,000 | 8,137,839 | 118.89 |
| Operating costs | 5,249,016 | 6,348,369 | 120.94 |
| Net gross profit | 1,595,984 | 1,789,470 | 112.12 |
| Operating expenses | 571,000 | 651,038 | 114.02 |
| Operating profit | 1,024,984 | 1,138,432 | 111.07 |
| Non-operating income (expenditure) | 84,000 | 191,040 | 227.43 |
| Profit before tax for the period | 1,108,984 | 1,329,472 | 119.88 |
| Profit after tax for the period | 802,648 | 963,328 | 117.39 |
| EPS before tax | 13.51 | 16.21 | 119.99 |
| EPS after tax | 10.00 | 11.75 | 117.50 |

(III) Analysis of financial income, expenses and profitability

Unit: NTD thousand

| Item | | 2024 | 2023 | Increase/ Decrease (%) |
|---|---|---|---|---|
| Income and expenditure | Consolidated net operating income | 8,137,839 | 6,416,807 | 26.82 |
| | Consolidated net gross profit | 1,789,470 | 1,241,183 | 44.17 |
| | Consolidated profit after tax | 963,328 | 609,102 | 58.16 |

(IV) Research and development

In 2024, our research and development focused on projects of “development of ultra-high power long-life batteries”, “research on long cycle life lead carbon electrode batteries”, “technology development for mass production of long-life stop start batteries”, “data center backup battery development”, and “development of high-temperature batteries for outdoor stations”.

## II. Summary of the 2025 business plan

(I) Business Policy

1. Focus on the three core aspects of new product development, expansion into new markets, and self-owned brand management, in order to boost the growth of gross profit margin and self-owned brand share.
2. Actively invest in batteries for industrial use, telecommunication base stations and cloud platforms, green energy storage batteries, long-life batteries, electric vehicle batteries car (LEV, mobility scooter, Golf Car, forklift, electric stacker), motorcycle batteries (including active/disabled batteries), automotive MF market and pure lead batteries, and actively participates in large-scale public construction projects at home and abroad, government procurement, network communication, telecommunications, and data centers (Data Center) and other tenders.
3. Continuous launch of lithium battery application products to enter the market and active deployment and business development.
4. Establish a team learning model to promote the cultivation of local talents and highly educated cadres in its subsidiary, Le Long Vietnam.
5. Promote ESG sustainable operation and disclose performance, implement environmental safety and health system, commit to comply with domestic and foreign environmental safety and health and related laws and regulations, and maintain good corporate governance, strictly abide by business ethics, promote shareholders' rights and interests, strengthen information transparency, and corporate core values and social responsibility.

6. Continuously conduct risk assessment and response for operation and strengthen the resilience of the supply chain and local procurement.
7. Promote "Net Zero Carbon Emission" carbon reduction process, increase the use of renewable energy, and take more active energy saving, carbon reduction, and waste reduction measures.

(II) Expected Sales Volume and the Basis

As Vietnam's economy continues to grow, the market for automobiles, motorcycles and electric vehicles is expanding. The demand for the Company's lead-acid batteries in the assembly plant and repair market is still strong. In response to the motorcycle batteries developed by the Japanese motorcycle manufacturers, the Company promotes its entry into the international procurement supply chain to increase shipments with stable quality; in addition, the Company has also entered Vietnam's local communication base stations and data centers and public works, and the light electric vehicle market local sales will continue to grow steadily for our subsidiary, Le Long Vietnam. Furthermore, the Company actively invests in large-scale tenders at home and abroad and in Vietnam, which will also help to increase the market penetration and share of the Company's products. In addition to maintaining solid and close mutual trust sales and cooperation with existing customers, the development of new markets, new customers, and new business of lithium batteries, as well as the launch of new products, will also contribute to revenue growth.

Due to the increase in demand for large-size batteries, the sales volume is expected to be about 23,725 thousand in 2025.

(III) Important production and marketing policies

1. Production policy
   (1) The De He Plant, Vietnam, continues to improve its process and introduce continuous production equipment, such as electrode plate stamping, as well as new automated and robotic arm equipment.
   (2) Based on customer needs, the Company is committed to the research and development of large sealed batteries, high cost-performance ratio batteries, green energy storage batteries, and pure lead batteries. It can reduce production costs and increase gross profits.
   (3) Continue to carry out energy-saving measures, introduce solar power generation system for spontaneous self-use, control and review and improve energy-intensive equipment, implement control, supervision and management of manufacturing processes, and implement effective energy management to

reduce energy consumption.

(4) Optimizeits capital investment and operation of lithium battery product assembly capacity planning, production line layout, processing and testing equipment, personnel management, and manufacturing and assembly technologies.

2. Sales policy

(1) Actively enter the tender market for large-scale battery applications such as telecommunication base stations and cloud platforms, data centers, and green energy storage, and promote and strengthen large-scale sealed, long-life batteries for communication and electric vehicle batteries ( Sales of LEV, scooters, Golf Cars, forklift trucks, electric stackers), green energy storage batteries, and sales of pure lead batteries.

(2) Promote lithium battery products to the application market, increase the customer base and product specifications of such products, and continue to improve related independent technologies and service capacity.

(3) We will continue to increase the market share of our brands for motorcycles (including stop start batteries), automobiles and electric vehicles, while proactively developing the Vietnam and ASEAN markets.

(4) Capture the market for security surveillance, uninterruptible power supplies (UPS) and car rescue tarter batteries with cost rationalization and high performance batteries.

(5) To diversify the risk of customer concentration, and actively explore new customers and new markets to expand global market share, particularly in the Middle East, Eastern Europe, Central and South America, Africa, Australia, and ASEAN, and continue to deepen and expand the development in Asia.

(6) We adjust the selling price according to the fluctuation for lead prices and establish fair trade approaches. Our pricing strategy is adjusted in a timely manner according to different markets so as to maintain our international competitiveness.

(7) We will continue to promote our own brands to establish segmentation of our products, becoming a provider of quality products and services.

## III. The Company’s future development strategy

With exquisite process technology and pragmatic management, the Company continues to invest in the research and development of formulas that allow lead-acid batteries to maximize performance and life expectancy, as well as high-end new materials such as high-temperature resistance, lead-carbon and pure lead batteries. Introduce new process technologies for continuous production such as stamping and forming of plates, cooperate with the international division of labor, expand the scale of production and reduce manufacturing costs with the Vietnam factory as the production base. In addition to the acid storage battery business, we continue to improve production efficiency and product quality, and actively promote and expand lithium battery products and technical capabilities to increase added value.

The Company will continue to adhere to the policy of "quality first and customer first", strive to achieve the goal of improving quality and quantity in the environment of global competition, and achieve good results and steady growth.

## IV. The impact of the external competitive environment, the regulatory environment and the overall business environment

Looking to 2025, with the continuous growth of global economy and decreasing inflation rates, although the global manufacturing industry has remained sluggish in recent years, it is expected that the global economy will experience mild expansion and growth. in the coming year. In this economic environment, Kung Long will continue to be proactive and develop potential markets in South Asia, Southeast Asia, Africa, and the Middle East, and deploy telecommunications base stations and cloud platforms, data centers, forklift and electric stacker batteries, pure lead batteries, and lithium batteries for related applications market, and expand the sales of high-density long-life batteries, high-efficiency batteries, high-temperature batteries, and motorcycle start-stop batteries that have been recognized by customers for their quality; Vietnam's economic growth has become strong and is expected to outpace the growth of the six ASEAN countries in the next few years. It is expected that the local battery market will grow at a higher rate. The Company will strengthen cost and expense control, leverage its core competencies, such as the international division of labor, innovative research and development, and a stable business strategy, to continue driving its business performance.

Thank you
I wish you all

good health and the best of luck

| | | |
|---|---|---|
| Chairman: | Manager: | Accounting Supervisor: |
| Lee Jui-Chun | Yang Jui-Hsiang, | Liu Huang-Wei |

# Two. Corporate Governance Report

## I. Information on the company’s directors, president, vice president, assistant general manager, and supervisors of the company’s divisions and branch units

### (I) Information on directors:

Unit: Thousand Shares April 21, 2025

| Title | Nationality or Place of Registration | Name | Gender Age | Date of Election (Appointment) | Term of Office | Date of First Election | Shareholding at the Time of Election | | Current Shareholding | | Current Shareholding of Spouses and Minor Children | | Shareholding in the Name of Others | | Principal Work Experience and Academic Qualifications | Position(s) Held Concurrently in the Company/in Any Other Company | Other officers and directors who are spouses or relatives within second degree kinship | | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | | | Title | Name | Relationship | |
| Chairman | Republic of China | Lee Jui-Chun | Male<br>51-60 | 2024.06.18 | 3 years | 1990.01.25 | 5,933 | 7.23% | 6,042 | 7.36% | 431 | 0.52% | 3,202 | 3.90% | MBA, University of East London | Chairman and President, Li Long Vietnam | Director | Lee Yao-Min | Father | |
| | | | | | | | | | | | | | | | | | Vice president, Management Department t | Lee Jui-Ting | Brother | |
| Director | Republic of China | Lee Yao-Min | Male<br>81-90 | 2024.06.18 | 3 years | 1990.01.25 | 3,345 | 4.08% | 1,745 | 2.13% | 4,106 | 5.00% | - | - | Dept. of Electronics, Changhua Vocational High School<br>Chairman, Nantou County Industrial Association<br>9th President, the Entrepreneur Club, Taichung | Honorary President of Kung Long Batteries Industrial Co., Ltd.<br>Director, Li Long Vietnam<br>Director, Aker Technology | Chairman | Lee Jui-Chun | Son | |
| | | | | | | | | | | | | | | | | | Vice president, Management Department | Lee Jui-Ting | Son | |
| Director | Republic of China | Shi Hwei-Yow | Male<br>71-80 | 2024.06.18 | 3 years | 2015.06.12 | - | - | - | - | 22 | 0.03% | - | - | J.D., National Chengchi University<br>Secretary-General of the Straits Exchange Foundation<br>Director of Coast Guard<br>Director, National Security Bureau | Partner, Shi Fang Law Firm<br>Independent director and Remuneration Committee member, Song Ho Industrial<br>Independent director and Remuneration Committee member, King Polytechnic Engineering | - | - | - | |
| Corporate shareholder | Republic of China | Mao Long Investments Limited | Male<br>81-90 | 2024.06.18 | 3 years | 2009.06.16 | 1,928 | 2.35% | 2,024 | 2.47% | - | - | - | - | Institute of Fiscal Studies, National Chengchi University<br>Director, Taichung City Local Tax Bureau | Managing Supervisor, Taichung World Trade Center | - | - | - | |
| Director | | Representative: Chen Shou-Shin | | | | | - | - | - | - | 46 | 0.06% | - | - | | | - | - | - | |
| Corporate shareholder | Republic of China | Mao Long Investments Limited | Male<br>61-70 | 2024.06.18 | 3 years | 2006.06.01 | 1,928 | 2.35% | 2,024 | 2.47% | - | - | - | - | Dept. of Accounting, Chinese Culture University<br>CPA, Shang Ho Law Firm | CPA, Shang Her Law Firm<br>Director, MPI Corporation | - | - | - | |
| Director | | Representative: Tsai Chang-Shou | | | | | 29 | 0.04% | 29 | 0.04% | - | - | - | - | | | - | - | - | |
| Corporate shareholder | Republic of China | Mao Long Investments Limited | Male<br>51-60 | 2024.06.18 | 3 years | 2009.06.16 | 1,928 | 2.35% | 2,024 | 2.47% | - | - | - | - | LL.M., National Chung Cheng University<br>Partner lawyer of Xucheng International Law Firm | Managing Partner, Chiang’s Law Firm | - | - | - | |
| Director | | Representative: Chiang Yen-Hung | | | | | 0.09 | 0.00% | 0.09 | 0.00% | - | - | - | - | | | - | - | - | |
| Independent director | Republic of China | Wang Cho-Chiun | Male<br>71-80 | 2024.06.18 | 3 years | 2018.06.11 | - | - | - | - | - | - | - | - | Institute of Criminology, Taipei University<br>Director General of Police, National Police Agency | Vice Chairman of China Trust Anti-Drug Education Foundation<br>Director, Longchen Paper & Packaging Co., Ltd.<br>Consultant of CTBC Bank | - | - | - | |
| Independent director | Republic of China | Tsai Chi-Neng | Male<br>71-80 | 2024.06.18 | 3 years | 2021.07.30 | - | - | - | - | - | - | - | - | Yunlin County Dade Industrial and Commercial Vocational School<br>Managing Director, Pou Chen Corporation<br>Chairman, Board of Directors of Yue Yuen Industrial (Holdings) Limited | Chairman, Chuang Tai Investment Co., Ltd.<br>Chairman, Changda Investment Co., Ltd.<br>Chairman, Yue Yuen Development and Construction Co., Ltd. | - | - | - | |

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Independent director | Republic of China | Chen Shu-Fen | Female 51-60 | 2024.06.18 | 3 years | 2024.06.18 | - | - | - | - | - | - | - | - | Department of International Trade, Chiau Kuang University of Science and Technology, Taichung<br>Director, Ta Chang Tsuo Industrials Co., Ltd. | Director, Ta Chang Tsuo Industrials Co., Ltd.<br>Director of Liwei Jewelry Co., Ltd. | - | - | - | |

Note: All directors were re-elected in the general shareholders' meeting on June 18, 2024, and independent director Yang Wen-Goang was relieved of his duty.

## Major shareholders of corporate shareholders

April 21, 2025

| Name of corporate shareholder | Major shareholders of corporate shareholders |
|---|---|
| Mao Long Investments Limited | Lee Jui-Chun (56%); Tsai Hsiang-Pei (16%); Lee Chung-Chen (16%); Lee Kuan-Ying (7%); Lee Jui-Ting (5%) |

## If the major shareholder of corporate shareholder is a juristic person, its major shareholder: None.

## Information disclosure of professional qualification of directors as well as the independence of independent directors:

| Criteria / Name | Professional qualifications and experience (Note 1) | Independence | Number of other public companies in which the individual is concurrently serving as an independent director |
|---|---|---|---|
| Lee Jui-Chun | With management leadership experience to implement operational objectives with more efficiency | First-degree relative to Director Lee Yao-Min | - |
| Lee Yao-Min | With management leadership experience to provide operational guidelines to the Company | First-degree relative to Chairman Lee Jui-Chun | - |
| Shi Hwei-Yow | Attorney at law with expertise in law and experience in government agencies to provide the Company advice. | An external professional individual that does not have a direct or indirect interest in the Company, except for receiving remuneration that is approved by the Board of Directors | 2 |
| Mao Long Investments Limited (Representative: Chen, Shou-Shin) | With long years of service in government taxation agencies, this person is able to provide the Company tax-related consultation | An external professional individual that does not have a direct or indirect interest in the Company, except for receiving remuneration that is approved by the Board of Directors | - |
| Mao Long Investments Limited (Representative: Tsai, Chang-Shou) | CPA in practice who can provide the Company tax-related consultation | An external professional individual that does not have a direct or indirect interest in the Company, except for receiving remuneration that is approved by the Board of Directors | - |

| | | | |
|---|---|---|---|
| Mao Long Investments Limited (Representative: Chiang Yen-Hung) | Attorney at law with expertise in laws to provide the Company advice. | An external professional individual that does not have a direct or indirect interest in the Company, except for receiving remuneration that is approved by the Board of Directors | - |
| Independent director Wang Cho-Chiun | Serving as the head of police department, this person is an expert in system construction and personnel management. | In line with the provisions in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters" | - |
| Independent director Tsai Chi-Neng | This person has been serving as a managing director at Pou Chen Corporation for many years and is able to provide views on management and is an expert in financial management. | In line with the provisions in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters" | - |
| Independent director Chen Shu-Fen | This person has been serving as a managing director at Ta Chang Tsuo Industrials Co., Ltd. for many years and is able to provide views on management and marketing. | In line with the provisions in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters" | - |

Note 1: All directors of the Company have been investigated and are free from any violations specified in Article 30 of the Company Act.
Note 2: All directors were re-elected in the general shareholders' meeting on June 18, 2024, and independent director Yang Wen-Goang was relieved of his duty.

# Diversity and independence of the Board:

I.Diversity of the Board:

1.The Company has formulated a diversity policy and specific management objectives for Board members:

Article 20 of the Company's "Corporate Governance Best-Practice Principles" (abilities the Board of Directors shall possess) specifies that:

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

(1) Basic requirements and values: Gender, age, nationality, and culture, among which the ratio of female directors is targeted to reach one-third of the director seats.

(2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

(1) Ability to make operational judgments
(2) Ability to perform accounting and financial analysis
(3) Ability to conduct management administration
(4) Ability to conduct crisis management
(5) Knowledge of the industry
(6) An international market perspective
(7) Ability to lead
(8) Ability to make policy decisions.

2.The achievement of the diversity of the Company's Board members:

(1) The Company's specific management objectives and achievement of the policy of diversity are as follows:

The Company continues to plan to improve the gender diversity of its board of directors. The number of female directors has increased from 0 to 1 (accounting for 11% but less than one-third). The main reason is the characteristics of the lead-acid battery industry and the small number of female director candidates with relevant professional backgrounds. We will continue to actively solicit recommendation lists from various parties and select suitable director candidates, with the goal of achieving a one-third ratio of either gender.

| Management objectives | Achievement |
|---|---|
| It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members | Achieved |
| Independent directors serve no more than three consecutive terms. | Achieved |
| At least one member in the Board is female. | Achieved |
| Having more than one-third of the board seats allocated to each gender | Not achieved |

(2) The achievement of the diversity of the Company's Board members in 2024 is as follows:

Percentage of directors (including independent directors) by gender: 89% men and 11% women.
Percentage of employee directors: 11% are employee directors, and 89% are non-employee directors.
Percentage of employee independent directors: 0% are employee independent directors, 100% are non-employee independent directors.
Percentage of the directors (including independent directors) with industrial experience or professional qualifications: 66.67% have industrial experience, and 33.33% have professional qualifications.
Terms of service of the independent director: One independent director's term of service is less than 3 years, while the terms of service of two other independent directors exceed 3 years.
The Company's directors possess knowledge of the industry and an international market perspective. They are excel in leadership, business determination, business management, and crisis management, and are also passionate about social welfare initiatives, which contribute to the Company's business operations.

| Name | Title | Gender | Age | | | | Terms of the independent director | Employee director | Diversity of core capabilities (the top 5) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 51-60 | 61-70 | 71-80 | 81-90 | | | Finance | Production and manufacturing | Commerce | Accounting and taxation | Law | Marketing management | Risk management |
| Lee Jui-Chun | Chairman | Male | ✓ | | | | Not applicable | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Lee Yao-Min | Director | Male | | | | ✓ | Not applicable | | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Shi Hwei-Yow | Director | Male | | | ✓ | | Not applicable | | ✓ | | ✓ | | ✓ | ✓ | ✓ |
| Chen Shou-Shin | Director | Male | | | | ✓ | Not applicable | | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| Tsai Chang-Shou | Director | Male | | ✓ | | | Not applicable | | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| Chiang Yen-Hung | Director | Male | ✓ | | | | Not applicable | | ✓ | | ✓ | | ✓ | ✓ | ✓ |
| Wang Cho-Chiun | Independent director | Male | | | ✓ | | 3 | | ✓ | | ✓ | | ✓ | ✓ | ✓ |
| Tsai Chi-Neng | Independent director | Male | | | ✓ | | 2 | | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Chen Shu-Fen | Independent director | Female | ✓ | | | | 1 | | ✓ | ✓ | ✓ | | | ✓ | ✓ |

## II. Independence of Board of Directors:

None of the board members of the Company is a party to the circumstances described in Article 30 of the Company Act. Except Chairman Lee Jui-Chun and Director Lee Yao-Min who are first- degree relatives, all other directors and their spouses and relatives within the second degree of kinship are not directors of the Company or their affiliates, directors or employees who meet the requirements of Article 26-3 of the Securities and Exchange Act. The three independent directors are in compliance with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters. The Company also complies with Article 3 Paragraph 2 of the "Corporate Governance Best Practice Principle" and they should have professional knowledge, their shareholding should be limited, and they should maintain independence within the scope of business, and should not have direct or indirect interest with the Company". in order to maintain the detached independence of the independent directors.

The Company has established a performance evaluation system for the Board of Directors. An internal self-evaluation of the Board of Directors and a self-evaluation of the individual Board members are performed once a year. The evaluation results are reported to the Board and subsequently disclosed in the Company's annual report and on its website.

## (II) Information on the company's president, vice president, assistant general manager, and heads of the company's divisions and branch units:

Unit: thousand shares; April 21, 2025

| Title | Nationality | Name | Gender | Date of Election (Appointment) | Shareholding | | Shareholding of Spouses and Minor Children | | Shareholding in the Name of Others | | Principal Work Experience and Academic Qualifications | Position(s) Held Concurrently in the Company/in Any Other Company | Company Officers Who Are Spouses or Relatives Within the Second Degree of Kinship | | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | | | Title | Name | Relationship | |
| President | Republic of China | Yang Jui-Hsiang | Male | 2023.12.28 | 49 | 0.06% | - | - | - | - | Mechanical Depart., Chin-Yi College<br>Manager, Yuan Yi Enterprise<br>Vice President of Kung Long Batteries Industrial Co., Ltd. | None | - | - | - | |
| Vice president, Management Department | Republic of China | Lee Jui-Ting | Male | 2022.11.01 | 4,002 | 4.88% | - | - | - | - | MBA, University of Greenwich, UK | None | - | - | - | |
| Assistant General Manager, Finance Department | Republic of China | Liu Huang-Wei | Male | 2014.02.01 | 18 | 0.02% | 12 | 0.01% | - | - | Dept. of Accounting, Tunghai University<br>PwC Taiwan | None | - | - | - | |
| Assistant General Manager, Quality Research Department | Republic of China | Chen Chien-Lang | Male | 2013.08.08 | 66 | 0.08% | - | - | - | - | M.S., Institute of Materials Science and Engineering, Feng Chia University | None | - | - | - | |
| Assistant General Manager, Export Sales Department | Republic of China | Hung Chieh-Yu | Female | 2015.02.01 | 15 | 0.02% | - | - | - | - | Dept. of Applied Foreign Languages, Taichung University of Science and Technology | None | - | - | - | |
| Assistant General Manager, Domestic Sales Department | Republic of China | Chen Chih-Hsiung | Male | 2019.02.12 | 23 | 0.03% | - | - | - | - | MBA, Chaoyang University of Science and Technology | None | - | - | - | |
| Audit Assistant Manager | Republic of China | Liao Chi-Neng | Male | 2015.10.30 | - | - | - | - | - | - | EMBA of Dept. of Accounting and information Technology, National Chung Cheng University<br>Chief of Audit Division, Taiwan Hon Chuan Enterprise Co., Ltd. | None | - | - | - | |

# II. Remuneration paid to directors, general managers, and vice general managers in the most recent year

## (I) Remuneration to directors:

Unit: NT$ thousand

| Title | Name | Remuneration to directors | | | | | | | | Total sum of A, B, C and D and its proportion to profit after tax (%) | | Remuneration received as company part-time employee | | | | | | | | Total sum of A, B, C, D, E, F and G, and its proportion to net income (%) | | Remuneration received from investees other than subsidiaries or parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Remuneration (A) | | Severance and pension payment (B) | | Remuneration to directors (C) | | Expenses for services rendered (D) | | | | Salaries, bonuses and allowances (E) | | Resignation Pension payment (F) | | Remuneration to employees (G) | | | | | | |
| | | | | | | | | | | | | | | | | The Company | | All companies included in the financial report | | | | |
| | | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | All companies included in the financial report | |
| Chairman | Lee Jui-Chun | - | - | - | - | 2,956 | 2,956 | - | - | 2,956<br>0.31% | 2,956<br>0.31% | 2,566 | 3,996 | - | - | 2,395 | - | 2,395 | - | 7,917<br>0.83% | 9,347<br>0.98% | None |
| Director | Lee Yao-Min | - | - | - | - | 2,956 | 2,956 | 30 | 30 | 2,986<br>0.31% | 2,986<br>0.31% | - | - | - | - | - | - | - | - | 2,986<br>0.31% | 2,986<br>0.31% | None |
| Director | Shi Hwei-Yow | - | - | - | - | 2,493 | 2,493 | 25 | 25 | 2,518<br>0.26% | 2,518<br>0.26% | - | - | - | - | | - | | - | 2,518<br>0.26% | 2,518<br>0.26% | None |
| Corporate director representative | Mao Long Investment - Chen Shou-Shin | - | - | - | - | 2,493 | 2,493 | 30 | 30 | 2,523<br>0.26% | 2,523<br>0.26% | - | - | - | - | - | - | - | - | 2,523<br>0.26% | 2,523<br>0.26% | None |
| Corporate director representative | Mao Long Investment - Tsai Chang-Shou | - | - | - | - | 2,699 | 2,699 | 30 | 30 | 2,729<br>0.28% | 2,729<br>0.28% | - | - | - | - | - | - | - | - | 2,729<br>0.28% | 2,729<br>0.28% | None |
| Corporate director representative | Mao Long Investment - Chiang Yen-Hung | - | - | - | - | 2,493 | 2,493 | 30 | 30 | 2,523<br>0.26% | 2,523<br>0.26% | - | - | - | - | - | - | - | - | 2,523<br>0.26% | 2,523<br>0.26% | None |
| Independent director | Wang Cho-Chiun | - | - | - | - | 2,701 | 2,701 | 30 | 30 | 2,731<br>0.28% | 2,731<br>0.28% | - | - | - | - | - | - | - | - | 2,731<br>0.28% | 2,731<br>0.28% | None |
| Independent director | Yang Wen-Goang (Note) | - | - | - | - | 1,342 | 1,342 | 15 | 15 | 1,357<br>0.14% | 1,357<br>0.14% | - | - | - | - | - | - | - | - | 1,357<br>0.14% | 1,357<br>0.14% | None |
| Independent director | Tsai Chi-Neng | - | - | - | - | 2,550 | 2,550 | 30 | 30 | 2,580<br>0.27% | 2,580<br>0.27% | - | - | - | - | - | - | - | - | 2,580<br>0.27% | 2,580<br>0.27% | None |
| Independent director | Chen Shu-Fen | - | - | - | - | 1,342 | 1,342 | 15 | 15 | 1,357<br>0.14% | 1,357<br>0.14% | - | - | - | - | - | - | - | - | 1,357<br>0.14% | 1,357<br>0.14% | None |

1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:

(1) The remuneration percentage for the Company's directors is subject to the provisions in Article 22 of the Articles of Incorporation - no more than 5% of the annual profit, if any, shall be set aside for remuneration to directors. Pursuant to the Company's "Remuneration Committee Charter", performance evaluation and remuneration of directors shall be based on the usual rate of the industry, while taking into account the reasonableness of the linking of personal performance, company operating performance and future risks. The remuneration of directors is evaluated and determined on a regular basis.

(2) The Board of Directors is authorized to determine the director remuneration based on the extent of their participation in and contributions to the operations of the Company, taking into consideration the general standards of the industry both domestically and internationally.

(3) A majority of the Company's independent directors are Remuneration Committee members. Remuneration is paid in correspondence with the Company's current scale of business and operating conditions.

2. Other than the disclosure in the above table, remunerations received by directors for providing services (such as consultants who are not employees) for all companies included in the financial statements in the most recent year: None.

Note: All directors were re-elected in the general shareholders' meeting on June 18, 2024, and independent director Yang Wen-Goang was relieved of his duty.

## Range of Remuneration Table

| Range of remuneration paid to each director | Name of director | | | |
|---|---|---|---|---|
| | Total remuneration (A+B+C+D) | | Total remuneration (A+B+C+D+E+F+G) | |
| | The Company | All companies included in the financial report | The Company | All companies included in the financial report |
| Below NT$1,000,000 | - | - | - | - |
| NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive) | Yang Wen-Goang<br>Chen Shu-Fen | Yang Wen-Goang<br>Chen Shu-Fen | Yang Wen-Goang<br>Chen Shu-Fen | Yang Wen-Goang<br>Chen Shu-Fen |
| NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive) | Lee Jui-Chun, Lee Yao-Min, Shi Hwei-Yow, Chen Shou-Shin, Tsai Chang-Shou, Chiang Yen-Hung, Wang Cho-Chiun, Tsai Chi-Neng | Lee Jui-Chun, Lee Yao-Min, Shi Hwei-Yow, Chen Shou-Shin, Tsai Chang-Shou, Chiang Yen-Hung, Wang Cho-Chiun, Tsai Chi-Neng | Lee Yao-Ming, Shi Hwei-Yow, Chen Shou-Shin, Tsai Chang-Shou, Chiang Yen-Hung, Wang Cho-Chiun, Tsai Chi-Neng | Lee Yao-Ming, Shi Hwei-Yow, Chen Shou-Shin, Tsai Chang-Shou, Chiang Yen-Hung, Wang Cho-Chiun, Tsai Chi-Neng |
| NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive) | - | - | - | - |
| NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive) | - | - | Lee Jui-Chun | Lee Jui-Chun |
| NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive) | - | - | - | - |
| NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive) | - | - | - | - |
| NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive) | - | - | - | - |
| NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive) | - | - | - | - |
| Over NT$100,000,000 | - | - | - | - |
| Total | 10 | 10 | 10 | 10 |

Note 1: The vehicle of Chairman Lee Jui -Hsun was acquired in May 2022 and the acquisition price was NTD 1.73 million.
Note 2: Director Lee Yao-Min was allocated a car with monthly rent of NTD 133,333, and the lease period is from May 18, 2021 to May 17, 2024.
Note 3: All directors were re-elected in the general shareholders' meeting on June 18, 2024, and independent director Yang Wen-Goang was relieved of his duty.

# (II) Remuneration to the president and vice president:

Unit: NT$ thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance and pension payment (B)</th><th colspan="2">Bonuses and allowances (C)</th><th colspan="4">Remuneration to employees (D)</th><th colspan="2">Total sum of A, B, C and D and its proportion to profit after tax (%)</th><th rowspan="3">Remuneration received from investees other than subsidiaries or parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial report</th></tr>
<tr><th>Amount in cash</th><th>Amount in stock</th><th>Amount in cash</th><th>Amount in stock</th></tr>
<tr><td>President</td><td>Yang Jui-Hsiang</td><td rowspan="2">3,007</td><td rowspan="2">3,007</td><td rowspan="2">333</td><td rowspan="2">333</td><td rowspan="2">-</td><td rowspan="2">-</td><td rowspan="2">3,033</td><td rowspan="2">-</td><td rowspan="2">3,033</td><td rowspan="2">-</td><td>6,373</td><td>6,373</td><td rowspan="2">None</td></tr>
<tr><td>Vice president, Management Department</td><td>Lee Jui-Ting</td><td>0.66%</td><td>0.66%</td></tr>
<tr><td colspan="15">Policies, standards and combinations, procedures for determining remuneration to company officers, and their correlation with business performance and future risks:<br>The amount of remuneration to the Company's officers is based on the duties, contributions, the Company's operating performance and future risks to be reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.</td></tr>
</table>

## Range of Remuneration Table

| Remuneration Level for the President and Vice Presidents of the Company | Name of president and vice president | |
|---|---|---|
| | The Company | All companies included in the financial report |
| Below NT$1,000,000 | - | - |
| NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive) | - | - |
| NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive) | Lee Jui-Ting | Lee Jui-Ting |
| NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive) | Yang Jui-Hsiang | Yang Jui-Hsiang |
| NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive) | - | - |
| NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive) | - | - |
| NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive) | - | - |
| NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive) | - | - |
| NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive) | - | - |
| Over NT$100,000,000 | - | - |
| Total | 2 | 2 |

## (III) Compensation of the top five most highly compensated executives:

Unit: NT$ thousand

| Title | Name | Salary (A) | | Severance and pension payment (B) | | Bonuses and allowances (C) | | Remuneration to employees (D) | | | | Total sum of A, B, C and D and its proportion to profit after tax (%) | | Remuneration received from investees other than subsidiaries or parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | The Company | | All companies included in the financial report | | | | |
| | | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | All companies included in the financial report | |
| Chairman | Lee Jui-Chun | 2,566 | 3,996 | - | - | - | - | 2,395 | - | 2,395 | - | 4,961<br>0.51% | 6,391<br>0.66% | None |
| President | Yang Jui-Hsiang | 1,967 | 1,967 | 270 | 270 | - | - | 1,586 | - | 1,586 | - | 3,823<br>0.40% | 3,823<br>0.40% | None |
| Vice president, Management Department | Lee Jui-Ting | 1,040 | 1,040 | 63 | 63 | - | - | 1,447 | - | 1,447 | - | 2,550<br>0.26% | 2,550<br>0.26% | None |
| Assistant General Manager, Quality Research Department | Chen Chien-Lang | 996 | 1,542 | 59 | 59 | - | - | 2,274 | - | 2,274 | - | 3,329<br>0.35% | 3,875<br>0.40% | None |
| Assistant General Manager, subsidiary | Huang Tzu-Chiang | 874 | 1,433 | 60 | 60 | - | - | 2,274 | - | 2,274 | - | 3,208<br>0.33% | 3,767<br>0.39% | None |
| Policies, standards and combinations, procedures for determining remuneration to company officers, and their correlation with business performance and future risks:<br>The amount of remuneration to the Company's officers is based on the duties, contributions, the Company's operating performance and future risks to be reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. | | | | | | | | | | | | | | |

## (IV) Names of managers assigned with employees' remuneration and distribution:

Unit: NT$ thousand

| | Title | Name | Amount in stock | Amount in cash | Total | Total and its proportion as a percentage of net income after tax (%) |
|---|---|---|---|---|---|---|
| Manager | President | Yang Jui-Hsiang | - | 8,555 | 8,555 | 0.89% |
| | Vice president, Management Department | Lee Jui-Ting | | | | |
| | Assistant General Manager, Finance Department | Liu Huang-Wei | | | | |
| | Assistant General Manager, Quality Research Department | Chen Chien-Lang | | | | |
| | Assistant General Manager, Export Sales Department | Hung Chieh-Yu | | | | |
| | Assistant General Manager, Domestic Sales Department | Chen Chih-Hsiung | | | | |

(V) Analysis of the total remuneration paid to the directors, president and vice president of the Company in the last two years by the Company and all companies in the consolidated financial statements as a percentage of the net profit after tax of individual financial reports; and explain the payment remuneration policies, standards and combinations, procedures for determining remuneration, and their correlation with business performance:

1. Analysis of the total remuneration paid to the directors, president and vice president of the Company in the last two years by the Company and all companies in the consolidated financial statements as a percentage of the net profit after tax of individual financial reports:

Unit: NT$ thousand

| Item / Title | The Company | | | | All companies in the Consolidated financial statements | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | Total | Its proportion as a percentage of net income after tax | Total | Its proportion as a percentage of net income after tax | Total | Its proportion as a percentage of net income after tax | Total | Its proportion as a percentage of net income after tax |
| Remuneration to directors | 29,221 | 3.03% | 25,364 | 4.16% | 30,651 | 3.18% | 26,794 | 4.40% |
| Remuneration to the president and vice president | 6,373 | 0.66% | 10,496 | 1.72% | 6,373 | 0.66% | 11,926 | 1.96% |
| Net income after tax | 963,328 | - | 609,102 | - | 963,328 | - | 609,102 | - |

Note: The total amount of directors' remuneration in 2024 was increased than that in 2023, due to the increase in net profit after tax in 2024. Meanwhile, the total remuneration for the President and Vice President lower compared to 2023, due to an lower in personnel.

2. Policies, standards and combinations, procedures for determining remuneration, and their correlation with business performance and future risks:

Policies, standards, and combinations of remuneration

(1) The Company's directors may be compensated for their work in performing the Company's business, with remuneration determined by the Board of Directors in accordance with the Articles of Incorporation. The remuneration will be based on the degree of their participation and the value of their contributions to the Company’s operations, with reference to the general compensation levels of industry peers. In addition, if the Company makes a profit in a given year, not more than 5% of the profit shall be set aside for directors' remuneration in accordance with the Articles of Incorporation. The Remuneration Committee shall propose an allocation ratio to the Board of Directors for resolution based on the results of the annual performance

evaluation (for evaluation items please refer to "Implementation of Board of Directors' Appraisal" on page 20 of this annual report).

(2) As for the Company's managerial officers' remuneration, the regulations governing salary items specify various work allowances and bonuses to reward and incentivize employees for their work contribution. The relevant bonuses are also granted based on the Company's annual operating performance, financial position, operating conditions, and individual work performance. In addition, if the Company makes a profit in a given year, not less than 2% of the profit is set aside as employee remuneration in accordance with the Company's Articles of Incorporation. The results of performance evaluation, conducted by the Company in accordance with the "Regulations for Performance Evaluation," serve as the basis for the distribution of managerial officers' bonuses. The performance evaluation items of managerial officers are divided into two categories: 1. financial indicators: based on the Company's management income statement, each business group's contribution to the Company's profits, and managerial officers' achievement rate of their objectives; 2. non-financial indicators: the implementation of the Company's core values, operational management ability, and participation in sustainable operations. These evaluation items are used to calculate the remuneration based on their operating performance, and the remuneration system is reviewed as needed depending on the actual situation and relevant laws and regulations.

(3) The remuneration combinations paid by the Company consist of cash compensation, retirement benefits or severance pay, various allowances, and other substantive incentives as defined in the Remuneration Committee Charter. The scope of remuneration is consistent with that for directors and managerial officers as defined in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

## Procedures for determining remuneration

(1) The remuneration of directors and managerial officers is evaluated regularly based on the Company's operations and the results of the annual performance evaluation, which is conducted in accordance with the “Regulations for Performance Evaluation” applicable to managerial officers and employees.

(2) The performance assessment and the reasonableness of remuneration of the Company’s directors and managerial officers are reviewed by the Remuneration Committee and the Board of Directors annually. In addition to individual’s performance achievement rate and contribution to the Company, the Company’s overall operating performance, the industry’s future management risks, and development trends also serve as a reference. Moreover, the remuneration system is reviewed according to the actual management situation and relevant laws. Considering the current corporate governance trends, reasonable remuneration is determined in order to strike a balance between the Company’s stainability and risk control.

## Correlation with business performance and future risks

(1) The review of the Company's payment standards and systems related to its remuneration policy is based on the Company's overall operating conditions. Payment standards are determined by the performance achievement rate and contribution. These measures aim to improve the overall performance of the Board of Directors and the management team. In addition, by considering industry standards, the Company ensures that management-level remuneration remains competitive in the industry to retain outstanding managerial talent.

(2) The performance objectives of the Company's managerial officers are linked to risk management and control, ensuring that potential risks within their scope of responsibilities are managed and prevented. The appraisal results of their actual performance are tied to relevant human resources and remuneration policies. Key decisions by management are made after considering various risk factors. The effectiveness of these decisions is reflected in the

Company's profitability, which in turn influences the remuneration and risk control performance of the management.

# III. State of operation of corporate governance

## (I) State of the Board of Directors:

The board meeting was held 6 times in 2024. The attendance of directors is as follows:

| Title | Name | Attendance in person | Attendance by proxy | Attendance rate in person (%) | Remark (Note) |
|---|---|---|---|---|---|
| Chairman | Lee Jui-Chun | 6 | - | 100 | Re-elected |
| Director | Lee Yao-Min | 6 | - | 100 | Re-elected |
| Director | Shi Hwei-Yow | 5 | 1 | 83.33 | Re-elected |
| Director | Mao Long Investments Limited (Representative: Chen Shou-Shin) | 6 | - | 100 | Re-elected |
| Director | Mao Long Investments Limited (Representative: Tsai Chang-Shou) | 6 | - | 100 | Re-elected |
| Director | Mao Long Investments Limited (Representative: Chiang Yen-Hung) | 6 | - | 100 | Re-elected |
| Independent director | Wang Cho-Chiun | 6 | - | 100 | Re-elected |
| Independent director | Yang Wen-Goang | 3 | - | 100 | Resigned from office |
| Independent director | Tsai Chi-Neng | 6 | - | 100 | Re-elected |
| Independent director | Chen Shu-Fen | 3 | - | 100 | Newly appointed |

Note: A re-election of directors was held at the Company's annual general meeting on June 18, 2024, and new directors assumed their positions on June 18, 2024. The Board of Directors convened 3 times before the re-election, and 3 meetings after the re-election.

Other information required:

I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company established Audit Committee. The provisions of Article 14-3 of the Securities Exchange Act are not applicable. For the description of the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the operation of the Audit Committee (page 21-22).

(II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: None.

II. Recusal of the directors from motions involving their interest, specify the names of the directors, the content of the motions, the reason for recusal, and the participation in voting:

| Date of Board of Directors meeting | Motion content | Name of director who recused himself/herself due to conflict of interest | Reason for recusal | Participation in voting |
|---|---|---|---|---|
| 15th meeting of the 12th session February 2, 2024 | Discussion about 2022 remuneration for managers and audit officers, and 2023 year-end bonus . | Director Lee Yao-Min<br>Director Lee Jui-Chun | These directors are company officers and recused themselves due to conflict of interest. | Approved by the chairman after consulting with the remaining directors present at the meeting. |
| 15th meeting of the 12th session February 2, 2024 | Discussed the motion for the contents of the remuneration and payment for the Company's directors. | Directors present | The directors present at the meeting recused themselves during the discussion of their own transportation fees due to conflict of interest. | Approved by the chairman after consulting with the remaining directors present at the meeting. |
| 16th meeting of the 12th session March 15, 2024 | The motion to lift the non-competition restriction on the new directors and their | Director Lee Jui-Chun<br>Director Lee Yao-Min | These directors recused themselves due to conflict of interest. | Approved by the chairman after consulting with the remaining directors present at |

| | | | | |
|---|---|---|---|---|
| | representatives | | | the meeting. |
| 1th meeting of the 13th session June 18, 2024 | Appointed members of the Company's 2nd "Audit Committee." | Director Wang Cho-Chiun<br>Director Tsai Chi-Neng<br>Director Chen Shu-Fen | These directors recused themselves due to conflict of interest. | Approved by the chairman after consulting with the remaining directors present at the meeting. |
| 1th meeting of the 13th session June 18, 2024 | Appointed members of the Company's 6th "Remuneration Committee." | Director Wang Cho-Chiun<br>Director Tsai Chi-Neng | These directors recused themselves due to conflict of interest. | Approved by the chairman after consulting with the remaining directors present at the meeting. |
| 2th meeting of the 13th session August 8, 2024 | Discussed the contents and payment plan of the 13th Board of Directors' remuneration. | Directors present | The attending directors recused themselves from the discussion of their own remuneration in accordance with the law. | Approved by the chairman after consulting with the remaining directors present at the meeting. |
| 2th meeting of the 13th session August 8, 2024 | Discussion on the payment of 2023 directors' remuneration. | Directors present | The attending directors recused themselves from the discussion of their own remuneration in accordance with the law. | Approved by the chairman after consulting with the remaining directors present at the meeting. |

III. Evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content of the Board's self (or peer) evaluation:

Implementation of evaluation of the Board of Directors:

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|---|---|---|---|---|
| Performed at least once a year | 2024.01.01<br>\|<br>2024.12.31 | Performance evaluation of the Board of Directors and individual Board members as well as Remuneration Committee and Audit Committee | Performance evaluation questionnaires were internally conducted within the Board of Directors, Board members, Remuneration Committee and Audit Committee | 1. The criteria for the self-evaluation of the board of directors cover the following six aspects:<br>(1) Participation in the operation of the Company<br>(2) Quality of the Board of Directors' decision making<br>(3) Composition and structure of the Board of Directors<br>(4) Election and continuing education of the directors<br>(5) Internal control<br>2. The criteria for the self-evaluation of the board members cover the following six aspects:<br>(1) Alignment of the goals and missions of the company<br>(2) Awareness of the duties of a director<br>(3) Participation in the operation of the Company<br>(4) Management of internal relationship and communication<br>(5) The director's professionalism and continuing education<br>(6) Internal control<br>3. The criteria for the self-evaluation of the functional committees cover the following six aspects:<br>(1) Participation in the operation of the Company<br>(2) Awareness of the duties of the functional committee<br>(3) Improvement of quality of decisions made by the functional committee<br>(4) Composition and structure of the functional committee<br>(5) Internal control |

IV. Objectives to enhance Board functions during the most recent fiscal year and evaluation of the implementation:

1. Strengthening of corporate governance: In 2020, the Company's Board of Directors passed the "Rules for Performance Evaluation of Board of Directors and Functional Committees" and conducted performance evaluation of the Board of Directors. On May 3, 2022, the Board of Directors approved the establishment of the head of corporate governance to oversee corporate governance affairs and assist the directors in carrying out their duties to exert their supervision function.
2. Enhancement of Information Transparency: There is an "Investor Area" on the Company's website to provide timely information of the Company's financial, business, and corporate governance-related information. In addition, we value the communication with investors. There is a "Stakeholders" area on the Company's website. We also hold an investors conference on a regular basis to address investor-related issues at any time, ensuring that investors have the right to fully inquire and understand the Company's financial and business information.

## (II) Operation of the Audit Committee:

The Audit Committee meeting was held 5 times in 2024, with the attendance of independent directors as follows:

| Title | Name | Attendance in person | Attendance by proxy | Attendance rate in person (%) | Remark (Note) |
|---|---|---|---|---|---|
| Convener | Wang Cho-Chiun | 5 | - | 100 | Re-elected |
| Member | Yang Wen-Goang | 3 | - | 100 | Resigned from office |
| Member | Tsai Chi-Neng | 5 | - | 100 | Re-elected |
| Member | Chen Shu-Fen | 2 | - | 100 | Newly appointed |

Note: A re-election of directors was held at the Company's annual general meeting on June 18, 2024, and new directors assumed their positions on June 18, 2024. The Audit Committee convened 3 times before the re-election, and 2 meetings after the re-election.

Other information required:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations or material recommendations of independent directors, the Audit Committee's resolution, and how the company has responded to Audit Committee's opinions:
(I) Matters listed in Article 14-5 of the Securities and Exchange Act: page 21-22.
(II) Except for the preceding matters, any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.

II. Recusal of the independent directors from motions involving their interest, specify the names of the independent directors, the content of the motions, the reason for recusal, and the participation in voting: Please refer to "State of the Board of Directors".

III. State of communication between independent directors, Chief Internal Auditors and CPAs (material matters, methods and results of communication on the Company's financial and business status):
Independent director, internal auditor and Accountant communication:
(I) Independent directors and CPAs shall meet at least once a year. During these meetings, the CPAs report on the Company's financial condition, overall operations, and internal control audit to independent directors. They also communicate any material adjustments to the financial statements or whether legal revision has an impact on the accounts. A meeting is convened at any time in the event of a major irregularity.
(II) Independent directors and the chief internal auditor shall meet at least once a year. During these meetings, the chief internal auditor report on the implementation status of the Company's internal audits and internal controls. A meeting is convened at any time in the event of a major irregularity.
(III)For the communication between independent directors, internal audit head, and independent auditors, please refer to the Company's website: https://kunglong.com/investor/corporate-governance/Communication/2024/

IV. Audit Committee annual major matters and operation status:
(I) Annual major annual matters:
1. Regularly communicate the results of the audit report with the internal auditor based on the annual audit plan.
2. Regularly communicate with the company's CPA on the results of the quarterly financial statements review or audit.
3. Review financial reports.
4. Evaluation of the effectiveness of the internal control system.
5. Material asset or derivative transactions.
6. Appointment, dismissal or remuneration of CPA.
7. CPA qualification and independence assessment.
8. Review and revise the "Procedures for Acquisition and Disposal of Assets", "Procedures for Derivatives Transactions", "Procedures for Lending of Capital to Other Parties", and "Procedures for Endorsement and Guarantee" or any other major financial business behaviors.
9. Regulatory Compliance.

(II) Implementation:

| Date / Meeting Number. | Motions and subsequent actions | Matters listed in Article 14-5 of the Securities and Exchange Act | Contents of independent directors' objections, reservations or major proposals |
|---|---|---|---|
| 13th meeting of the 1st session February 2, 2024 | 1. Amendments to some management measures of the Company's internal control system. | V | None |
| | 2. Motion for the independence and suitability evaluation of the Company's CPAs. | V | None |
| | 3. Motion for the fees of the Company's CPAs | V | None |
| | Audit committee resolution : Passed by all attending Audit committee members. | | |
| | The Company's handling of the Audit Committee's opinion: This motion was approved by the Board of Directors and submitted to the Audit Committee for approval. | | |
| 14th meeting of the 1st session March 15, 2024 | 1. Amendments and new additions to some management measures of the Company's internal control system. | V | None |
| | 2. The Company's 2023 internal control self-assessment report and declaration of internal control system. | V | None |
| | 3. The Company's 2023 business report, parent company only financial statements, and consolidated financial statements. | V | None |

| | | | |
|---|---|---|---|
| | 4. The proposal for the distribution of earnings in 2023 . | - | None |
| | 5. In accordance with the Company's Regulations Governing Issuance of New Employee Restricted Stocks, to cancel the shares recovered without meeting the vesting conditions and set the record date for capital reduction. | - | None |
| | 6. The motion to lift the non-competition restriction on the new directors and their representatives. | V | None |
| | Audit committee resolution : Passed by all attending Audit committee members. | | |
| | The Company's handling of the Audit Committee's opinion: This motion was approved by the Board of Directors and submitted to the Audit Committee for approval. | | |
| 15th meeting of the 1st session May 9, 2024 | 1. Amendments and new additions to some management measures of the Company's internal control system. | V | None |
| | 2. The Company's consolidated financial statements for the first quarter of 2024. | - | None |
| | Audit committee resolution : Passed by all attending Audit committee members. | | |
| | The Company's handling of the Audit Committee's opinion: This motion was approved by the Board of Directors and submitted to the Audit Committee for approval. | | |
| 1th meeting of the 2st session August 8, 2024 | 1. Election of the convener and the chairperson of the 2nd Audit Committee. | - | None |
| | 2. Amendments and new additions to some management measures of the Company's internal control system. | V | None |
| | 3. The Company's consolidated financial statements for the second quarter of 2024. | - | None |
| | Audit committee resolution : Passed by all attending Audit committee members. | | |
| | The Company's handling of the Audit Committee's opinion: This motion was approved by the Board of Directors and submitted to the Audit Committee for approval. | | |
| 2th meeting of the 2st session November 7, 2024 | 1. New additions to some management measures of the Company's internal control system. | V | None |
| | 2. Formulation of the Company's internal control system audit plan for 2025. | V | None |
| | 3. Purchase of directors' liability insurance. | V | None |
| | 4. The Company's consolidated financial statements for the third quarter of 2024. | - | None |
| | Audit committee resolution : Passed by all attending Audit committee members. | | |
| | The Company's handling of the Audit Committee's opinion: This motion was approved by the Board of Directors and submitted to the Audit Committee for approval. | | |

## (III) Status of corporate governance operations, and any difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference:

| Evaluation Item | The State | | | Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Has the company established and disclosed its Corporate Governance Best-Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies? | V | | The Company has formulated its own "Corporate Governance Best-Practice Principles", pursuant to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". The Corporate Governance Best-Practice Principles were approved by the Board of Directors on October 30, 2015 and are disclosed on the Company's website and Market Observation Post System (MOPS). | No Difference. |
| II. Equity structure and shareholders' equity<br>(I) Has the company formulated internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters and have the procedures been implemented accordingly?<br><br>(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of its major shareholders?<br><br>(III) Has the company established and implemented the risk control and firewall mechanisms between the affiliates?<br><br>(IV) Has the company set up internal regulations to prohibit internal personnel from utilizing the undisclosed information to trade securities? | <br>V<br><br>V<br><br>V<br><br>V | | (I) The Company has designated personnel responsible for stock affairs and related matters and has a spokesperson and deputy spokesperson system to handle matters proposed by shareholders, and has legal advisors to consult related legal issues.<br><br>(II) The Stock Agency Department of KGI Securities is responsible for handling the major shareholders and the list of the ultimate controllers of the major shareholders, as well as preparing related statements each month to be disclosed on the MOPS.<br>(III) The assets, financial business and accounting of the affiliated enterprises are operated independently, and are controlled and audited by the Company in accordance with the "Supervision Procedures for Subsidiaries" established by the Company.<br>(IV) The Company has established the "Management Procedures for Prevention of Insider Trading" to prevent the occurrence of insider trading, and held "insider trading" events on September 9 and, November 7 2024 for managers, the Company's staff and directors, respectively. Education and training: Describe the laws and regulations governing insider trading, including the laws, regulations, and components. The course lasts for 30 minutes to 1 hour, and a total of 62 people participated. | No Difference. |
| III. Composition and duties of the Board of Directors<br>(I) Has the board formulated a diversity policy and specific management objectives, and have they been implemented?<br><br>(II) Apart from the remuneration committee and audit committee, has the company voluntarily established other functional committees?<br><br>(III) Has the company established Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company conduct a performance evaluation each year, submit the performance evaluation results to the board of directors and use them as reference in determining remuneration for individual directors, and nomination for reappointment? | <br>V<br><br><br><br>V | <br><br><br>V | (I) The Company has established the "Corporate Governance Best-Practice Principles," formulated a board member diversity policy with specific management objectives, and implemented them accordingly. The Company's directors (including independent directors) shall be elected under a candidate nomination system. The composition of the Company's board of directors is diversified in terms of age, gender, and industry experience, including manufacturing, branding channels, technology research, and financial investment, to implement the diversity policy and improve the board's structure.<br>One independent director's term of service is less than 3 years, while the terms of service of two other independent directors exceed 3 years. Three directors are between 51 and 60 years old, one are between 61 and 70 years old, and five are 71 years old or older.<br>The Company values the gender equality in the composition of the board of directors. The board currently consists of 9 directors, including 1 female.<br>(For information on professional knowledge and independence of the board members, please refer to pages 8~11)<br>(II) We have formed an Audit Committee and Remuneration Committee as required by law, and corporate governance operations are overseen by each department according to their duties and responsibilities. We have not yet set up other functional committees, which may be set up according to the needs in the future.<br>(III) On January 17, 2020, the Company's Board of Directors passed the "Rules for Performance Evaluation of Board of Directors and Functional Committees" and conducted performance evaluation of the Board of Directors. By doing so, we implement corporate governance while strengthening the functions of the Company's Board of Directors. The Company has submitted the results of the 2024 self-evaluation of the board of directors to the board of directors' report dated March 13, 2025. The self-evaluation score of the board of directors' performance in 2024 is 96 points, and the score of board members' self-evaluation is 99 points; the self-evaluation scores of the Audit Committee and the Remuneration Committee are 98 and 94 points, respectively. The evaluation results show that the overall operation of the Company's board of directors is still sound, in line with the spirit of corporate | No Difference. |

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">The State</th><th rowspan="2">Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Does the company regularly assess the independence of its CPAs?</td><td>V</td><td></td><td>governance.<br>(IV) The Company's Audit Committee and the Board of Directors refer to the Audit Quality Indicators (AQIs) at least once a year, including “firm level” and “individual audit level” for five major aspects (professionalism, quality control, independence, supervision, innovation ability) and 13 indicators (audit experience, training hours, turnover, professional support, CPA workload, audit revenue, case quality control review, quality control support capability, non-audit services, customer familiarity, external inspection deficiencies and penalties, the competent authority issues letters for improvement, innovative plans, or initiatives) to evaluate the independence and suitability of the firm and the CPAs. After the approval of the Audit Committee on February 2, 2024, the latest assessment was submitted to the Board of Directors for resolution on February 2, 2024. No violation of independence or incompetence was found on the CPAs and their related personnel. The relevant assessment items are as follows:<br>1. The accounting firm did not issue any assurance service report on the effective operation of the financial information system designed or assisted by it.<br>2. The CPAs were not employed by the client or audited entity to perform routine work for which they received a fixed salary, or currently serve as directors.<br>3. Except for those subject to special approval by law, the CPAs or audit service team did not represent the Company in defending legal cases or other disputes with third parties.<br>4. The CPAs or the audit service team members did not advertise or brokered shares or other securities issued by the Company.<br>5. The CPAs did not provide audit services to the Company for 7 consecutive years.<br>6. The CPAs recused themselves and did not engage themselves in matters in which they had a direct or material indirect interest that affected their impartiality or independence.<br>7. The accounting firm had clear quality control procedures, covering the level and key points of the audit process, the handling of audit issues and judgement method, quality control review of independence, and management of risks.<br>8. The accounting firm timely notified the Board of Directors of any significant issues and development in terms of risk management, corporate governance, financial accounting and related risk controls.</td><td>No Difference.</td></tr>
<tr><td>IV. Does the listed company appoint competent and appropriate corporate governance personnel to be in charge of corporate governance related affairs (including but not limited to providing the information required by the directors to carry out their business, assisting the directors in complying with laws and regulations, and handling the board meeting and related affairs according to laws, matters related to shareholders' meetings, and preparation of minutes of board meetings and shareholders' meetings)?</td><td>V</td><td></td><td>To implement corporate governance, urge the board of directors to perform its functions, and protect the rights and interests of investors, the Company appoints an appropriate number of competent corporate governance personnel. As resolved by the board of directors on May 3, 2022, Liu Huang-Wei, assistant vice president of the Finance Department, was appointed as the corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the board of directors. The corporate governance officer’s scope of powers and responsibilities, the key points of business execution for the current year, and the continuing education status are as follows:<br>1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law:<br>(1) Prepare board meeting agenda and inform directors at least seven days in advance. Convene the meeting, provide meeting materials, and remind directors to recuse themselves from motions if there is any conflict of interest.<br>(2) Register the date of the shareholders' meeting in advance in accordance with the law and prepare the meeting notice, meeting handbook, and annual report within the statutory period.<br>2. Preparation of minutes of the board of directors meetings and shareholders meetings: The minutes of board and shareholders' meetings shall be prepared within 20 days after the meeting.<br>3. Assistance in onboarding and continuing education of directors: Assist directors in formulating continuing education plans and arranging courses based on the Company’s industrial characteristics and their educational background and experience.<br>4. Provision of information required for performance of duties by the directors:<br>(1) Regularly notify the board members on the latest amendments to the laws and regulations related to the Company's business operations and corporate governance.<br>(2) Review the confidentiality classification of relevant information, provide the information required by directors, and to facilitate smooth communication and exchange between directors and heads of business units.</td><td>No Difference.</td></tr>
</table>

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">The State</td><td rowspan="2">Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td></td><td></td><td></td><td>(3) Assist in arranging meetings for an independent director to meet in person with the chief internal auditor or the CPAs, in accordance with the Corporate Governance Best Practice Principles, to gain an understanding of the Company's financial operations when necessary.<br>5.Assistance in the directors' compliance of law:<br>(1) Report to the board of directors on the Company's corporate governance practices to ensure that the Company's shareholders' meetings and board meetings are convened in compliance with relevant laws and corporate governance best practice principles.<br>(2) Assist and remind directors of the laws and regulations they must comply with when conducting business or passing formal resolutions in board meetings, and provide recommendations if the board of directors adopts resolutions that violate the law.<br>(3) Responsible for reviewing the announcement of material information of the board's resolutions after meetings, ensuring the legality and accuracy of its content, thereby protecting the information symmetry for investors.<br>6. For information on the continuing education status of the Corporate Governance Office, please refer to page 42 of the annual report.</td><td></td></tr>
<tr><td>V. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the company with a proper response to the concerns of the stakeholders on issues related to corporate social responsibility?</td><td>V</td><td></td><td>(1) We have a spokesperson and deputy spokesperson in place. The contract information of the Company is disclosed on the MOPS as required. To build sound communication channels with investors, we disclose financial and stock related information on the MOPS and its website.<br>(2) We have set up a “Stakeholders” area on the website to fully explain various stakeholder relationships. We have established different contact numbers and emails depending on the nature of each the stakeholder, handled by the responsible unit.<br>(3) Based on the nature of its operations, the Company listed the important CSR issues of concern to each stakeholder, and the responses to these issues and the frequency of responses are as follows:
<table>
<tr><td>Subject</td><td>Issue of concern</td><td>Issue response/communication frequency</td></tr>
<tr><td>Employees</td><td>● Employee benefits and salary<br>● Talent cultivation<br>● Workplace safety</td><td>● Various employee welfare policies<br>● Periodic employee training<br>● Regular participation in occupational safety training and seminar</td></tr>
<tr><td>Customers</td><td>● Customer services<br>● Supply chain management<br>● In line with regulatory requirements</td><td>● Occasional communication and discussion meetings with customers<br>● Quality management certification<br>● Customer satisfaction survey</td></tr>
<tr><td>Suppliers</td><td>● Sustainable development strategies<br>● Supply chain management<br>● Innovative management</td><td>● Procurement contract<br>● Regular performance of supplier appraisals<br>● Promotion of environmental safety and health related management and promotion</td></tr>
<tr><td>Investors</td><td>● Sustainable development strategies<br>● Management performance<br>● Corporate governance</td><td>● Annual general meeting held<br>● Investors conference held<br>● Continue to promote corporate governance<br>● Regularly publish quarterly and annual financial reports</td></tr>
<tr><td>Government agency</td><td>● Occupational safety and health<br>● Environmental management</td><td>● Regularly participate in environmental safety training to obtain related licenses<br>● Formulate various control procedures including wastewater and hazard controls in accordance with the law</td></tr>
</table>
Contact persons are set up according to different identities and issues. For the contact information, please visit the Company’s website - “Stakeholders”.</td><td>No Difference.<br><br>No Difference.</td></tr>
<tr><td>VI. Does the company engage a professional stock transfer agency to handle affairs related to shareholders’ meetings?</td><td>V</td><td></td><td>We engage a professional stock agency - Stock Agency Department of KGI Securities, to handle the Company’s stock affairs. We have also formulated the “Stock Management Rules” to regulate the related matters.</td><td>No Difference.</td></tr>
<tr><td>VII. Information Disclosure<br>(I) Does the company have a website set up where its financial business, and corporate governance information is disclosed?</td><td>V</td><td></td><td>(I) The Company's website address is as follows: www.klb.com.twwww.klb.com.tw, disclosing financial and</td><td>No Difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">The State</th><th rowspan="2">Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>business information.</td><td rowspan="3"></td></tr>
<tr><td>(II) Has the company adopted other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information of the company, substantiating the spokesman system, and upload the procedure of investors conference on its website, etc.)?</td><td>V</td><td></td><td>(II) In addition to disclosing financial and business information on a regular basis and from time to time on the official website, information on corporate governance and investors conference can also be found on the website. We also have a spokesperson and deputy spokesperson to release information to the public.</td></tr>
<tr><td>(III) Has the company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?</td><td></td><td>V</td><td>(III) Although the Company did not announce and report the annual financial reports within two months after the end of the fiscal year, it still announced and reported the financial reports before the deadline; the Company announced and reported the financial statements for the first, second and third quarters well in advance, and reported the operating status of the current month regularly within the prescribed time.</td></tr>
<tr><td>VIII. Is there any important information (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the directors, implementation of risk management policy and risk measurement criteria, the pursuit of customer policy, and the purchase of liability insurance for the company’s directors) that is helpful in understanding the corporate governance operation of the company?</td><td>V</td><td></td><td>(I) Employee rights:<br>The Company treats its employees with integrity and protects their legal rights and interests in accordance with the Labor Standards Act.<br>(II) Employee care:<br>At Kung Long, we provide a stable welfare and sound education and training systems for employees, while also establishing a good relationship based on mutual trust and reliance. We provide subsidies for club activities, recreational activities, health examinations and medical consultations.<br>(III) Investor relations:<br>Our stock agent and spokesperson are responsible for shareholder inquiries and suggestions.<br>(IV) Supplier relations:<br>We establish partnerships with suppliers based on the principle of equality and mutual benefit to build a robust supply chain. Furthermore, we conduct audits on a regular basis and from time to time to ensure the quality of supply.<br>(V) Stakeholder rights<br>Stakeholders may communicate with and give advice to the Company, ensuring their legal rights and interests.<br>(VI) Further education of directors:<br>All directors of the Company have professional backgrounds in the industry and practical experience in business management. For information associated with further education of directors, please visit the MOPS.<br>(VII) Implementation of risk management policy and risk measurement criteria:<br>The Company has established various internal regulations in risk management and evaluation.<br>(VIII) Customer policy implementation:<br>1. There are special personnel designated in the Sales Department to handle customer problems. To protect customer rights, problems will be addressed within a prescribed time after being reported by the customer.<br>2. We have taken out USD2 million product liability insurance.<br>(IX) Liability insurance for directors:<br>Upon approval in the Board meeting on November 7, 2024, the Company shall purchase 2025 directors' liability insurance in the total amount of USD 15 million for directors and managers.</td><td>No Difference.</td></tr>
<tr><td colspan="5">IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement items and measures for any issues that are yet to be improved.<br>Improvements made:<br>(I) To enhance disclosure in the English version, the Company issues the interim financial report in English within two months of the Chinese version's reporting deadline to continue improving corporate governance.<br>(II) In order to implement Taiwan’s gender equality policy, the Company currently has 9 directors, including 1 female director, fulfilling its objective of promoting gender equality in board composition.<br>Matters to be enhanced first: Implement sustainable development and planning of greenhouse gas (GHG) inventory and verification.</td></tr>
</table>

*Note: Further education of directors:

| Title | Name | Date | Organizer | Name of course | Number of hours of further education |
|---|---|---|---|---|---|
| Director | Lee Yao-Min | 2024/06/16 | Taiwan Investor Relations Institute | Hostile Takeover - Focusing on Ensuring Management Power | 3 hours |
| | Lee Yao-Min | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Lee Yao-Min | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| | Lee Jui-Chun | 2024/04/18 | Taiwan Institute of Directors | Wealth Inheritance Thinking is Oriented to Analysis | 3 hours |
| | Lee Jui-Chun | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Lee Jui-Chun | 2024/09/20 | Taiwan Institute of Directors | Supply Chain Cybersecurity Governance and Risk Management under Corporate Sustainability Strategy | 3 hours |
| | Shi Hwei-Yow | 2024/05/06 | Taiwan Corporate Governance Association | AI Application in Laws and Audit | 3 hours |
| | Shi Hwei-Yow | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Shi Hwei-Yow | 2024/11/04 | Taiwan Corporate Governance Association | The Key to Sustainable Business Growth - Open Innovation | 3 hours |
| | Shi Hwei-Yow | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| | Chen, Shou-Shin | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Chen, Shou-Shin | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| | Tsai, Chang-Shou | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Tsai, Chang-Shou | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| | Chiang, Yen-Hung | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Chiang, Yen-Hung | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| Independent director | Wang Cho-Chiun | 2024/03/11 | Taiwan Corporate Governance Association | International Economic Situation in 2024 | 3 hours |
| | Wang Cho-Chiun | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Wang Cho-Chiun | 2024/08/12 | Taiwan Corporate Governance Association | Taiwan's Industrial Outlook | 3 hours |
| | Wang Cho-Chiun | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| | Tsai Chi-Neng | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Tsai Chi-Neng | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |

| Title | Name | Date | Organizer | Name of course | Number of hours of further education |
|---|---|---|---|---|---|
| | Chen Shu-Fen | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | Chen Shu-Fen | 2024/09/20 | Securities and Futures Institute | 2024 Insider Trading Prevention Seminar | 3 hours |
| | Chen Shu-Fen | 2024/10/21 | Taipei Foundation of Finance | Detection and Prevention of Digital Fraud and Digital Financial Crimes | 3 hours |
| | Chen Shu-Fen | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |

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

1. Information on members of the Remuneration Committee

The Company established the Remuneration Committee in October 2011. The Remuneration Committee shall exercise the care of good administrators and faithfully perform its duties and submit its suggestions to the Board of Directors for discussion. The details of the current Remuneration Committee members are as follows:

| Identity | Name | Professional qualifications and experience | Independence | Number of other public companies in which the individual is concurrently serving as a Remuneration Committee member |
|---|---|---|---|---|
| Independent Directors (Convener) | Wang Cho-Chiun | Please refer to page 8-11 for information on directors' professional qualifications and independent directors' independence | In line with the provisions in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters" | - |
| Independent Directors | Tsai Chi-Neng | Please refer to page 8-11 for information on directors' professional qualifications and independent directors' independence | In line with the provisions in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters" | - |
| Others | Chen Chin-Chuan | Department, Mechanical Engineering, Feng Chia University<br>Deputy Director, Central District Labor Inspection Office, Council of Labor Affairs, Executive Yuan | An external professional individual that does not have a direct or indirect interest in the Company, except for receiving remuneration that is approved by the Board of Directors | 1 |

2. Duties of the Remuneration Committee
   (1) Review the Company's remuneration policies on a regular basis and propose amendments.
   (2) Establish and regularly review the policies, systems, standards, and structures for the performance and compensation of directors and managers of the Company.
   (3) Regularly evaluate the compensation and remuneration of the Company's directors and managers.

3. The status of the Remuneration Committee
   (1) The Remuneration Committee is run in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", the Company's Articles of Incorporation and the "Remuneration Committee Charter".
   (2) There are 3 members in the Remuneration Committee.
   (3) Current Term: From June 18, 2024 to June 17, 2027. In 2024, the Remuneration Committee convened 2 times, and the attendance of members is as follows:

| Title | Name | Attendance in person | Attendance by proxy | Attendance rate in person (%) | Remark |
|---|---|---|---|---|---|
| Convener | Wang Cho-Chiun | 2 | - | 100 | Re-elected |
| Member | Yang Wen-Goang | 1 | - | 100 | Resigned from office |
| Member | Chen Chin-Chuan | 2 | - | 100 | Re-elected |
| Member | Tsai Chi-Neng | 1 | - | 100 | Newly appointed |

Note: The Company's Board of Directors appointed the members of the 6th Remuneration Committee on June 18, 2024 and took office on June 18, 2024. The 5th Remuneration Committee convened once, and the 6th Remuneration Committee convened once.

Other information required:

I. The date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified:

| Date of meeting | Motion content | Resolution result | Handling of the resolution of the remuneration committee by the Board of Directors |
|---|---|---|---|
| 7th meeting of the 5th session<br>February 2, 2024 | 1. Review of the 2022 distribution of employees' remuneration and 2023 year-end bonus for managers and audit officers of the Company. | The motion was approved as proposed by all members present at the chairperson's meeting, and submitted to the Board of Directors for approval. | Director Lee Yao-Min and Lee Jui-Chun recused themselves in accordance with the law, and the motion was approved by the chairman consulting with the remaining directors present at the meeting. |
| | 2. Review of the 2023 distribution of remuneration to directors and employees in accordance with the Company's Articles of Incorporation, and the estimated ratio of 2024 remuneration to directors and employees. | The motion was approved as proposed by all members present at the chairperson's meeting, and submitted to the Board of Directors for approval. | The proposal was approved by the Chairman after consultation with all the directors present. |
| | 3. Discussed the motion for the contents of the remuneration and payment for the Company's directors. | In this motion, the directors attend the Board meeting and discuss the transportation stipends of various special committees. As Independent Directors, Audit Committee members, and Remuneration Committee members, Chairman Wang Cho-Chiun and Yang Wen-Goang recused themselves based on the amount of their transportation stipends. After the approval, the motion was passed and submitted to the Board of Directors for approval. | In this case, the director's attendance was discussed, and the attending directors recused themselves as required by law. The motion was approved by the chairman consulting with the remaining directors present at the meeting. |
| | 4. Discussed the motion for the contents and payments of the remuneration to the Company's officers and chief auditor. | The motion was approved after the chairperson sought the consent of all attending members, and was submitted to the Board of Directors for approval. | Director Lee Jui-Chun recused themselves in accordance with the law, and the motion was approved by the chairman consulting with the remaining directors present at the meeting. |
| 1th meeting of the 6th session<br>August 8, 2024 | 1. Discussed the motion for the contents of the remuneration and payment for the Company's directors. | In this motion, the directors attend the Board meeting and discuss the transportation stipends of various special committees. As Independent Directors, Audit Committee members, and Remuneration Committee members, Chairman Wang Cho-Chiun and Tsai Chi-Neng recused themselves based on the amount of their transportation stipends. After the approval, the motion was passed and submitted to the Board of Directors for approval. | In this case, the director's attendance was discussed, and the attending directors recused themselves as required by law. The motion was approved by the chairman consulting with the remaining directors present at the meeting. |
| | 2. Discussion of the proposal for distribution of remuneration to directors and supervisors of the Company in 2023. | Apart from members Wang Cho-Chiun and Tsai Chi-Neng who sidestepped for conflict of interest in the discussion of their own remuneration, the proposal was approved by the chairperson and other members present at the meeting and submitted to the Board of Directors for review. | Directors present at the meeting recused themselves due to conflict of interest in the motion involving their own remuneration distribution. The motion was approved by the chairman consulting with the remaining directors present at the meeting. |

II. If the board of directors declines to adopt or modify a recommendation from the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the discrepancy and its reason): None.

III. For the resolutions of the Remuneration Committee, if any member expresses an objection or has a reservation which is recorded in writing, the date, session, content of the proposal, all members' opinions, and handling of members' opinions shall be described: None.

## (V) Promoting sustainable development and climate-related information

### 1.Implementation of sustainable development and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

| Promotion item | Implementation Status | | | Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development which is authorized by the board of directors to be handled by senior management and supervised by the board of directors? | V | | On October 30, 2015, the Board of Directors approved the "Sustainable Development Best Practice Principles" as the corporate governance guideline for the promotion of sustainable development. The concurrently responsible unit for sustainable development - President's Office is responsible for coordinating employee relations and compliance performance, environmental sustainability, occupational safety and health; formulate relevant policies and regulations for compliance, plan and promote various sustainability initiatives, and to help improve the performance of sustainability management through training, counseling, and auditing. | No Difference |
| II. Has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operation in accordance with the materiality principle and established the relevant risk management policy or strategy? | V | | The boundary of the Company's risk assessment includes the parent company in Taiwan and the subsidiaries in Vietnam. We have yet to formulate a risk management policy for material environmental, social and corporate governance-related issues, which shall be formulated as necessary in the future. | No Difference |
| III. Environmental issues<br>(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics? | V | | (I) The Company has passed ISO 14001:2015 environmental management system verification. Through pollution prevention, process waste reduction and continuous improvement measures, we enhance the environmental protection performance and management efficiency. We also have dedicated management personnel to promote related systems. | No Difference |
| (II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials that have low impact on the environment? | V | | (II) The Company abides by the relevant laws and regulations and there are dedicated personnel and qualified vendors to handle wastewater, waste gas and waste management. We are committed to the utilization efficiency of various resources by continuing with the measures to recycle garbage, waste paper and waste recovery, dedicating to the environment. | |
| (III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future and taken relevant countermeasures? | | V | (III) The Company has yet to formulate business continuity management (BCM) or climate-related risk countermeasures for the current and future potential risks and opportunities. These will be established as necessary in the future. | |
| (IV) Has the company has prepared statistics on greenhouse gas emissions, water consumption and total volume of waste for the past two years, and formulated policies for to save energy saving and reduce carbon, greenhouse gas, water use, or other waste management? | V | | (IV) We have formulated the "Organizational GHG Inventory Management Procedures" served as the guidelines for collecting GHG-related data. For carbon reduction policies, data of GHG emissions for the past two years, controlled waste recycling, domestic waste removal and water consumption, please refer to: Disbursements for environmental protection. | |
| IV. Social issues<br>(I) Does the company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on human rights? | V | | (I) The Company has formulated human rights policies in accordance with the "Universal Declaration of Human Rights" and the "ILO Declaration on Fundamental Principles and Rights at Work" to serve as guidelines for human rights-related actions and behaviors. We also comply with applicable labor regulations and organize employee education and training to promote regulatory systems. To protect the basic rights and interests of employees, the appointment, dismissal and remuneration of personnel are handled in accordance with the Company's Internal Control System Management Rules. The implementation of the Company's human rights management policies is summarized as follows:<br>1. The Company complies with relevant laws, including the Labor Standards Act, and values the balance between employees' health, work, family, and leisure life. Meanwhile, the Company implements work hour management, prohibits child labor, and prohibits all forms of forced labor and discrimination.<br>2. In order to establish a workplace with gender equality, the Company implements an unpaid parental leave system and provides employees with family care leave, menstruation leave, childbirth leave, and paternity leave. In addition, the Company has issued the "Declaration on the Company's Prevention of Sexual Harassment in the Workplace," established the "Guidelines for Prevention of Sexual Harassment," and promotes gender equality through education and | No Difference |

| Promotion item | Implementation Status | | | Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | training.<br>3. The Company instills the concept of valuing health in employees, arranges annual physical examination for employees at the Company and its plant sites, and holds health seminars to help employees address problems in terms of physical and mental well-being.<br>In addition, 73 people received human rights protection-related education and training in 2024 for a total of 73 hours. In the future, the Company will continue to focus on human rights protection issues and organize relevant education and training to raise awareness of human rights protection and reduce the possibility of relevant risks. | No Difference |
| (II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) that appropriately reflects the business performance or achievements in the employee remuneration? | V | | (II) The Company will comply with the Labor Standards Act, the Gender Equality Employment Act, the Employment Services Act, the Sexual Harassment Prevention Measures Complaints and Disciplinary Measures, and other related laws and regulations regarding changes to various labor conditions. In addition to insuring employees with labor insurance and national health insurance in accordance with the law, we also provide group insurance and business trip travel insurance.<br><u>Employees' remuneration</u><br>The Company's year-end bonus system is distributed to all employees after taking into account their seniority and annual performance evaluation, to motivate all employees to work together for the Company's goals. Employees' remuneration is calculated based on the Company's Articles of Incorporation, which provides that the profit shall not be less than 2% of the Company's profit for the year.<br><br><u>Leave policy</u><br>The Company has implemented a comprehensive leave policy in accordance with labor laws and regulations, and included it in the "Work Rules" to be announced to employees.<br><br><u>Employee Welfare Measures</u><br>Since 1991, the Company has established Employee Welfare Committee to coordinate the welfare measures for employees. For welfare measures, please refer to "IV. Labor-Management Relations" of "V. Business Overview" of this annual report.<br><br><u>Diversity and equality in the workplace</u><br>Achieve equal pay and equal promotion opportunities for men and women, and maintain a certain percentage of women in management positions to promote sustainable economic growth. Female employees account for an average of 45.17% of the Group and female executives account for 35.48%.<br>The Company upholds the principle of equality and treats all employees fairly with regard to labor rights and working conditions, regardless of gender, religion, ethnicity, nationality or other factors. | |
| (III) Has the company provided employees with a safe and healthy work environment and regularly provided safety and health education to employees? | V | | (III) Given the importance of the working environment and employee safety protection measures, the Company underwent a version change for the occupational safety and health management system in 2020 and obtained the ISO 45001 certification (valid from March 19, 2023 to March 18, 2026). With this system, we carry out major environmental considerations and occupational safety and health risk control. We also conduct education, training and promotion on workplace safety and health management on a regular basis, strengthening employees' safety and health awareness and recording accident-free work hours at plant sites.<br>The number of fire incidents in 2024 is 0, and the Company conducts disaster response drills annually to enhance emergency response capabilities of personnel and strengthen their disaster rescue knowledge, thereby reducing the frequency and severity of disasters.<br>To protect workers from exposure to hazards in the workplace and to provide a healthy and comfortable working environment, the Company conducts labor working environment monitoring twice a year to gain understanding of actual exposures faced by operators. | |
| (IV) Has the company established an effective career development training program for its employees? | V | | (IV) Each department of the Group has training plans and rotation training for employees to ensure that employees can perform their duties in their existing positions. In addition, in 2024, the employees of the Group participated in internal and external education and training for a total | |

| Promotion item | Implementation Status | | | Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | of 65,275 hours. | |
| (V) Does the company comply with the law and international standards with respect to customer health, safety and privacy, marketing and labeling in all products and services offered, and have the company implemented consumer or customer protection policies and complaint procedures? | V | | (V) The Company's products have been certified by UL and VdS. At the same time, to ensure the quality of products and customer satisfaction, in addition to regular visit customers to gain their views, we also set up a section on the website dedicated to stakeholders, providing a channel for customers to ask questions, file complaints or give suggestions, which are responded by the related business supervisors. We uphold the ethical management principle and provide feedback to protect the rights and interests of customers. | No Difference |
| (VI) Has the company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues, and does the company track suppliers' performance on a regular basis? | V | | (VI) The Company has established the "Procedures for Supplier Management" and treats integrity and legal compliance as the foundation of cooperation with suppliers. All suppliers must comply with local regulations and contract commitments, and consider legal compliance with labor rights, health and safety, and environmental protection as one of the primary concerns. Suppliers are assessed and chosen through supplier audits and selection mechanisms. The Company regularly evaluates them based on their overall performance and provides counseling according to their grades to track improvements, thereby improving supply chain efficiency.<br>The evaluation/audit/training conducted for suppliers are as follows:<br>**Supplier evaluation**: ● Suppliers undergo the supplier evaluation and comply with the Supplier Code of Conduct. ● Suppliers of raw materials for the manufacturing process have obtained ISO9001 quality management system certification.<br>**Supplier audit**: The Company conducts annual evaluations on suppliers, in accordance with the "Supplier Appraisal Management Procedures," and evaluates whether suppliers' safety and environmental protection are being implemented during production. Those evaluated as poor and have not improved in evaluations for three consecutive months will have their trading activities suspended. We hope that "Sustainable Procurement Policy" can take the lead in both content and implementation, serving as a means to give back to society and promote social harmony and development goals.<br>**Supplier training**: The Company organizes training, process improvement and refinement, and other initiatives for suppliers from time to time, helping them improve quality, engineering technology, and management ability, thereby reducing costs to improve competitiveness to secure orders.<br>**Supplier conference and appreciation**: The Company holds a supplier conference every year. During the conference, in addition to conveying its sustainability philosophy and goals, suppliers are recognized and appreciated for their outstanding performance and contributions in terms of quality improvement, cost reduction, ensured delivery, and sustainability. | |
| V. Has the company prepared a sustainability report or a report on non-financial information with reference to internationally accepted standards or guidelines? Are these reports supported by the assurance or opinion of a third-party verification entity? | V | | The Company does not prepare a sustainability report. Sustainable development-related contents are disclosed on the Company's website and our environmental safety personnel periodically report environmental protection-related information. Information associated with sustainable development is disclosed in the annual report for shareholders. | No Difference |

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">VI. If the company has formulated its own Sustainable Development Best-Practice Principles in accordance with the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe the differences between its operation and the Principles:<br>The Company operates in accordance with the self-established Sustainable Development Best Practice Principles, and there is no significant deviation.</td></tr>
<tr><td colspan="5">VII. Other important information to help understand the promotion of sustainable development implementation:<br>Upholding the concept of creating profits and benefitting employees, we work hard to reflect company management on the employees and society, while at the same time advocating and promoting energy conservation and green corporate environmental social responsibilities. In terms of social engagement, social contribution and welfare and other social responsibility activities, we continue to invest in resources and participate in activities and local activities held for the social disadvantaged, arts and cultural groups. We take part in social welfare with practical actions, exerting the spirit of giving back to society.<br>The Company and the Kung Long Cultural Foundation have been devoted to the social welfare business for a long time. Upholding the concept of "giving back to society and benefiting the public," we actively dedicate to military appreciation, rewards for police officers and firefighters, and the development of education, culture, and medical safety in the Nantou area.<br><br>(I) In 2024, the Kung Long Cultural Foundation continued to organize activities of spreading warmth and giving back to the community. At the end of the year, we provided cultural cash gift to elderly individuals aged 80 and above in Fuxing Village (155 people) and Dunhe Village (283 people) in Caotun Township, Nantou County. A total of NT$876,000 were distributed to 483 individuals in two days, with NTD$2,000 given to each person. This event embodied the spirit of “spreading warmth in the cold winter and showing respect for the elderly at the end of the year.” In addition to organizing elderly activities, the Company also actively devoted to supporting children and lifelines. In 2024, we donated NT$60,000 each to the Nantou Family Support Center and the Nantou County Life Line Association, totaling NT$120,000.<br><br>(II) During the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival in 2024, the Company actively participated in troop appreciation events in Nantou County. In addition to expressing our appreciation to domestic military personnel, the Company also donated a banquet allowance three times, totaling NT$60,000, in recognition of their hard work in protecting the country and its people. The Company also joined the Nantou County Friends of Police Association and the Volunteer Fire Brigade, donating NT$17,000 and NT$50,000, respectively, to show the appreciation for the hard work of the police officers and firefighters. Furthermore, the Company donated the advanced emergency equipment—ZOLL X-series portable defibrillators and a set of patient monitor (NT$1,300,000)—to the Fire Bureau of the Nantou County Government, demonstrating great attention and commitment to saving lives.<br><br>(III) In terms of education, the Company has long donated endowment funds to the three primary schools and junior high schools where it operates, benefiting their students. The statistics for 2024 are as follows: A total of NT$210,000 was donated to Chiao-Jen Elementary School (109 students, NT$70,000), Hsin-Fong Elementary School (330 students, NT$80,000), and Nantou Junior High School (562 students, NT$60,000). The Kung Long Cultural Foundation has been supporting the book donation activities of Taiwan Reading Foundation for a long time, donating NT$400,000 in 2024. As the 2024 National Disabled Games (2,000 participants) were held by Nantou County Government, the Foundation donated NT$50,000 to support this sports event.<br><br>(IV) In terms of culture, the Kung Long Cultural Foundation has long been collecting works by Master artists and promoting art events. In 2024, it collected 4 pieces of Master works, collectively valued at NT$524,000, and supported various art and culture events, including the Nantou Lantern Festival (NT$924,386, with approximately 5 million visitors), calligraphy events at the festival, and the Calendar of Blessing, totaling NT$69,500.</td></tr>
</table>

## 2. Climate-related information

### (1) Implementation of climate-related information

| Item | Implementation Status |
|---|---|
| I. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management. | The board of directors is the highest governing body for climate-related issues, responsible for supervising and managing climate-related risks and opportunities, and promoting the Group's overall climate strategy and policy. In addition to integrating climate issues in the corporate governance and business strategy, including commitment to addressing climate changes, the board of directors also incorporates climate risk management into the organizational culture. Furthermore, the board regularly discusses climate risk issues, as well as assesses and continuously monitors the implementation of various risk management mechanisms, to ensure the Group's continuous and stable operations. |
| II. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short, medium, and long-term). | The Company's major short, medium, and long-term climate risks and opportunities in 2024 are as follows:<br>● Short-term risks: Rising raw material cost due to foreign carbon tax, domestic carbon fee/carbon tax, and rising electricity fee.<br>● Short-term opportunities: Expand or expand low-carbon products and services related to energy demands to improve the Company's positive image.<br>● Medium-term risks: Foreign carbon tax, manufacturing industry's gradual replacement of process equipment by 2030 to increase green power consumption to 15%, and extreme climate events, such as natural disasters causing disruption of domestic and foreign supply chains, resulting in possible losses from interruption of operation.<br>● Long-term risks: Increasing energy consumption due to continuously rising average temperature and damages to assets from long-term climate changes (such as shifts in rainfall patterns and temperature changes), which will impacted the supplier operations and production, as well as customer behavior.<br>● Financial impact: On the risk side, the Company's potential financial risk is increased operating costs that affect revenue; on the opportunity side, it is to expand new business and increase the Company's revenue.<br>● Strategy and business direction: Implement energy-saving and carbon-reduction projects to reduce greenhouse gas emissions, implement in-plant energy-saving planning, equipment upgrades and energy transformation to increase production capacity and reduce power consumption of products, implement sustainable supply chain procurement strategies and alliances to reduce the risk of supply chain disruptions, open up new markets through low-carbon products and energy services, increase revenue sources, plan ahead for the use of renewable energy and technology upgrades, and reduce carbon footprint.<br>The Company will continue to monitor risks and opportunities related to climate change and respond through proactive strategies to ensure the long-term competitiveness and sustainable development of the enterprise. |
| III. Describe the financial impact of extreme climate events and transformation actions. | ● Extreme climate events: In the scenario of a 4°C temperature rise, the analysis indicates that the Company's various factory locations are expected to face low impacts from future droughts, floods, average temperature increases, and rising sea levels. However, the probability of significant property losses due to strong typhoons is assessed as moderate to low, with the financial impact remaining at a low level. Additionally, since our supply chain has safety stocks in place, the impact level is moderate to low.<br>● Transformation Actions: Implement energy-saving and carbon-reduction projects, including installing solar photovoltaic panels, replacing major energy-consuming equipment, and stabilizing power quality to reduce greenhouse gas emissions; in-plant energy-saving planning to increase production capacity and reduce power consumption of products; continue to develop new energy technologies; upgrade existing product technologies to reduce energy consumption; and use sustainable supply chain procurement |

| Item | Implementation Status |
|---|---|
| | strategies and alliances to reduce the risk of supply chain disruptions. The company may face rising operating costs in the short term, but through continued energy-saving and carbon-reduction strategies, technological upgrades and market expansion, it can reduce risks and create financial growth opportunities in the medium term. |
| IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | In 2023, the cross-departmental "ESG Task Force" was established to develop scenarios and facilitate discussions on climate change-related topics. Subsequently, relevant units were convened to identify and assess the impact level and financial implications of climate risks and opportunities. This process resulted in the completion of short, medium, and long-term "Climate-related Risk and Opportunity Maps" and major issue response strategies. |
| V. If a scenario analysis is used to evaluate the resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained. | 1. According to the TCFD framework, the baseline and 1.5°C scenarios were set to identify and analyze the Company's scope of operations, both upstream and downstream, the short, medium, and long-term climate risks and opportunities across the asset's entire life cycle, and climate mitigation strategies (transition risks). Climate scenario analysis is used when assessing climate-related risks and opportunities.<br>2. Setting principles: Adopt the most severe scenarios for the two risk types: transformational and physical.<br>3. The analysis items are as follows:<br>(1) Transition risks:<br>- Policy and regulatory risks<br>The national net-zero emission policy increases the cost of greenhouse gas emissions.<br>The change in the renewable energy policy requires investment in renewable energy.<br>- Technological risks<br>The investment in new technology fails.<br>No investment in low-carbon technology results in the loss of R&D trends.<br>- Market risks<br>Changes in customer behavior (such as increasing consumer awareness of climate change and shifts in product and service demands).<br>- Reputational risks<br>Risk of litigation and impacts on reputation<br>The supplier's carbon reduction performance falling short of expectations may negatively impact the company's reputation.<br>(2) Physical risks:<br>- Current risks:<br>Extreme weather events, such as typhoons and floods, are becoming more severe, causing damage to facilities and equipment.<br>Extreme weather events impact the operation and production of suppliers, resulting in product supply interruptions/delay.<br>- Future risks<br>The average temperature continues to rise, resulting in an increase in energy consumption.<br>Long-term climate changes (such as shifts in rainfall patterns and temperature changes) cause damages to assets and affect the operations and production of suppliers.<br>(3) Opportunities: resource efficiency, energy sources, products and services, markets, resilience.<br>Reduce energy costs, regularly review the factory's energy management status, and implement energy-saving projects.<br>Increase revenue from energy-saving products and adopt green design concepts during product development to reduce energy consumption of product in manufacturing and use.<br>4. Transformation scenario: The Company's 2050 carbon neutrality target, i.e. RCP1.9. (1.5°C temperature increase).<br>5. Period parameters: short-term 2022 - 2025; medium-term 2026 - 2030; |

| Item | Implementation Status |
| --- | --- |
| | long-term 2031 - 2050.<br>6. The financial impact is divided into 5 grades, with a grade of 1 when the impact is less than NTD 100 million on revenue and a grade of 5 when the impact is more than NTD 700 million.<br>1. Tools used: Including the 6th Assessment Report of IPCC Climate Change, the 3D Disaster Potential Map of the National Disaster Prevention and Rescue Science and Technology Center, and the TCCIP-Climate atlas. |
| VI. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. | Transformation plan content<br>1. Energy transformation and carbon reduction<br>Gradually increase the proportion of renewable energy used in the manufacturing process, such as solar energy.<br>Optimize production processes, improve energy efficiency, and reduce the carbon footprint per unit product.<br>2. Product innovation and green technology introduction<br>Research and develop energy-efficient lead-acid batteries with low environmental impact, such as more efficient lead recycling technology or low-lead alloy design.<br>Develop battery products that meet international environmental standards, such as environmentally friendly batteries that comply with EU RoHS and REACH standards.<br>Provide battery recovery and recycling solutions to reduce overall carbon emissions.<br>3. Sustainable supply chain management<br>Suppliers are required to use low-carbon raw materials and ensure that procurement meets environmental protection and social responsibility standards.<br>Establish a traceable supply chain management mechanism to reduce the risk of raw material shortages and ensure stable supply.<br>4. Compliance with policies and regulations<br>Ensure that business operations comply with international environmental regulations.<br>Actively promote and participate in ESG (environmental, social, and governance) assessments to enhance the company's image of sustainable development.<br>Indicators and targets for identifying and managing physical and transition risks<br>1. Physical risks<br>index:<br>The impact of climate change on factory operations (e.g. number of production disruptions due to extreme weather events).<br>Target:<br>Improve the factory's disaster resistance by 2026 to ensure uninterrupted production.<br>2. Transformation risks<br>index:<br>Proportion of renewable energy use.<br>Product carbon footprint.<br>Target:<br>At least an additional 2,000KWH of electricity will be produced from renewable energy by 2026.<br>Complete product carbon footprint and PEFCR requirements of the EU Battery Directive by February 2026. |
| VII. If the internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. | None. |
| VIII. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year | Our company is a listed company with paid-in capital of less than NT$5 billion. In accordance with the "Sustainable Development Roadmap for Listed Companies" promoted by the Financial Supervisory Commission, we will disclose greenhouse gas inventory and confirmation information in accordance |

| Item | Implementation Status |
| --- | --- |
| should be explained; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, it should explain the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs) for which they are exchanged. | with the phased requirements. According to regulations, individual companies (i.e. parent companies) should complete greenhouse gas inventory (in 2026) and verification (in 2028) in the third phase; subsidiaries included in the consolidated financial statements must complete the inventory in 2027 and the verification in 2029.<br>In order to accurately grasp the greenhouse gas and carbon emissions generated by operational activities, our company's Vietnamese subsidiary (Le Long) officially launched greenhouse gas inventory and verification operations in May 2023, introduced the ISO 14064:2018 international standard, and completed third-party verification by the end of June 2024.<br>At the same time, in order to calculate the direct and indirect carbon emissions generated by products and services throughout their entire life cycle, the company plans to introduce ISO 14067:2018 and the EU Product Environmental Footprint Category Regulation (PEFCR) in June 2025, and complete the relevant inventory and third-party verification by the end of February 2026. This exercise can help companies explore multiple business opportunities such as product process improvement, energy conservation and carbon reduction, thereby reducing the impact that future carbon tariff systems may have on operations.<br>In the future, the Company will continue to monitor and complete greenhouse gas inventory and verification work regularly in accordance with the guidelines issued by the competent authorities and relevant laws and regulations, report the implementation status to the Board of Directors every quarter, and formulate specific carbon reduction goals, strategies and action plans to implement the company's commitment to sustainable development. |
| IX. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and concrete action plans | Please refer to the section titled "IV. Disbursements for Environmental Protection" under "Four. An Overview of Operations" in this annual report. |

## (VI) Status of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

| Evaluation Item | The State | | | Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Establishment of the ethical corporate management policy and action plans<br>(I) Has the company established an ethical corporate management policy approved by the board of directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the board of directors and the senior management to proactively implement the management policy?<br>(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical acts, and established prevention programs covering at least the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”?<br>(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and have these been implemented, and has the formally disclosed program been regularly reviewed and amended? | V<br>V<br>V | | (I) The "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct" and "Corporate Governance Best Practice Principles" approved by the Board of Directors have been established to strengthen the corporate culture of ethical management and sound development, and disclose them on the Company's website and Market Observation Post System. Integrity is our core value and the foundation of business management. This standard also applies to all directors (including independent directors, hereinafter the same), managers, and employees of the Company or those with substantial control.<br>(II) The Company has established an assessment mechanism for the risk of unethical conduct in accordance with the "Ethical Corporate Management Best Practice Principles" to regularly analyze and assess the business activities with higher risk of unethical conduct within the business scope, and covers the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" preventive measures for the conducts specified in Article 7, Paragraph 2.<br>(III) The Company has stipulated the prevention of unethical behavior in the "Ethical Corporate Management Best Practice Principles", including operating procedures and behavior guidelines, and stipulated the punishment and complaint system for violations in the "Code of Ethical Conduct", and regularly reviews the appropriateness and effectiveness of the prevention program. The Company has also clearly stipulated the prohibited behaviors in the "Code of Ethical Conduct", including principles and standards for avoidance of conflicts of interest, gifts, business entertainment, kickbacks and bribes, as well as the principles and standards for detecting violations of ethical behavior, and clearly defined reporting channels and operating procedures | No Difference |
| II. Implementation of ethical corporate management<br>(I) Has the company evaluated the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements entered into with business partners?<br>(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and has such unit reported to the Board of Directors its execution in terms of ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis (at least once a year)? | V<br>V | | (I) The Company requires its employees to treat customers and competitors fairly, and may not ask for gifts, kickbacks, entertainment or other improper benefits from the counterparties of the Company.<br>(II) The President's Office, the concurrently appointed unit of the Company to promote ethical corporate management, is responsible for regularly reporting the implementation status to the Board of Directors every year. The latest report was made on November 7, 2024.<br>1. Establishment of regulations<br>The Company has established various management measures, including “Corporate Governance Best Practice Principles,” "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Whistleblowing System," "Internal Audit System," and "Procedures for Material Information and Prevention of Insider Trading," and combined regular audits with education and training. These initiatives aim to prevent fraud and improper information leakage, ensure the consistency and accuracy of public information disclosure, and strengthen the prevention of insider trading, thereby establishing a good corporate governance and risk management mechanism. The senior management shall act as an example, considering legal compliance as a prerequisite for implementing ethical management. All colleagues, including directors, managerial officers, employees, and partners, shall ensure compliance with the law and the Company's rules and regulations when conducting any business activities, and shall strictly comply with the principles of avoiding conflicts of interest and anti-corruption. They shall also respect intellectual property rights and fair trade. If any internal or external personnel suspect or discover legal violations or unethical conduct, they may report it through the whistleblowing channels.<br>2. Training on ethical corporate management<br>(1) Compliance meeting: Compliance meetings are convened to discuss any changes or amendments to the applicable laws and | No Difference |

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">The State</th><th rowspan="2">Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td><br><br>(III) Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicts of interests?<br><br>(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and proposed relevant audit plans according to the assessment results of the risks of unethical conducts, and reviewed the compliance of the prevention of unethical conducts, or entrusted an accountant to carry out the review?<br>(V) Does the company organize internal or external training on a regular basis to maintain ethical management?</td><td>V<br>V<br>V</td><td></td><td>regulations of each unit. These meetings also review the reasons for government-imposed sanctions due to legal violations, improvement plans, the progress and solution of legal cases, and government audits, to ensure the management and implementation of the legal compliance of each unit.<br>(2) Ethical Corporate Management Best Practice Principles and Policy Advocacy: Promote "Ethical Corporate Management Best Practice Principles" to employees.<br>(3) Advocacy for insider trading prevention: The "Procedures for Material Information and Prevention of Insider Trading," securities laws and regulations, and example cases are introduced to all directors and managerial officers to promote awareness of insider trading of equity securities and laws. The content of promotion in 2024 includes the following: "Regulations for Internal Shareholder Equity Reporting," "Regulations for Insider Trading Prevention," "the closed period for issuing financial reports," "restrictions on insiders engaging in security lending transactions," and “common examples of violations related to reporting changes in insiders' equity interests.” In accordance with the regulations of the closed period for issuing financial reports (the directors and managerial officers are prohibited from trading the Company’s shares 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports), the directors and managerial officers shall be notified of the start and end dates of the closed period at the beginning of each month and before its commencement. They will also be reminded of the non-trading regulations during the closed period and the prohibition of insider trading, to ensure their understanding of the regulations for insider trading and their responsibilities. In 2024, the Company organized employee training sessions related to the “prevention of insider trading,” with 53 participants and a total of 53 hours of training.<br>(III) In addition to the recusal policy for directors under the "Rules of Procedure for Board of Directors Meetings", the Company has also established the "Management Procedures for Prevention of Insider Trading" to prevent acts related to insider trading and other conflicts of interest. Grievance channels have been established for related parties to accept cases that may violate the law or business ethics, and recommendations are made based on the specifics and the severity of the circumstances. Education and training are regularly held for directors and employees to promote relevant laws and regulations.<br>(IV) The Company's internal control system keeps pace with the times, and the auditors audit the compliance status on a regular basis and submit an audit report to the Board of Directors. The CPAs also review the implementation of the Company's internal control system every year.<br>(V) The Company continues to promote the culture of ethical corporate management through various meetings. In 2024, the Company organized internal and external education and training related to ethical management topics (legal compliance of ethical management, accounting system and internal control, declaration of human rights, etc. related courses) for 73 participants for a total of 73 hours.</td><td>No Difference</td></tr>
<tr><td>III. State of operations of the company’s reporting system<br>(I) Has the company set up a specific reporting and incentive system, and established a channel to facilitate reporting and assigned dedicated personnel to receive reports?<br><br>(II) Has the company implemented any standard operating procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling grievances filed?</td><td>V<br>V</td><td></td><td>(I) The Company's Board of Directors resolved on November 4, 2016 to approve the "Procedures for the Handling of Reports of Illegal, Unethical or Unethical Conduct". The Company established a complaint hotline and mailbox for internal and external parties. The Company maintains full confidentiality to ensure the implementation of the Ethical Corporate Management Best Practice Principles and protect the legitimate rights and interests of whistleblowers and counterparties.<br>The information on the whistleblowing channels is as follows:<br>1. Whistleblower hotline: 049-2254777<br>2. Whistleblower mailbox: markliao@mail.klb.com.tw<br>3. Acceptance unit of reported cases: The Company's chief internal auditor.<br>(II) The Company has established standard operating procedures for the establishment of self-reporting case, investigation process and investigation results, and kept the investigation results on record. The Company shall keep the reporting or being reported related personnel and information confidential</td><td>No Difference</td></tr>
</table>

| Evaluation Item | The State | | | Difference from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (III) Has the company taken appropriate measures to protect the whistleblower from improper treatment as a result of whistleblowing? | V | | throughout the process. If any violation is confirmed, immediately compile a report to the management and take action based on the severity of the violation.Please refer to the description of the "Handling of Unlawful and Unethical or Dishonest Conduct" on the Company's website at https://www.klb.com.tw/investor_template-detail/13/371/<br>(III) During the investigation process of reported personnel, the Company protects the whistleblower from unfair retaliation or treatment and complies with Article 23 of "Ethical Corporate Management Best Practice Principles" regarding the identity of whistleblower as a result of investigation and measures to protect the whistleblower from improper treatment.<br>The Company received 0 whistleblowing cases in 2024. | |
| IV. Information Disclosure Strengthening<br>Has the company disclosed the content of its Ethical Corporate Management Best-Practice Principles and the results of implementation on its official website and MOPS? | V | | We have set up a website and promote the concept of "sustainability, honesty and practical value" in the Company's profile and corporate vision. The Company has assigned special personnel to be responsible for company information collection and disclosure, which is available on the Company's website. The Company also emphasizes the concept of ethical management on the annual report and external documents. | No Difference |
| V. If the company has formulated its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operation and the Principles:<br>The Company follows its own Ethical Corporate Management Policy; there are no significant differences. | | | | |
| VI. Any other important information that may help understanding the performance of ethical corporate management better: (e.g., review of an amendment to its Ethical Corporate Management Best-Practice Principles):<br>The Company's operations are in compliance with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, regulations promulgated for TPEx and TWSE listed companies and other laws and regulations related to business practices as the basis for the implementation of ethical management. Aside from the Audit Office that performs audits for each department according to the audit plan, we also engage external auditors to regularly audit the implementation status of the Company's systems.<br>Matters of major decision-making, investment proposals and bank financing are implemented subject to an evaluation made by the relevant responsible departments followed by approval of the Board of Directors. | | | | |

(VII) Other information material to the understanding of the Company's corporate governance:

1. The Company's managerial officers regularly participate in corporate governance-related training. The continuing education and training in 2024 is as follows:

| Title | Name | Date | Organizer | Name of course | Number of hours of further education |
|---|---|---|---|---|---|
| Chairman | Lee Jui-Chun | 2024/04/18 | Taiwan Institute of Directors | Wealth Inheritance Thinking is Oriented to Analysis | 3 hours |
| | | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | | 2024/09/20 | Taiwan Institute of Directors | Supply Chain Cybersecurity Governance and Risk Management under Corporate Sustainability Strategy | 3 hours |
| Corporate Governance Officer | Liu Huang-Wei | 2024/08/08 | Taiwan Corporate Governance Association | Legal Responsibilities for Common Violations of Securities and Exchange Act | 3 hours |
| | | 2024/09/20 | Securities and Futures Institute | 2024 Insider Trading Prevention Seminar | 3 hours |
| | | 2024/11/07 | Taiwan Corporate Governance Association | Protection of Trade Secrets | 3 hours |
| | | 2024/12/16 | Taipei Foundation of Finance | Key Indicators and Trend Analysis of the International Situation in 2025 | 3 hours |
| Accounting Supervisor | | 2024/11/14 ~ 2024/11/15 | Accounting Research and Development Foundation | Continuous Training Class for Accounting Supervisors of Issuers' Securities Firms and Stock Exchanges | 12 hours |
| Deputy of Accounting Supervisor | Hung, Hsiang-Cheng | 2024/06/26 | Accounting Research and Development Foundation | The Latest Regulations on "Annual Report/Sustainability Information/Financial Report Compilation" and Practice of Internal Control Management | 6 hours |
| | | 2024/12/26 | Accounting Research and Development Foundation | How to Use "Robot Process Automation" (RPA) to Improve Internal Control Efficiency | 6 hours |
| Chief Auditor | Liao Chi-Neng | 2024/08/13 | Internal Audit Association of the Republic of China | Audit Practice of "Manufacturing Material System" | 6 hours |
| | | 2024/09/03 | Internal Audit Association of the Republic of China | “New challenges for internal auditors - analysis of sustainable information disclosure and management policies and related audit procedures” | 6 hours |
| Audit Representative | Shih Mei-Yu | 2024/08/28 | Accounting Research and Development Foundation | The Latest Regulations on "Annual Report/Sustainability Information/Financial Report Compilation" and Practice of Internal Control Management | 6 hours |
| | | 2024/10/22 | Internal Audit Association of the Republic of China | Prevention and Correction of Workplace Sexual Harassment and Bullying | 6 hours |

2. The 2024 environmental safety training and the relevant licenses obtained by the Company's personnel are as follows:

| Date | Organizer | Name of course or licenses obtained | Date | Continuing education unit |
|---|---|---|---|---|
| 2022/01/10 | Industrial Safety and Health Association of the R.O.C | On-the-job Education and Training on Safety and Health for First Aiders | Within three years | Export Sales Department |
| 2022/04/08 | Industrial Safety and Health Association of the R.O.C | On-the-job Education and Training on Safety and Health for First Aiders | Within three years | President's Office |
| 2022/04/25 | Industrial Safety and Health Association of the R.O.C | On-the-job education and training on safety and health for supervisors of specific chemical operations | Within three years | Plant Affairs Department |
| 2022/04/25 | Labor Safety & Health Management Association | On-the-job education and training on safety and health for supervisors of lead operations | Within three years | Plant Affairs Department |
| 2022/04/25 | Industrial Safety and Health Association of the R.O.C | On-the-job training on safety and health for supervisors working with organic solvent | Within three years | Plant Affairs Department |
| 2022/04/26 | Industrial Safety and Health Association of the R.O.C | On-the-job education and training on safety and health for supervisors of specific chemical operations | Within three years | Plant Affairs Department |
| 2022/08/04 | Taiwan Boiler Association | On-the-job safety and health training for stacker operators with load of more than 1 ton | Within three years | Production Management Department<br>Plant Affairs Department |
| 2023/04/21 | Taiwan Boiler Association | On-the-job safety and health training for stacker operators with load of more than 1 ton | Within three years | Domestic Sales Department |
| 2023/06/16 | Taiwan Changchun Group | Fire Prevention Management Personnel Training and Refresher Course | Within three years | Plant Affairs Department |
| 2023/06/30 | Taiwan Boiler Association | Fire Prevention Management Personnel Training and Refresher Course | Within three years | Plant Affairs Department |
| 2023/09/28 | Industrial Safety and Health Association of the R.O.C | On-the-job training on safety and health for supervisors working with organic solvent | Within three years | Plant Affairs Department |
| 2023/09/28 | Labor Safety & Health Management Association | On-the-job education and training on safety and health for supervisors of lead operations | Within three years | Plant Affairs Department |
| 2024/01/22 | Industrial Safety and Health Association of the R.O.C | On-the-job Education and Training on Safety and Health for First Aiders | Within two years | Quality Research Department |
| 2024/01/30 | Taiwan Boiler Association | Fire Prevention Management Personnel Training and Refresher Course | Within three years | Plant Affairs Department |
| 2024/06/13 | SAHTECH | On-the-job training for occupational safety and health administrators | Within two years | Domestic Sales Department |
| 2024/07/26 | Industrial Safety and Health Association of the R.O.C | On-the-job education and training on safety and health for supervisors of dust work | Within three years | Plant Affairs Department |
| 2024/07/26 | Industrial Safety and Health Association of the R.O.C | Education and training on safety and health for supervisors of anoxic operations | Within three years | Plant Affairs Department |
| 2024/09/18 | Industrial Safety and Health Association of the R.O.C | On-the-job safety and health training for stacker operators with load of more than 1 ton | Within three years | Plant Affairs Department |
| 2024/10/09 | Occupational Safety and Health Center of the Northern Area, Occupational Safety and Health Administration, MOL | On-the-job training for category A labor safety and health specialists | Within two years | President's Office |
| 2024/10/09 | Taiwan Boiler Association | On-the-job safety and health training for stacker operators with load of more than 1 ton | Within three years | Plant Affairs Department |
| 2024/11/25 | Institute of Environmental Engineering, Tunghai University | On-the-job training for exclusive personnel of air pollution prevention | Within two years | Plant Affairs Department |

## (VIII) Implementation of the internal control system:

### 1. Statement of Internal Control System:

# Kung Long Batteries Industrial Co., Ltd.
# Internal Control System Statement

Date: March 13, 2025

The Company states the following with respect to its 2024 internal control system based on the results of a self-assessment:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and Company Officer of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take immediate remedial actions.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors:
1. Control of the environment, 2. Risk evaluation, 3. Control of operations, 4. Information and communication, and 5. Supervision.
The composition of each element includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of the design and execution for its own internal control system.

V. Based on the aforementioned evaluation results, the Company believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including the design and implementation of a reliable, timely, transparent and compliant internal control system with relevant regulations and applicable laws are effective, and can reasonably ensure the achievement of the above objectives.

VI. This Statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falseness or concealment etc., it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Company's Board of Directors on March 13, 2025. Among the 9 directors present at the meeting, 0 had objections, and the rest all agreed with the content of this statement.

**Kung Long Batteries Industrial Co., Ltd.**

**Chairman: Lee Jui-Chun (signature/seal)**

**President: Yang Jui-Hsiang (signature/seal)**

2. CPA audit report, where a CPA was engaged to carry out a special audit of the internal control system: None.

## (IX) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual reports:

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

<table>
<tr><th>Date of meeting</th><th>Major resolutions</th><th>Implementation status</th></tr>
<tr><td rowspan="5">June 18, 2024</td><td>1. Approved the 2023 business report and financial statements</td><td>Motion approved by the shareholders’ meeting and has been announced on the MOPS and the Company’s website.</td></tr>
<tr><td>2. Approved the 2023 earnings distribution proposal</td><td>Resolution to distribute dividends to shareholders - NTD 7 cash dividends per share, the ex-dividend base date is August 27, 2024, and the cash dividend payment date is September 10, 2024, which have been fully distributed.</td></tr>
<tr><td>3. Passed amendments to the Company's "Rules of Procedure for Shareholders' Meetings"</td><td>Motion approved by the shareholders’ meeting and has been announced on the MOPS and the Company’s website.</td></tr>
<tr><td>4. Re-election of all of the Company’s directors</td><td>9 directors (included 3 independent directors) were elected for a term of three years from June 18, 2024 to June 17, 2027.<br>● List of elected directors:<br>Lee Jui-Chun<br>Lee Yao-Min<br>Shi Hwei-Yow<br>Mao Long Investments Limited Representative: Chen Shou-Shin<br>Mao Long Investments Limited Representative: Tsai Chang-Shou<br>Mao Long Investments Limited Representative: Chiang Yen-Hung<br>● List of elected independent directors:<br>Wang Cho-Chiun<br>Tsai Chi-Neng<br>Chen Shu-Fen</td></tr>
<tr><td>5. Approval of the lifting of director of noncompetition restrictions</td><td>Removal of non-compete restrictions on directors in accordance with the resolution of the shareholders' meeting
<table>
<tr><th>Director</th><th>Company and the title</th></tr>
<tr><td>Lee Jui-Chun</td><td>Chairman and General manager of Le Long Vietnam Co., Ltd.<br>Chairman and General manager of Kung Tay Vietnam Co., Ltd.<br>Director of Kung Long International Ltd.<br>Director of Kung Tay Plastic Co., Ltd.</td></tr>
<tr><td>Lee Yao-Min</td><td>Director of Le Long Vietnam Co., Ltd.<br>Director of Kung Tay Plastic Co., Ltd.</td></tr>
</table></td></tr>
</table>

2. Important resolutions of the board of directors from January 1, 2024 to May 12, 2025:

| Board of Directors meeting | Motion content and subsequent handling | Matters listed in Article 14-3 of the Securities and Exchange Act | Independent directors who expressed any objection or reservation |
|---|---|---|---|
| 15th meeting of the 12th term<br>February 2, 2024 | 1. Approved the motion to amend some management measures of the Company's internal control system. | V | - |
| | 2. Approved the evaluation of the independence and suitability of the Company's CPAs. | V | - |
| | 3. Passed the motion for the fees of the Company’s CPAs. | V | - |
| | 4. Approval of the Company's plan to apply for a bank loan for business turnover. | - | - |
| | 5. Approved the Company's 2024 business plan and budget. | - | - |
| | 6. Approval for the distribution of the Company's directors' remuneration and employees' | V | - |

| Board of Directors meeting | Motion content and subsequent handling | Matters listed in Article 14-3 of the Securities and Exchange Act | Independent directors who expressed any objection or reservation |
| --- | --- | --- | --- |
| | remuneration for 2023 and expected distribution ratio in 2024. | | |
| | 7. Approval for thedistribution of 2022 employees' remuneration for the Company's managers and audit officers and distribution of 2023 year-end bonus. | V | - |
| | 8. Passed the motion for the contents of the remuneration and payment for the Company's directors. | V | - |
| | 9. Passed the motion for the contents of the remuneration and payment for the Company's officers and chief auditor. | V | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 16th meeting of the 12th term March 15, 2024 | 1. Approval for the amendments and additions to the management measures of the Company's internal control system. | V | - |
| | 2. Approved the proposal for the Company's 2023 internal control self-assessment report and statement of internal control system. | V | - |
| | 3. Approved the motion for the Company's 2023 business report, parent company only financial statements, and consolidated financial statements. | - | - |
| | 4. Approved the proposal for the Company's 2023 earnings distribution. | - | - |
| | 5. Approved the cancellation of the shares recovered without meeting the vesting conditions and setting the record date for capital reduction in accordance with the Company's regulations for issuance of new employee restricted stocks. | - | - |
| | 6. Approved the proposal for the Company's 2023 remuneration distribution to employees and directors. | V | - |
| | 7. Passed the motion for the time, venue, and motions for the Company's 2024 general shareholders' meeting. | - | - |
| | 8. Approved the motion for re-election of the Company's directors. | V | - |
| | 9. Approved the motion to nominate the Company's director candidates for the 13th term. | V | - |
| | 10. Approved the motion to lift the non-competition restriction on the new directors and their representatives. | V | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 17th meeting of the 12th term May 9, 2024 | 1. Approval for the amendments and additions to the management measures of the Company's internal control system. | V | - |
| | 2. Approval for the Company's 2024 Q1 consolidated financial statements. | - | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 1th meeting of the 13th term June 18, 2024 | 1. Approved the re-election of the Company's 13th Chairman. | - | - |
| | 2. Approved the appointment of members of the Company's 2nd "Audit Committee." | V | - |
| | 3. Approved the appointment of members of the Company's 6th "Remuneration Committee." | V | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 2th meeting of the 13th term August 8, 2024 | 1. Approval for the amendments and additions to the management measures of the Company's internal control system. | V | - |
| | 2. Approval for the Company's 2024 Q2 consolidated financial statements. | - | - |
| | 3. Approved the motion for the contents of the remuneration and payment for directors of the Company's 13th Board of Directors. | V | - |
| | 4. Approved the payment of the Company's 2023 directors' remuneration. | V | - |
| | 5. Approved the appointment of representative directors of the Company's subsidiaries. | - | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 3th meeting of the 13th term November 7, 2024 | 1. Approval for the additions to the management measures of the Company's internal control system. | V | - |
| | 2. Approved the formulation of the Company's internal control system audit plan for 2025. | V | - |

| Board of Directors meeting | Motion content and subsequent handling | Matters listed in Article 14-3 of the Securities and Exchange Act | Independent directors who expressed any objection or reservation |
|---|---|---|---|
| | 3. Passed the motion for liability insurance coverage of directors. | V | - |
| | 4. Approval for the Company's 2024 Q3 consolidated financial statements. | - | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 4th meeting of the 13th term January 23, 2025 | 1. Approved the motion to amend some management measures of the Company's internal control system. | V | - |
| | 2. Approved the evaluation of the independence and suitability of the Company's CPAs. | V | - |
| | 3. Passed the motion for amendment to the Company's "Articles of Incorporation". | V | - |
| | 4. Approved the company's bank financing line case. | - | - |
| | 5. Approved the Company's 2025 business plan and budget. | - | - |
| | 6. Approval for the distribution of the Company's directors' remuneration and employees' remuneration for 2024 and expected distribution ratio in 2025. | V | - |
| | 7. Approval for thedistribution of 2023 employees' remuneration for the Company's managers and audit officers and distribution of 2024 year-end bonus. | V | - |
| | 8. Passed the motion for the contents of the remuneration and payment for the Company's directors. | V | - |
| | 9. Passed the motion for the contents of the remuneration and payment for the Company's officers and chief auditor. | V | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 5th meeting of the 13th term March 13, 2025 | 1. Approved the amendments to the Company's "Code of Ethical Conduct." | V | - |
| | 2. Approved the proposal for the Company's 2024 internal control self-assessment report and statement of internal control system. | V | - |
| | 3. Approved the motion for the Company's 2024 business report, parent company only financial statements, and consolidated financial statements. | - | - |
| | 4. Approved the proposal for the Company's 2024 earnings distribution. | - | - |
| | 5. Approved the proposal for the Company's 2024 remuneration distribution to employees and directors. | V | - |
| | 6. Passed the motion for the time, venue, and motions for the Company's 2025 general shareholders' meeting. | - | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |
| 6th meeting of the 13th term May 12, 2025 | 1. Approval for the Company's 2025 Q1 consolidated financial statements. | - | - |
| | 2. Approved the investment plan to establish a subsidiary in India. | - | - |
| | Opinions expressed by independent directors: None. | | |
| | How the Company responded to such opinions: None. | | |
| | Resolution: Passed agreed by all directors present | | |

(X) Where, in the most recent year and up to the date of publication of the annual report, a director has a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, the main content thereof: None.

## IV. Information on the professional fees of the attesting CPAs:

| Name of accounting firm | Name of CPA | Audit period | Audit fee | Non-audit fee | Total | Remark |
|---|---|---|---|---|---|---|
| PwC Taiwan | Wu Sung-Yuan<br>Lai Chih-Wei | January 1, 2024 - December 31, 2024 | NT$2,160 thousand | NT$1,005 thousand | NT$3,165 thousand | None |

(I) Non-audit fees were for the provision of income tax audit and transfer-pricing consulting services for the profit-making business.

(II) Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

(III) Over 10% decrease in audit fees on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

## V. Replacement of CPAs:

None.

## VI. Where the company’s chairman, president, or any company officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise:

None.

## VII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent year or during the current year up to the date of publication of the annual report:

(I) Any transfer of equity interests and pledge of or change in equity interests by a director, company officer, or shareholder with a stake of more than 10 percent:

Unit: thousand shares

| Title | Name | 2024 | | As of April 21, 2025 | |
|---|---|---|---|---|---|
| | | Increase (decrease) in shareholding | Increase (decrease) in pledged shares | Increase (decrease) in shareholding | Increase (decrease) in pledged shares |
| Chairman | Lee Jui-Chun | 52 | - | 81 | - |
| Director | Lee Yao-Min | - | - | (1,600) | - |
| Director | Shi Hwei-Yow | - | - | - | - |
| Director | Mao Long Investments Limited | 135 | - | - | - |
| | Representative: Chen Shou-Hsin | - | - | - | - |
| Director | Mao Long Investments Limited | 135 | - | - | - |
| | Representative: Tsai Chang-Shou | - | - | - | - |
| Director | Mao Long Investments Limited | 135 | - | - | - |
| | Representative: Chiang Yen-Hung | - | - | - | - |
| Independent director | Wang Cho-Chiun | - | - | - | - |
| Independent director | Yang Wen-Goang(Note) | - | - | - | - |
| Independent director | Tsai Chi-Neng | - | - | - | - |
| Independent director | Chen Shu-Fen | - | - | - | - |
| President | Yang Jui-Hsiang | 3 | - | 4 | - |
| Vice president, Management Department | Lee Jui-Ting | 2 | - | 502 | - |
| Assistant General Manager, Finance Department | Liu Huang-Wei | 3 | - | 3 | - |
| Assistant General Manager, Quality Research Department | Chen Chien-Lang | 3 | - | 3 | - |
| Assistant General Manager, Export Sales Department | Hung Chieh-Yu | 3 | - | 3 | - |
| Assistant General Manager, Domestic Sales Department | Chen Chih-Hsiung | 2 | - | 2 | - |

Note: All directors were re-elected in the general shareholders' meeting on June 18, 2024, and independent director Yang Wen-Goang was relieved of his duty.

(II) Information on the transfer of the shares of counter-parties of the equity transfer or equity pledge are related parties who are directors, managers and shareholders with a stake of more than 10 percent: None.

(III) Information on the transfer of the shares of counter-parties of the equity pledge are related parties who are directors, managers and shareholders with a stake of more than 10 percent: None.

# VIII. Spouses or relatives within the second degree of kinship of one another among the top ten shareholders:

April 21, 2025

| Name | The owner Shareholding | | Shareholding of Spouses and Minor Children | | Total number of shares held in the name of others | | Names and relationships between the top ten shareholders including spouses, second degree of kinship of another. | | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio (%) | Number of shares | Shareholding ratio (%) | Number of shares | Shareholding ratio (%) | Title (or name) | Relationship | |
| Lee Jui-Chun | 6,042,802 | 7.36 | 430,700 | 0.52 | 3,202,000 | 3.90 | Lee Yao-Min | Father | - |
| | | | | | | | Tsai-Hsiang-Pei | Mother | |
| | | | | | | | Lee Jui-Ting | Brother | |
| | | | | | | | Lee Chung-Chen | Son | |
| Tsai-Hsiang-Pei | 4,105,770 | 5.00 | 1,744,951 | 2.13 | - | - | Lee Yao-Min | Husband | - |
| | | | | | | | Lee Jui-Chun | Son | |
| | | | | | | | Lee Jui-Ting | Son | |
| | | | | | | | Lee Chung-Chen | Grandchild | |
| Lee Jui-Ting | 4,002,089 | 4.88 | - | - | - | - | Lee Yao-Min | Father | - |
| | | | | | | | Tsai-Hsiang-Pei | Mother | |
| | | | | | | | Lee Jui-Chun | Brother | |
| Ming Chung Co. , Ltd. | 3,202,000 | 3.90 | - | - | - | - | None | - | - |
| Responsible Person: Lee Jui-Chun | 6,042,802 | 7.36 | 430,700 | 0.52 | 3,202,000 | 3.90 | Lee Yao-Min | Father | - |
| | | | | | | | Tsai-Hsiang-Pei | Mother | |
| | | | | | | | Lee Jui-Ting | Brother | |
| | | | | | | | Lee Chung-Chen | Son | |
| Lee Chung-Chen | 3,191,000 | 3.89 | - | - | - | - | Lee Yao-Min | Grandfather | - |
| | | | | | | | Tsai-Hsiang-Pei | Grandmother | |
| | | | | | | | Lee Jui-Chun | Father | |
| Yuanta Securities (Hong Kong) Limited in trust of Citibank Investment accounts | 2,482,000 | 3.02 | - | - | - | - | None | - | - |
| Standard Chartered as custodian of LGT Bank | 2,056,210 | 2.51 | - | - | - | - | None | - | - |
| Mao Long Investments Limited | 2,024,469 | 2.47 | - | - | - | - | None | - | - |
| Person in charge: Tsai-Hsiang-Pei | 4,105,770 | 5.00 | 1,744,951 | 2.13 | - | - | Lee Yao-Min | Husband | - |
| | | | | | | | Lee Jui-Chun | Son | |
| | | | | | | | Lee Jui-Ting | Son | |
| | | | | | | | Lee Chung-Chen | Grandchild | |
| Lee Yao-Min | 1,744,951 | 2.13 | 4,105,770 | 5.00 | - | - | Tsai-Hsiang-Pei | Wife | - |
| | | | | | | | Lee Jui-Chun | Son | |
| | | | | | | | Lee Jui-Ting | Son | |
| | | | | | | | Lee Chung-Chen | Grandchild | |
| Lida Battery Co., Ltd. | 1,427,000 | 1.74 | - | - | - | - | None | - | - |
| Person in charge: Chang Ying-Yu | 12,000 | 0.01 | - | - | - | - | None | - | - |

## IX. The number of shares held by the Company, its directors, managers, and the companies directly or indirectly controlled by the Company in the same reinvestment business, and the consolidated shareholding ratio:

Unit: thousand shares

| Investment business (Long-term investment accounted for using the equity method) | The Company's investment | | Directors, managerial officers, and investments in businesses directly or indirectly controlled by directors and managers | | Comprehensive investment | |
|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio |
| Le Long Vietnam Co., Ltd. | 37,400 | 100% | - | - | 37,400 | 100% |
| Kung Long International Ltd. | 2,170 | 100% | - | - | 2,170 | 100% |

# Three. Capital Raising

## I. Company capital and shares

### (I) Source of share capital:

| Year/month | Issue price | Authorized share capital | | Paid-up capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount (NT$) | Number of shares | Amount (NT$) | Source of share capital | Offset by any property other than cash | Other |
| January 1990 | 1,000 | 8,160 | 8,160,000 | 8,160 | 8,160,000 | Registration of establishment | - | - |
| October 1990 | 1,000 | 29,880 | 29,880,000 | 29,880 | 29,880,000 | Capital increase by cash | - | - |
| May 1994 | 1,000 | 60,000 | 60,000,000 | 60,000 | 60,000,000 | Capital increase by cash | - | - |
| October 1997 | 1,000 | 120,000 | 120,000,000 | 120,000 | 120,000,000 | Capital increase by cash | - | - |
| May 1999 | 10 | 16,000,000 | 160,000,000 | 16,000,000 | 160,000,000 | Transfer of surplus to capital by NT$40,000,000 | - | - |
| July 1999 | 10 | 36,000,000 | 360,000,000 | 36,000,000 | 360,000,000 | Consolidated capital increase by NT$200,000,000 | - | (88) Tai-Cai-Zhen (I) Letter No.63141 |
| September 2000 | 10 | 54,700,000 | 547,000,000 | 40,680,000 | 406,800,000 | Transfer of surplus to capital by NT$46,800,000 | - | (89) Tai-Cai-Zhen (I) Letter No.70273 |
| May 2001 | 10 | 54,700,000 | 547,000,000 | 46,300,000 | 463,000,000 | Transfer of surplus to capital by NT$56,200,000 | - | (90) Tai-Cai-Zhen (I) Letter No.121889 |
| August 2002 | 10 | 54,700,000 | 547,000,000 | 51,230,000 | 512,300,000 | Transfer of surplus to capital by NT$49,300,000 (including employee bonus of NT$3,000,000) | - | (91) Tai-Cai-Zhen (I) Letter No.128147 |
| August 2002 | 10 | 62,000,000 | 620,000,000 | 58,230,000 | 582,300,000 | Capital increase by cash of NT$70,000,000 | - | Tai-Cai-Zhen (I) Letter No.0910128148 |
| August 2003 | 10 | 100,000,000 | 1,000,000,000 | 64,353,000 | 643,530,000 | Capitalization of earnings NTD 61,230,000 (including employee bonuses NT$3,000,000) | - | Tai-Cai-Zhen (I) Letter No.0920131075 |
| October 2005 | 10 | 100,000,000 | 1,000,000,000 | 66,000,000 | 660,000,000 | Transfer of surplus to capital by NT$16,470,000 | - | Jing-Shou-Shang-Zi Letter No.09401198960 |
| May 2008 | 10 | 100,000,000 | 1,000,000,000 | 66,663,877 | 666,638,770 | Company bonds converted to shares for NT$6,638,770 | - | Jing-Shou-Shang-Zi Letter No.09701123260 |
| September 2008 | 10 | 100,000,000 | 1,000,000,000 | 67,138,874 | 671,388,740 | Company bonds converted to shares for NT$4,749,970 | - | Jing-Shou-Shang-Zi Letter No.09701234940 |
| May 2010 | 10 | 100,000,000 | 1,000,000,000 | 73,827,274 | 738,272,740 | Company bonds converted to shares for NT$66,884,000 | - | Jing-Shou-Shang-Zi Letter No.09901091450 |
| June 2010 | 10 | 100,000,000 | 1,000,000,000 | 73,974,812 | 739,748,120 | Company bonds converted to shares for NT$1,475,380 | - | Jing-Shou-Shang-Zi Letter No.09901122280 |
| October 2010 | 10 | 100,000,000 | 1,000,000,000 | 74,683,001 | 746,830,010 | Company bonds converted to shares for NT$7,081,890 | - | Jing-Shou-Shang-Zi Letter No.09901226710 |
| December 2010 | 10 | 100,000,000 | 1,000,000,000 | 75,937,345 | 759,373,450 | Company bonds converted to shares for NT$12,543,440 | - | Jing-Shou-Shang-Zi Letter No.09901282230 |
| May 2011 | 10 | 100,000,000 | 1,000,000,000 | 79,885,055 | 798,850,550 | Company bonds converted to shares for NT$39,477,100 | - | Jing-Shou-Shang-Zi Letter No.10001088080 |
| June 2011 | 10 | 100,000,000 | 1,000,000,000 | 80,365,890 | 803,658,900 | Company bonds converted to shares for NT$4,808,350 | - | Jing-Shou-Shang-Zi Letter No.10001126230 |
| October 2011 | 10 | 100,000,000 | 1,000,000,000 | 81,501,771 | 815,017,710 | Company bonds converted to shares for NT$11,358,810 | - | Jing-Shou-Shang-Zi Letter No.10001228140 |
| October 2011 | 10 | 100,000,000 | 1,000,000,000 | 81,585,394 | 815,853,940 | Company bonds converted to shares for NT$836,230 | - | Jing-Shou-Shang-Zi Letter No.10001241580 |
| December 2015 | 10 | 100,000,000 | 1,000,000,000 | 81,785,394 | 817,853,940 | Issuance of restricted stock awards by NT$2,000,000 | - | Jing-Shou-Shang-Zi Letter No.10401275750 |
| December 2020 | 10 | 100,000,000 | 1,000,000,000 | 82,068,394 | 820,683,940 | Issuance of restricted stock awards by NT$2,830,000 | - | Jing-Shou-Shang-Zi Letter No.10901243570 |
| March 2021 | 10 | 100,000,000 | 1,000,000,000 | 82,066,394 | 820,663,940 | Issuance of restricted stock awards by NT$20,000 | - | Jing-Shou-Shang-Zi Letter No.11001057910 |
| May 2023 | 10 | 100,000,000 | 1,000,000,000 | 82,064,794 | 820,647,940 | Issuance of restricted stock awards by NT$16,000 | - | Jing-Shou-Shang-Zi Letter No.11230083140 |
| March 2024 | 10 | 100,000,000 | 1,000,000,000 | 82,062,794 | 820,627,940 | Issuance of restricted stock awards by NT$20,000 | - | Jing-Shou-Shang-Zi Letter No.11330050630 |

April 21, 2025

| Type of shares | Authorized share capital | | | Remark |
|---|---|---|---|---|
| | Outstanding shares (Note) | Unissued shares | Total | |
| Ordinary shares | 82,062,794 | 17,937,206 | 100,000,000 | - |

Note: Current listed outstanding. The Company was listed on January 22, 2002.

## (II) List of major shareholders:

April 21, 2025

| Shares / Name of major shareholder | Number of shares held | Shareholding ratio(%) |
|---|---|---|
| Lee Jui-Chun | 6,042,802 | 7.36 |
| Tsai-Hsiang-Pei | 4,105,770 | 5.00 |
| Lee Jui-Ting | 4,002,089 | 4.88 |
| Ming Chung Co. , Ltd. | 3,202,000 | 3.90 |
| Lee Chung-Chen | 3,191,000 | 3.89 |
| Citibank as custodian of Yuanta Securities (Hong Kong) Company Limited | 2,482,000 | 3.02 |
| Standard Chartered as custodian of LGT Bank | 2,056,210 | 2.51 |
| Mao Long Investments Limited | 2,024,469 | 2.47 |
| Lee Yao-Min | 1,744,951 | 2.13 |
| Lida Battery Co., Ltd. | 1,427,000 | 1.74 |
| Total | 30,278,291 | 36.90 |

(III) The Company’s dividend policy and implementation status and an expected material change in dividend policy:

1. Dividend policy:

According to the provisions in Articles 22 and 22-1 of the Articles of Incorporation:

Article 22:

To motivate the employees and management team, if the Company records a profit (defined as gains before tax after deducting remuneration to employees and directors), not less than 2% of the profit shall be distributed as employee remuneration and not less than 5% of the profit shall be distributed as director remuneration.

When employee remuneration is distributed in the form of stock or cash, a resolution shall be adopted by approval of two-thirds of the directors at a meeting attended by more than half of the directors, and reported to the shareholders’ meeting.

Employee remuneration in the form of stock or cash shall be distributed to employees who meet certain specific requirements. The requirements are set by the Board of Directors.

Article 22-1:

Where there are earnings for the year, in addition to paying taxes and making up for losses as required by law, 10% of the remaining earnings shall be set aside as legal reserve. In addition, after a special reserve is set aside or reserved in accordance with the relevant laws and regulations, the Board of Directors shall propose a motion for the distribution of the remaining earnings along the undistributed earnings at the beginning of the period for resolution at the shareholders’ meeting, to be submitted to the shareholders’ meeting for resolution.

As the Company is in the stage where growth is stable, the interests of shareholders, the financial structure and long-term development of the Company are taken into account, the total amount of bonus to shareholders shall be 20% to 80% of the accumulated distributable earnings and cash dividends shall not be less than 10% of the total dividends to shareholders.

2. Dividend distribution proposed by the shareholders' meeting in 2025:

As resolved by the Company's Board of Directors on March 13, 2025, the Company's current shareholders' meeting proposed the distribution of shareholder bonus - NTD 861,659,337 in cash or NTD 10.5 per share. Later if the Company’s outstanding shares are changed, which makes payout ratio is changed accordingly and adjustment is required, it is proposed that the chairman be authorized by the annual general meeting to handle the related matters.

3. Material change in dividend policy expected:
   The dividend policy is handled in accordance with the Articles of Incorporation and there is no need for material change for now.

(IV) The effect of the current bonus shares on the operating performance, EPS and return on shareholder's investment proposed at the shareholders' meeting:
Not applicable.

(V) Remuneration to employees and directors:
1. The percentages or ranges with respect to employee and director remuneration, as set forth in the Company's Articles of Incorporation:
   Pursuant to provisions in Article 22 of the Articles of Incorporation:
   To motivate the employees and management team, if the Company records a profit (defined as gains before tax after deducting remuneration to employees and directors), not less than 2% of the profit shall be distributed as employee remuneration and not less than 5% of the profit shall be distributed as director remuneration.
   When employee remuneration is distributed in the form of stock or cash, a resolution shall be adopted by approval of two-thirds of the directors at a meeting attended by more than half of the directors, and reported to the shareholders' meeting.
   Employee remuneration in the form of stock or cash shall be distributed to employees who meet certain specific requirements. The requirements are set by the Board of Directors.
2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   (1) The estimated remuneration to employees is proposed to be paid in cash.
   (2) The actual amount of distribution is different from the estimated amount, it is recorded as an adjustment to profit or loss in the year of distribution.
3. Remuneration passed by the Board meeting:
   (1) Amount of employee remuneration and director remuneration distributed by cash or stocks:
   The Board of Directors resolved on March 13, 2025 to distribute cash dividend of NTD 44,932 thousand to employees and NTD 24,025 thousand to directors.

There was no difference from the remuneration to employees and directors recognized in the 2024 financial statements.

(2) The amount of any employee remuneration distributed in stocks, and that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial report for the current period and total employee remuneration: Not applicable, as the Board of Directors did not distribute stocks to employees.

4. The actual distribution of employee and director remuneration for the previous fiscal year (with an indication of the number of shares, amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director remuneration, additionally the discrepancy, cause, and how it is treated:
As resolved by the Company's shareholders' meeting on June 18, 2024, the dividend to shareholders (NTD 7 per share) - NTD 574,001,358 in cash, employees' remuneration was NTD 28,843 thousand in cash and directors' remuneration was NTD 15,467 thousand in 2023; there was no difference in the remuneration of employees and directors for both years.

(VI) Status of the company repurchasing its own shares:
None.

## II. Status of corporate bonds:

None.

## III. Preferred shares:

None.

## IV. Global depository receipts:

None.

## V. Employee share subscription warrants:

None.

## VI. Custodian of new restricted employee shares:

(I) For all restricted stock awards for which the vesting conditions have not yet been met for the full number of shares up to the date of publication of the annual report and the effect on shareholders' equity:

May 12, 2025

| Type of restricted stock awards | 1st restricted stock awards in 2020 |
|---|---|
| Effective date of reporting and total number of shares | November 30, 2020<br>300,000 shares |
| Date of issuance | December 15, 2020 |
| Number of restricted stock awards issued | 283,000 shares |
| Number of new restricted employee shares issued | 0 shares |
| Issue price | Paid subscription at issuance price of NT$10 |
| Ratio of the number of shares of restricted stock awards to the number of total issued shares | 0.34% (Note 1) |
| Vesting conditions of restricted stock awards | The set number of shares of employees is settled annually. The vesting ratios for each year are as follows:<br>1. An employee still employed by the Company on February 20 of the following year after the issuance date of restricted stock awards, provided the employee did not committee a breach of contract or work rules in the first year with an appraisal grade of B+ or higher in the most recent year, the employee is 20% vested.<br>2. An employee still employed by the Company on February 20 of the second year after the issuance date of restricted stock awards, provided the employee did not committee a breach of contract or work rules in the second year with an appraisal grade of B+ or higher in the most recent year, the employee is 20% vested.<br>3. An employee still employed by the Company on February 20 of the third year after the issuance date of restricted stock awards, provided the employee did not committee a breach of contract or work rules in the third year with an appraisal grade of B+ or higher in the most recent year, the employee is 20% vested.<br>4. An employee still employed by the Company on February 20 of the fourth year after the issuance date of restricted stock awards, provided the employee did not committee a breach of contract or work rules in the fourth year with an appraisal grade of B+ or higher in the most recent year, the employee is 20% vested.<br>5. An employee still employed by the Company on February 20 of the fifth year after the issuance date of restricted stock awards, provided the employee did not committee a breach of contract or work rules in the fifth year with an appraisal grade of B+ or higher in the most recent year, the employee is 20% vested. |
| Restricted rights of restricted stock awards | 1. Before the vesting conditions are met after awarding restricted stock awards, employees may not sell, pledge, transfer, donate, or request the Company to buy back or dispose of said restricted stock awards for other means, except for inheritance.<br>2. Attendance, proposals, speaking, and voting and election rights at a |

| | |
|---|---|
| | shareholders' meeting are subject to the Trust Custodian Agreement.<br>3. Pursuant to these Rules, employees who are granted with restricted stock awards before vesting conditions are met, in addition to participating in stock dividend allocation, other rights and benefits of such employees are the same as those with the Company's issued common shares (including, but not limited to, any rights and benefits granted to employees as a result of share options for capital increase by cash, capital reductions, and/or mergers, demergers, or share conversions, collectively referred to as "allocated rights and benefits"). Rights and benefits granted are not required to be held in custody by trust and are not restricted to the vesting period.<br>4. Other agreements:<br>(1) Restricted stock awards must be delivered to the trust for custody immediately after issuance. Before the vesting conditions are met, employees may not request the trustee to return the restricted stock awards for any reason or in any way.<br>(2) During the period where restricted stock awards are delivered to the trust, the Company shall have full authority to negotiate, sign, amend, extend, cancel, and terminate (included by not limited to) the trust agreement or the delivery, application and termination of the instructions of the trust property between the Company and the stock trust agency. |
| Custodian of restricted stock awards | Delivered to the trust for custody |
| Handling method of employee who have not yet met the vesting conditions after being granted with or subscribed new shares | 1. Voluntary departure or dismissal:<br>restricted stock awards without vested rights by an employee are deemed fortified upon the date of departure. restricted stock awards granted to an employee who has not yet met the vesting conditions will be purchased and cancelled by the Company at the price originally issued in accordance with the law.<br>2. Retirement:<br>Vesting rights of shares not yet vested by an employee are deemed to have lapsed upon the date of retirement. restricted stock awards granted to an employee who has not yet met the vesting conditions will be purchased and cancelled by the Company at the price originally issued in accordance with the law.<br>3. General death:<br>restricted stock awards granted to an employee who has not yet met the vesting conditions will be purchased and cancelled by the Company at the price originally issued in accordance with the law.<br>4. Leave without pay:<br>Employees who are on leave without pay with special approval by the Company during the period when restricted stock awards are granted will be deemed to have not met the vesting conditions. Upon reinstatement of the employee, the chairman may approve the resumption of their restricted stock awards without vested rights and re-approve the number of shares, vesting rights conditions and period within the allocated number of shares in proportion to the actual period of employment. However, the period is subject to the vesting period of restricted stock awards (e.g., restricted period). After reinstatement, restricted stock awards granted to the employee on leave without pay who has not yet met the vesting conditions will be purchased and cancelled by the Company at the price originally issued in accordance with the law.<br>5. Lay off:<br>restricted stock awards without vested rights are deemed to have lapsed on |

| | |
|---|---|
| | the date of being laid off, and any shares that have not been vested during the year are purchased and cancelled by the Company at the original issue price in accordance with the law.<br>6. Position transfer:<br>Due to the Company's operation needs, if employees of the Company are required and approved by the Company to transfer to the Company's affiliates, where the transfer meets the vesting conditions stated in Article 5-2 of these Rules in the year, the chairman or the supervisor authorized by the chairman may approve the percentage and time limit for fulfilling the vesting conditions within the scope of the time limit and rate stated in Article 5-2 of these Rules. However, if an employee voluntarily requests to be transferred to an affiliate, his/her restricted stock awards are handled in accordance with "voluntary discharge or dismissal" stipulated in Article 5, paragraph 4, subparagraph 1 of these Rules.<br>7. Occupational disasters:<br>(1) Employees who are unable to continue working due to a physical disability resulting from an occupational disaster, the vesting conditions of his/her restricted stock awards not yet met may be vested earlier than the effective date of his/her departure.<br>(2) For an employee who dies as a result of an occupational disaster, the vesting conditions of his/her restricted stock awards not yet met may be vested earlier on the date of death to be received by his/her heir.<br>8. Employees that fail to score B+ for their appraisal during the vesting period are deemed to have not met the vesting conditions. Any shares that have not been vested during the year are purchased and cancelled by the Company at the original issue price in accordance with the law. |
| Number of restricted stock awards redeemed or repurchased | 5,600 shares (Note 2) |
| Number of shares in which the restrictions on rights have been released | 277,400 shares (Note 3) |
| Number of shares in which the restrictions on rights have not been released | 0 shares |
| Ratio of the number of shares in which the restrictions on rights have not been released to the number of total issued shares (%) | 0% (Note 4) |
| Effect on shareholders' equity | The Company expects that revenue will grow in the next few years. Based on this, the dilution of the Company's earnings per share in the next few years will not have material impact on the shareholders' equity. |

Note 1: Calculated based on the share capital of 82,068 thousand shares registered with the Ministry of Economic Affairs on January 6, 2021.

Note 2: Based on base date of March 22, 2021, May 3, 2023 and March 15, 2024, the deregistration was completed on April 7, 2021, May 22, 2023 and April 9, 2024.

Note 3: Calculated based on the number of shares released from restrictions on February 20, 2025 as the cut-off date.

Note 4: The calculation was based on the 82,063 thousand shares of capital registered at the Ministry of Economic Affairs of Taiwan on April 9, 2024.

(II) Names of the officers holding restricted stock awards and the top ten employees holding restricted stock awards and the status of acquisition as of the date of publication of the annual report:

1st restricted stock awards in 2020:

May 12, 2025

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of new restricted employee shares acquired (thousand shares)</th><th rowspan="2">Percentage of acquired RSAs to total issued shares (Note 1)</th><th colspan="4">Restrictions on rights have been released</th><th colspan="4">Restrictions on rights not yet released</th></tr>
<tr><th>Number of restricted shares released (thousand shares)</th><th>Issue price (NTD)</th><th>Amount of issuance (NTD thousand)</th><th>Percentage of unrestricted shares to total issued shares (Note 1, 2)</th><th>Unrestricted shares (thousand shares)</th><th>Issue price (NTD)</th><th>Amount of issuance (NTD thousand)</th><th>Number of restricted shares unreleased as a percentage of total shares issued (Note 1, 2)</th></tr>
<tr><td rowspan="6">Manager</td><td>President</td><td>Yang Jui-Hsiang</td><td rowspan="6">81</td><td rowspan="6">0.10%</td><td rowspan="6">81</td><td rowspan="6">10</td><td rowspan="6">810</td><td rowspan="6">0.10%</td><td rowspan="6">0</td><td rowspan="6">10</td><td rowspan="6">0</td><td rowspan="6">0%</td></tr>
<tr><td>Vice president, Management Department</td><td>Lee Jui-Ting</td></tr>
<tr><td>Assistant General Manager, Finance Department</td><td>Liu Huang-Wei</td></tr>
<tr><td>Assistant General Manager, Quality Research Department</td><td>Chen Chien-Lang</td></tr>
<tr><td>Assistant General Manager, Export Sales Department</td><td>Hung Chieh-Yu</td></tr>
<tr><td>Assistant General Manager, Domestic Sales Department</td><td>Chen Chih-Hsiung</td></tr>
<tr><td rowspan="15">Employees</td><td>Manager, Finance Department</td><td>Hung O-Cheng</td><td rowspan="15">129</td><td rowspan="15">0.16%</td><td rowspan="15">129</td><td rowspan="15">10</td><td rowspan="15">1,290</td><td rowspan="15">0.16%</td><td rowspan="15">0</td><td rowspan="15">10</td><td rowspan="15">0</td><td rowspan="15">0%</td></tr>
<tr><td>Manager, Export Sales Department</td><td>Lai O-Yi</td></tr>
<tr><td>Manager, Export Sales Department</td><td>Chang O-Chen</td></tr>
<tr><td>Manager, Domestic Sales Department</td><td>Liu O-Chien</td></tr>
<tr><td>Vice President, subsidiary</td><td>Lai O-Ren</td></tr>
<tr><td>Assistant General Manager, subsidiary</td><td>Huang O-Chen</td></tr>
<tr><td>Assistant General Manager, subsidiary</td><td>Huang O-Chiang</td></tr>
<tr><td>Assistant General Manager, subsidiary</td><td>Liu O-Chieh</td></tr>
<tr><td>Plant Director, subsidiary</td><td>Huang O-Chunng</td></tr>
<tr><td>Plant Director, subsidiary</td><td>Chang O-Hsiung</td></tr>
<tr><td>Manager, subsidiary</td><td>Tsai O-Cheng</td></tr>
<tr><td>Manager, subsidiary</td><td>He O-Pao</td></tr>
<tr><td>Manager, subsidiary</td><td>Chang O-Yu</td></tr>
<tr><td>Manager, subsidiary</td><td>Huang O-Liang</td></tr>
<tr><td>Manager, subsidiary</td><td>Chien O-Chin</td></tr>
</table>

Note 1: The calculation was based on the 82,063 thousand shares of capital registered at the Ministry of Economic Affairs of Taiwan on April 9, 2024.

Note 2: Calculated based on the number of shares released from restrictions on February 20, 2025 as the cut-off date.

## VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

## VIII. Implementation status of fund utilization plan: Not applicable.

# Four. An Overview of Operations

## I. Description of the business

(I) Scope of business:

1. Main contents of the Company's business
   (1) Manufacturing, trading and domestic and international sales of various types of battery plates.
   (2) Manufacturing, assembly, processing, and trading of automobile and motorcycle batteries and sealed lighting batteries.
   (3) Trading of raw materials in the preceding paragraph.
   (4) General import and export trade business.
   (5) Processing and trading of various computer and peripheral devices and parts.
   (6) Agent of tenders for domestic and foreign manufacturers for product quotation and distribution business.
   (7) Power generation, transmission and distribution
   (8) Domestic appliances manufacturing.
   (9) Lighting equipment manufacturing.
   (10) Data storage media units manufacturing.
   (11) Wired communication equipment and apparatus manufacturing.
   (12) Electronics components manufacturing.
   (13) Battery manufacturing.

2. Main products and their operating weight: Unit: NT$ thousand

| | 2024 | |
|---|---|---|
| Item | Revenue amount | Business weighting |
| Electronic sealed batteries | 6,971,554 | 85.67% |
| Motorcycle batteries | 980,381 | 12.05% |
| Car batteries | 168,147 | 2.07% |
| Other | 17,757 | 0.21% |
| Net operating income | 8,137,839 | 100.00% |

3. Current products and services:
   We constantly drive the growth of business by creating more efficient, energy-saving, safer and eco-friendly mobile resources in order to break through the tradition of technology while meeting the demand of the customers and market. Not only are our products used to serve as secondary power for high-tech electronic products, they are also widely applied in everyday life. Our product line includes batteries for renewable energy storage systems, communication switches and telecommunications rooms, UPS power supplies, batteries for electric vehicles, batteries for starting automobiles and motorcycles, and stop start batteries for motorcycles.

In 2022, our research and development focused on projects of “development of ultra-high power long-life batteries”, “research on long cycle life lead carbon electrode batteries”, “technology development for mass production of long-life stop start batteries”, “development of backup batteries for cloud data center base stations”, and “development of high-temperature batteries for outdoor stations”.
“Development of ultra-high power long-life batteries” - in response to the rise of home office and delivery markets driven by COVID-19, the demand for IDC (Internet Data Center) redundancy has increase drastically. Based on this, the development for this year’s battery technology focused on “ultra-high power”, “long float life”, and “new assembly process”. The development of WXL series products was completed this year for customers.
Alongside the development trend of energy issues around the world, there are more and more applications for renewable energy and energy stations. Based on this, the research and development this year focused on the “development of lead-carbon batteries for deep recycling green energy applications” and “research on long cycle life lead-carbon electrode batteries”. The initial research results show that the lead-carbon composite electrode has significantly improved the cycle life, which will be gradually applied in 2023 in green energy stations and energy storage stations.
With the introduction of 5G systems around the world coupled with the fact that cold room operations in SMR systems for carbon reduction applications are to be eliminated, the “development of backup batteries for cloud data centers” and the “development of high-temperature batteries for outdoor base stations” have become paramount. The development focused on the optimization of the material and process formula for high-temperature batteries.

In 2023, our research and development focused on projects of “development of ultra-high power long-life batteries”, “research on long cycle life lead carbon electrode batteries”, “technology development for mass production of long-life stop start batteries”, “development of backup batteries for cloud data center base stations”, and “development of high-temperature batteries for outdoor stations”.
"Development of ultra-high power and long-life batteries" is in response to the booming AI development, the demand for IDC data center backup has greatly increased. Therefore, this year, the focus is on "ultra-high power", "long float life" and "high temperature long float life" batteries technology. This year, we have developed the WXL (high power and long life) series and HTP (high temperature long float life) series of products for customers' use.
With the development trend of global energy issues, more and more renewable energy and energy storage, the Company continues to research and develop lead-carbon battery technology. Initial research results show that lead-carbon composite plates can significantly improve the lifecycle. In 2024, we will

gradually introduce them to practical applications such as green energy stations and energy storage stations.
With the introduction of 5G systems around the world coupled with the fact that cold room operations in SMR systems for carbon reduction applications are to be eliminated, the “development of backup batteries for cloud data centers” and the “development of high-temperature batteries for outdoor base stations” have become paramount. The development focused on the optimization of the material and process formula for high-temperature batteries.

In 2024, our research and development focused on projects of “development of ultra-high power long-life batteries”, “research on long cycle life lead carbon electrode batteries”, “technology development for mass production of long-life stop start batteries”, “data center backup battery development”, and “development of high-temperature batteries for outdoor stations”.

4. New products under development and services:
   (1) In response to the development of the AI industry, the demand for IDC data center backup has greatly increased. Therefore, this year, the focus was placed on the development of "ultra-high power", "long float life" and "new assembly process" battery technology. The development of battery technology has been completed this year for WXL and HTP series products with a service life of more than 10 years and an actual service life of more than 5 years are available for customers to choose.
   (2) Continue the development of "long-life start-stop parking battery" and proceed with the verification at other overseas factories.
   (3) In response to the global demand, we will develop “full gel batteries” and “AGM gel batteries” to be used for “data center backup battery development” and “high-temperature batteries”, deepening the application of the communications industry and strengthening the Company’s competitiveness.
   (4) Conduct research on new battery technologies such as "deep cycle green energy application lead-carbon battery", "long cycle life lead-carbon electrode battery" and "pure lead battery" to improve product quality and battery cycle life, and increase competition niche.
   (5) Development of lithium battery module processes for "home energy storage lithium batteries", "telecommunication base station backup lithium batteries" and "UPS lithium batteries" to increase the application of lithium battery products and strengthen the Company's competitiveness.

(II) Industry Overview.

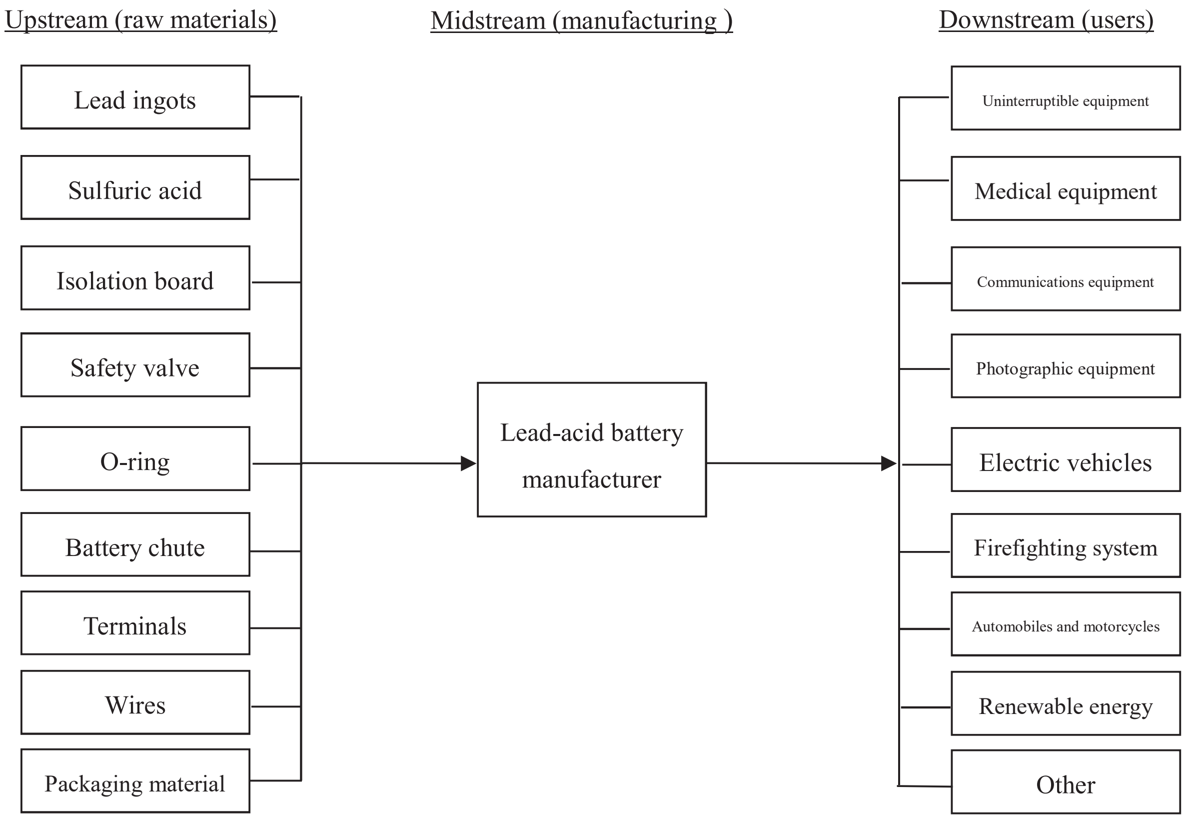
1. Current status and development of the industry:

   According to market forecasts and trends, lead-acid batteries have a sizable share of the global secondary battery market. Due to its reasonable cost, high maturity of technology, high quality stability and wide range of applications, lead-acid batteries are a common type of rechargeable battery market in the market, and suitable for many applications, especially areas where large amounts of energy are stored. At present, it is mostly used in uninterruptible power supply systems, automobiles and motorcycles, electric vehicles, medical equipment, communication equipment and other products. It is currently internationally recognized as the most economical and safe secondary battery. Due to the wide-ranging needs of these applications and the increasing importance of safety and reliability of power supply, the lead-acid battery market still maintains a stable growth trend.

   Overall, the lead-acid battery market has a stable market share worldwide and is expected to maintain good growth in the next few years. However, with the continuous advancement of technology, other types of rechargeable batteries, such as lithium-ion batteries are gradually emerging, and the market competition will become more intense. Although new types of lithium-ion and lithium iron batteries have been added to the market, they are still limited by considerations of high price and safety. In the foreseeable future, they cannot be replaced in terms of relatively stable quality, high safety, and wide range of applications in a short period of time.

   New materials and unique recipes for lead-acid batteries have been introduced. Lead recycling and reuse technology, extending service life, and reducing resource consumption during manufacturing are used to face the challenges together with compassion for the environment. EU RoHS and WEEE have excluded lead-acid batteries as prohibited items, which shows that lead-acid batteries will still have an irreplaceable position in the future.

2. The links between the upstream, midstream, and downstream segments of the industry supply chain:




3. Development trends and competition of products:

With industrial standards progressing, transportation traffic rapidly growing and information products becoming more popular, the need to save spare energy has become more important. In addition to lead-acid batteries, most hybrid vehicles today use nickel metal hydride batteries, mainly due to safety and reliability. Given that nickel metal hydride batteries have disadvantages of power capacity, volume and memory effect, they have been largely replaced by nickel-metal hydride batteries in the market for portable electronic products, such as notebooks, mobiles phones, PDAs, camcorders, digital cameras, mini CD-ROMs and Bluetooth headsets. As a result of this, nickel-metal hydride batteries have become the mainstream of small secondary batteries.

According to different cathode materials, lithium batteries are classified into lithium cobalt oxide (LiCoO2), lithium manganese dioxide (LiMnO2), lithium nickel oxide (LiNiO2) and lithium iron phosphate (LiFePO4). Among these batteries, LiCoO2 batteries are mainly used in electronic products such as handheld devices, which have worrying safety problems. As the safety for LiNiO2 batteries has not yet been tackled, there are only a few LiNiO2 battery manufacturers and users. With high capacity and safety characteristics, LiMnO2 batteries are mostly used in hand tools, although possessing poor high-temperature characteristics with high product price. Considering that LiFePO4 batteries developed in recent years are safe, which are perfect to be used in vehicles; however, their market share is low as there are bottlenecks including LiFePO4 batteries not being easy to sinter, product prices too low, immature patent and process technology, coupled with the fact that electric vehicles are not yet popular. With the exploration risk of lithium batteries not being ruled out as well as the immature development in terms of their safety and performance and their price and marketing, whether lead-acid batteries will be effected in the future solely depends on the future royalties and cost of lithium battery licenses.

With float voltage, non-memory, safe and high-temperature advantages of lead-acid batteries, alongside their cheap prices, lead-acid batteries will not be easily replaced by other battery technologies in the near future. The future trend of the development of lead-acid batteries is moving towards 3 goals: high capacity, light weight and low cost. High energizing batteries mainly include higher battery energy density and volumetric energy density. Not only do lighter batteries require to be lightweight, small sized batteries in some applications are also emphasized. Low cost of batteries is mainly due to the large quantities of batteries being used, applying to new generation of batteries with low cost and high-capacity electrode materials. At this stage, nanotechnology has been applied to the development of materials for lead-acid batteries. Through the innovative development of high-capacity and high-power nanoscale lead-acid battery materials and process technology, it is likely that the current technical bottlenecks of lead-acid batteries will be tackled. For that reason, as long as the primary technologies for lead-acid batteries, including improving battery energy density, reducing weight as well as smart power management, are achieved, lead-acid batteries will enter vast blue ocean market of the high tech industry.

More manufacturers with low labor costs from China and Southeast Asia have joined in the competition. Their stability of quality and product diversification still cannot compete with Taiwan. At Kung Long, we continue to develop high-performance and low-pollution products. We are committed to enhancing product capability and improving quality while making use of a “global market strategy” to achieve the objectives of cost reduction, product life cycle extension and risk diversification. In doing this, we are able to successfully overcome challenges under this competitive environment.

(III) An overview of the company's technologies:

1. R&D expenses invested in 2024 Unit: NTD thousand

| Item | 2024 | As of 2025 Q1 |
|---|---|---|
| Amount | 44,609 | 10,723 |

2. Technologies or products successfully developed in 2024:

(1) In response to the development of the AI industry, the demand for IDC data center backup has greatly increased. Therefore, this year, the focus was placed on the development of "ultra-high power", "long float life" and "new assembly process" battery technology. The development of battery technology has been completed this year for WXL and HTP series products with a service life of more than 10 years and an actual service life of more than 5 years are available for customers to choose.

(2) Conduct research on new battery technologies such as "deep cycle green energy application lead-carbon battery", "long cycle life lead-carbon electrode battery" and "pure lead battery" to improve product quality and battery cycle life, and increase competition niche.

(3) Continue the development of "long-life start-stop parking battery" and proceed with the verification at other overseas factories.

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

1. Short-term plan:

(1) Develop new long-term and stable customers - We adjust the selling price according to the fluctuation for lead prices and establish fair trade approaches. Our pricing strategy is adjusted in a timely manner according to different markets so as to maintain our international competitiveness.

(2) Promote and strengthen the sales of large sealed communication, 5G and cloud data centers, long-life UPS and renewable energy storage batteries.

(3) The sales layout of ultra-long-life pure lead high-power batteries in UPS backup and pure lead deep-cycle batteries.

(4) Promote home energy storage and telecom lithium iron batteries, and collaborate with telecom and UPS manufacturers on research and development of UPS lithium iron batteries to expand the industrial UPS backup and IDC (Internet Data Center) market.

(5) Continue to enhance the market share of our own brand of motorcycles, automobiles, and electric vehicles in Vietnam.

2. Long-term plan:

(1) We are dedicated to technological improvement in order to develop products that can be charged quickly, have more cycles and are suitable for

renewable energy and energy storage including solar photovoltaic systems and wind power.

(2) Cooperate with the development of customized batteries, launch large-scale sealed batteries and batteries with high cost performance, and evaluate the development of lithium batteries.

(3) Continue to increase the specifications of stop start batteries for motorcycles and improve the revenue base.

(4) Construct lithium iron battery production lines and develop new product lines and products based on customer and market needs.

(5) Continue to promote our own brand, establish product market segment positioning, and cultivate distributors or agent channels to drive sales in the after-sales service market.

(6) Take advantage of preferential tariff for ASEAN market and proactively develop new markets with long-life and large capacity batteries.

(7) Continue to diversify regions and specifications as well as taking into account the risk of customer concentration, we work hard to expand new customers and markets to expand our global market share, with emphasis on the Middle East, Eastern Europe, Central and South America, Africa, and the ASEAN market in Asia.

## II. Market as well as the production and marketing situation

### (I) Market analysis:

1. Sales regions of major products

Unit:NTD thousand

| Product | Region | 2024 | | 2023 | |
|---|---|---|---|---|---|
| Batteries | Americas | 1,331,299 | 16% | 886,382 | 14% |
| | Europe | 2,389,260 | 29% | 1,658,069 | 26% |
| | Asia | 3,723,287 | 46% | 3,229,961 | 50% |
| | Domestic sales | 343,914 | 5% | 325,177 | 5% |
| | Other | 332,322 | 4% | 297,985 | 5% |
| Other | | 17,757 | - | 19,233 | - |
| Total operating income | | 8,137,839 | 100% | 6,416,807 | 100% |

2. Market share:

2024 Taiwan Lead-Acid Battery Export Statistics Unit: Volume/Thousand Value/NTD Thousand

| Year | Item | Quantity of export sales | Amount of export sales |
|---|---|---|---|
| 2024 | Lead-acid batteries | 9,376 | 6,825,122 |
| | Kung Long sales | - | 58,277 |
| | market share | - | 0.85% |

Source: Customs Administration, Ministry of Finance/Bureau of Foreign Trade

3. Demand and supply conditions for the market in the future and the market's growth potential:

(1) In terms of demand:

A. The outlook for the wellbeing medical equipment industry continue remains promising:

The aging of the global popular and the increase in health awareness of consumers have contributed to the rise of medical devices. The top export device in the wellbeing medical equipment industry is motorized patient vehicles (powered wheelchairs). The application of lead-acid batteries in the wellbeing medical equipment industry is gradually expanding, mainly in medical auxiliary equipment, UPS, and mobile medical devices. Due to their high safety, stability, and cost-effectiveness, they are still the primary choice as a power source. Currently, the sales of electric scooters in Europe continue to grow year by year and there is a trend of them replacing wheelchairs with demand continuing to increase. To ensure the continuous operation of important medical equipment and emergency rescue equipment during power interruptions, the demand for UPS in hospitals and clinics continues to rise. In remote areas or disaster response scenarios, lead-acid batteries can serve as the main power source for mobile medical stations and outdoor emergency rescue equipment. The outlook for the wellbeing medical equipment industry remains promising, and the demand is expected to continue growing.

B. Increased demand for electric vehicles:

In recent years, gradual depletion of oil sources resulted in soaring oil prices, growing global emphasis on energy conservation and carbon reduction, the agreement on emission reduction in the United Nations Convention on climate change, and the development of electric vehicles (electric vehicles, electric bicycles, electric scooters). According to the International Energy Agency's (IEA) 2019 Global EV Outlook report, the sales of electric two-wheel/tricycles in 2018 were about 26 million, and it is expected to grow to 46 million in 2030, in which the Asia Pacific countries are the most important markets. By far, the global inventory in countries in Asia-Pacific, including China, India, and ASEAN, is around 800 million electric two/three-wheelers. Among these countries, the main consumer country is China, where 90% of the electric two-wheelers use lead-acid batteries. This shows significant demand.

C. Steady growth in demand for uninterruptible power supplies (UPS)

As the trend of cloud and virtualization is expected, the market scale of data centers for small, medium and large enterprises continue to grow. As a result of this, ISP and ASP servers need to be supported by stable power supplies, and telecom companies in various countries continue to install telecom base stations. Due to the greenhouse effect, the frequency of snowstorms in Europe and the U.S. has increased, further driving the continuous growth of UPS in the market. According to QYResearch, the UPS market is estimated to reach USD14 billion by 114. Give that lead-acid batteries have advantages of low cost, stable quality, high voltage and high instantaneous discharge rate, they are widely used in UPS products. This is the reason why lead-acid batteries have considerable potential and momentum in the future market.

D. Endless potential of renewable energy storage market

With the trend of energy conservation and environmental protection, wind power and solar power have become the technology commonly used. However, since solar and wind power generation are affected by natural conditions, the power generated is unstable and needs to be integrated with the grid after voltage is stabilized by the energy storage system. This creates business opportunities for energy storage batteries and the commonly used batteries for energy storage is high power lead-acid batteries. According to the 2018 New Energy Outlook report recently released by BNEF, the global investment in energy storage systems will reach US$548 billion in 2050, two-thirds of which is in grid energy storage systems. The market cannot be ignored.

(2) In terms of supply:

Nowadays, all countries around the world take energy as their economic orientation and mobile energy - batteries- is one of the key industries of each country. That being the case, battery manufacturers in Europe, the U.S., China, and Japan, such as Varta, Saft, Delphi, Exide, Sonnenschein, Enersys, Tianneng Power, and Chaowei Power have all invested in battery development. At present, the 4 top battery manufacturers in Taiwan are YUASA, GS, CSB, and Kung Long, covering nearly all domestic exports. The sales targets of Showa Denko are similar - UPS manufacturers and distributors, while YUASA and GS focus on automobile and motorcycle manufacturers and distributors. This is mainly due to Japanese battery manufacturers maintaining long-term cooperative relationships with automobile manufacturers, making it difficult for Taiwanese companies to enter the market. As there are fewer Japanese manufacturers in UPS and electric automobile manufactures, we have taken the initiative to target the after-sales service market with quality and cost advantages.

Due to the fact that the lead-acid battery industry is mature and stable, there have only been a handful of competitors over the years. With major manufacturers taking over the market share, there is a clear trend that the industry is getting larger. Constrained to quality stability and longevity problems, smaller battery manufacturers can only compete in the remaining domestic market with low prices. In terms of production, commissioned processing, and import, 4% excise tax was imposed on lead-acid batteries on January 1, 2016. This has caused a considerable cost burden to Chinese lead-acid manufacturers. Considering that the size of the lead-acid battery industry in Taiwan is small and lacks overall growth, with the global demand for lead-acid batteries continuing to thrive, we have shifted our main production base to Vietnam in order to deliver more results.

(3) Growth:

Lead-acid batteries can be used in a variety of products, such as wellbeing medical equipment, electric bicycles, mobility scooters that have become popular in Europe and the U.S., boosting the growth demand for lead-acid batteries. In particular, with UPS batteries and batteries for starting automobiles and motorcycles driving the demand in Vietnam, in conjunction with the mass production of the Company’s “long-life sealed batteries for communications”, we have established our R&D capabilities in the market, bringing growth momentum to the Company.

4. Competitive niche:

(1) As the largest Lead-acid battery manufacturer in Taiwan, we have our own core technology research and development:

A. We master advanced battery self-manufacturing capabilities, R&D capabilities and production technologies and have experience in process critical technology and mass production management.

B. With a flat organization, we save operation time and shorten product delivery times.

(2) We have passed various certifications and our products are highly recognized:

At Kung Long, our self-developed lead-acid battery is our star product, that has attained 3 patents in Taiwan and 1 in Vietnam. A total of our 1,733 products have been certified in the U.S. and 64 in Germany, totaling 1,797 certificates, including VdS by which we are the first company in Asia to have been certified and UL certification. At the same time, we have passed ISO 9001 international standard quality management system certification and IATF 16949 Automotive Quality System verification. In terms of the operating environment and safety and health, we have attained ISO 14001 and ISO 45001 certifications. Thanks to our experience in responding to rapid changes in the industry, we have the upper hand to securing orders from major international manufacturers, further developing products needed in the market more effectively and quickly.

(3) Wide range of product applications:

At Kung Long, we strive for the development and research of electrical energy technology, with most of our products certified by the VdS and UL. We have a complete range of product specifications to meet the requirements of different customers.

(4) Professional international labor division:

To make full use of international labor division, our subsidiary Le Long Vietnam Co., Ltd. researches and develops products. With its advantages of economic scale and tax incentives, we are able to produce mass market specifications to expand greater profitability.

5. Positive and negative factors for future development and the company’s response to such factors:

(1) Positive factors -

A. We have an excellent management team and staff as well as robust management and production organizational systems:

At Kung Long, we have an excellent management team and professional and knowledgeable employees, as well as a robust management system and smooth production line management organizational system. These have become the Company's best tools for its sustainability and in the face of rapidly changing market challenges.

B. Refinement of R&D capability and production technology:

With our strong capabilities on the development of products of new specifications, we are able to respond to quick market changes and quickly develop products needed in the market.

C. Harmonious cooperative relationship with third party suppliers:

Over the years, we have built good long-term cooperative relationships with our upstream raw material suppliers. This way, we are able to ensure the supply, quality and delivery of raw materials are maintained at a stable level to meet the Company's needs for growth.

D. Excellent and stable quality:

The Company has obtained the international standard quality management certification of ISO 9001, and obtained a number of technology patents and product safety certification. The Company has obtained the ISO 9001:2015 quality management system, IATF 16949:2016 automotive industry quality management system and ISO/IEC 17025 : 2017 experimental quality management system, and has also obtained a number of technology patents and UL/VdS/CE product safety certifications.

E. Capacity expansion of Vietnam plant:

In response to the demand of orders, at Kung Long we are constantly expanding the production capabilities and production scale in our plants in Vietnam. By doing so, not only can we meet customers' diverse needs, we are also able to meet their delivery schedules.

F. Automation equipment:

In order to increase productive and expand revenue, we take a proactive approach to introduce comprehensive automated equipment while continuing to maintain our manufacturing advantage of high cost performance with quality and efficiency.

G. Product diversification:

The Company's outstanding development capabilities foster products diversification to satisfy the needs of various customers, while improving market coverage, enhancing competitiveness, and reducing risks. Through diversified products, we not only enhance our brand image by increasing market share but also attract a wider customer base, creating more sales opportunities and thereby strengthening revenue growth momentum.

(2) Negative factors -

A. Exchange rate fluctuations, increase exchange rate risk:

The Company’s products are manufactured mainly for export. Because of this, the risk arising from changes in exchange rates has a considerable impact on the Company’s profitability.

Countermeasures:

a. The Finance Department keeps a close eye on exchange rate changes at all times while also collecting the views of various professional institutions on exchange rates. In doing this, the Finance Department is able to strengthen its ability to analyze and judge exchange rate trends so that the Company can make timely adjustments to selling prices and appropriate foreign exchange hedges.
b. Use foreign currencies for natural hedging and sales to reduce the risk of exchange losses.

B. Environmental protection standards are becoming stricter:

Lead is a heavy metal raw material. In view of the emphasis on environmental protection issues around the world, government agencies are imposing stringent regulations on wastewater, waste gas and waste. With high cost of battery recycling, the expenses and costs to invest in pollution control are bound to increase.

Countermeasures:

a. Allocate full-time qualified personnel to handle environmental matters and engage a government-approved institution for regular monitoring.
b. We enter into a contract with a qualified vendor for the removal of lead waste and comply with the spirit of ISO 14001 to meet environmental requirements.
c. In terms of safety and hygiene of production, we follow the spirit of ISO 45001, so that the overall production environment better meets the environmental regulatory requirements.

C. Rising raw material costs:

With the rise in international lead prices that increase the cost of goods purchased, production costs also increase

Countermeasures:

a. Our business quotation adopts a floating price adjustment mechanism in order to reasonably pass on and reflect on raw material price fluctuation.
b. Timely adjustment of lead material inventory.

D. Competing sales of low-priced products in Mainland China and Southeast Asia:

Although possessing advantages of sufficient labor with low wages as well as looser enforcement of environmental regulations, China and South Asia are dumping low-quality products at low prices in international markets. However, the quality stability and product specifications are not as diverse as those of Taiwan's products.

Countermeasures:

a. Develop new high-quality, ultra-long-life pure lead, deep-cycle and high-power batteries to form a market differentiation with product diversification and a high cost-performance ratio.
b. Position our electronic sealed batteries as higher technology with strict quality stability requirements in order to avoid price competition with small manufactures. This way, we are able to maintain a higher gross margin.
c. By taking an international labor division approach and to be in line with the development trends in the industry, we have shifted our products with popular specifications to be manufactured in Vietnam. Moreover, we will also expand production capability by economy of scale to improve production efficiency, production management efficiency and quality to expand profitability.

(II) Important usage and manufacturing processes for the company's main products:

1. Important usage for the company's main products:

   Our products are mainly used in power supplies for technology products such as: uninterruptible power supplies (UPS), anti-theft devices, security and emergency lighting, communications equipment, ignition for automobiles and motorcycles, jet skis, bobsleigh, electric scooters, wellbeing medical devices with high product value, mobility scooters for old people, electric wheelchairs, electric bicycles, electric motorcycles, electric vehicles, and renewable energy.

2. Manufacturing process of major products:

(1) Manufacturing process of lead-acid batteries - sealed batteries (cast-on-strap (C.O.S):

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Acid added | > | Charging | > | Ultrasonic riveting | > | Automatic checker | > | Finished product |
| ︽ | | | | | | | | |
| Dispensing of terminal glue | < | Terminal soldering | < | Oil seal | < | Spot sealing | < | Short circuit checking |
| | | | | | | | | ︽ |
| Metal box | > | Cast welding | | | > | Battery chute | > | Cross-link |
| ︽ | | | | | | | | |
| Cladding | < | Slitting | < | Anode plate drying | < | Cathodic plate drying | < | Chemical conversion coating |
| | | | | | | | | ︽ |
| Lattice body casting | > | Lead powder | > | Kneading | > | Plate coating | > | Cell maturity |

(2) Lead-acid battery manufacturing process - car batteries:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Finished product | < | Branding date | < | Airtight inspection | < | Heat seal | < | Short circuit checking |
| | | | | | | | | ︽ |
| Metal box | > | Molding | > | Group welding | > | Battery chute | > | Spot welding |
| ︽ | | | | | | | | |
| Cladding | < | Slitting | < | Anode plate drying | < | Cathodic plate drying | < | Chemical conversion coating |
| | | | | | | | | ︽ |
| Lattice body casting | > | Lead powder | > | Kneading | > | Plate coating | > | Cell maturity |

(III) Supply situation for the company's major raw materials:

The main raw materials for the Company's products are: lead ingots, sulfuric acid, isolation plates, battery cells. We have many suppliers and there is no over-concentration of supply sources. In addition, the Company has been able to maintain a sound and long-term cooperative relationships with suppliers. However, to ensure the stability of supply sources, we also maintain contact with other suppliers who have good supply status. There has been no shortage or interruption of supply.

(IV) A list of any suppliers and customers accounting for 10 percent or more of the company's total procurement (sales) amount in either of the last two years, the amounts bought from (sold to) each, and the percentage of total procurement (sales) each:

1. List of major sales customers:

Unit: NT$ thousand

| 2023 | | | | 2024 | | | | As of 2025 Q1 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Net sales | As a ratio to annual net sales (%) | Relationship with the issuer | Name | Net sales | As a ratio to annual net sales (%) | Relationship with the issuer | Name | Net sales | As a ratio to net sales for the year up to the first quarter (%) | Relationship with the issuer |
| Company A | 751,961 | 11.72% | Customers | Company A | 865,383 | 10.63% | Customers | Company B | 181,024 | 10.34% | Customers |
| Other | 5,664,846 | 88.28% | Customers | Other | 7,272,456 | 89.37% | Customers | Other | 1,569,108 | 89.66% | Customers |
| Net sales | 6,416,807 | 100.00% | | Net sales | 8,137,839 | 100.00% | | Sale of goods Net Amount | 1,750,132 | 100.00% | |

(1) The increase in the amount of the Company's sales to company A in 2024 from the previous year was attributable to the Company's stable supply quality.

(2) The Company's products are not affected by a single economic cycle as they have a wide range of applications.. In summary, the Company's customers, market and product applications are diversified, and are unlikely to be affected by any one factor; hence the operational risk is relatively low.

2. List of major import suppliers:

Unit: NT$ thousand

| 2023 | | | | 2024 | | | | As of 2025 Q1 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Net procurement | As a percentage to annual net procurement (%) | Relationship with the issuer | Name | Net procurement | As a percentage to annual net procurement (%) | Relationship with the issuer | Name | Net procurement | As a percentage to net procurement for the year up to the previous quarter (%) | Relationship with the issuer |
| Company B | 762,585 | 19.67% | Suppliers | Company D | 1,081,293 | 20.68% | Suppliers | Company D | 258,481 | 22.09% | Suppliers |
| Company D | 531,821 | 13.71% | Suppliers | Company B | 950,705 | 18.19% | Suppliers | Company B | 174,490 | 14.92% | Suppliers |
| Other | 2,583,306 | 66.62% | Suppliers | Other | 3,195,525 | 61.13% | Suppliers | Other | 736,993 | 62.99% | Suppliers |
| Net procurement | 3,877,712 | 100.00% | | Net procurement | 5,227,523 | 100.00% | | Net procurement | 1,169,964 | 100.00% | |

The main raw materials for the Company's products are: lead ingots, sulfuric acid, isolation plates, battery cells. In the last two years, there was not much change in suppliers and all raw materials were procured based on the principle of appropriate diversification and risk. We maintain a good and long-term cooperative relationships with suppliers so that the supply, quality and delivery schedules are maintained at a stable level.

## III. Information on employees

Number of employees in the Group for the most recent two years and up to the publication date of the annual reports:

| Year | | 2023 | 2024 | 2025 (up to March 31) |
|---|---|---|---|---|
| Number of employees | Cadre and technical staff | 408 | 438 | 427 |
| | Operators | 2,932 | 3,025 | 2,924 |
| | Manage business and other | 340 | 467 | 343 |
| | Total | 3,680 | 3,930 | 3,694 |
| Average age | | 35.29 | 35.55 | 35.16 |
| Average years of service | | 5.90 | 5.65 | 5.75 |
| Education distribution ratio | Ph.D. | 0.00% | 0.00% | 0.00% |
| | Master | 0.35% | 0.38% | 0.38% |
| | University | 7.17% | 7.18% | 7.96% |
| | College | 3.21% | 3.21% | 3.33% |
| | Senior high school and below | 89.27% | 89.23% | 88.33% |

Note: The above list of salary payments as of December 31, 2023, 2024, and March 31, 2025 is used as statistical data.

## IV. Disbursements for environmental protection

(I) The total amount of losses (including compensation) and penalties for environmental pollution in 2024 and up to the date of publication of the annual reports, and the corresponding countermeasures and possible expenditures: None.

(II) Status in response to the EU Restriction on Hazardous Substances Directive :
According to EUR OPEAN COMMISSION 's Frequently asked Questions on directive 2002/95/EC on the RoHS and WEEE, WEEE and RoHS directive do not apply to batteries. However, the Company's product is a lead-acid battery, so it still needs to comply with Regulation (EU) 2023/1542 "Battery and Waste Batteries Regulation" that was announced by the European Commission on July 12, 2023 and entered into effect on August 17, 2023.

(III) Greenhouse gas (GHG) inventory:
GHG emission inventory can be divided into Scope 1 and Scope 2:
Scope 1: Direct emissions from the plant, including fugitive emissions that use fuel such as gasoline and diesel from company cars, product transport vehicles, and forklifts.
Scope 2: Indirect emissions for purchased electricity.

The Group's factories were in 3 locations which include Taiwan and overseas ,and have completed ISO 14064-1:2018 scope 1 and 2 inventory in 2024. The Scope 1 and Scope 2 greenhouse gas inventory data for the Vietnam Li Long Plant has been verified by the third-party verification body, SGS.

The following section provides information on the greenhouse gas inventory and assurance status for the most recent two years:

1. Information on greenhouse gas (GHG) inventory:

   Describe the greenhouse gas emission volume (tCO2e) and the intensity (tCO2e/NT$ million).

The greenhouse gas emissions in the last 2 years are as follows:

| Year | Scope 1 (tCO2e) | Scope 2 (tCO2e) | Total (tCO2e) | Intensity (tCO2e/NT$ million) |
|---|---|---|---|---|
| 2023 | 6,552.380 | 62,594.276 | 69,146.656 | 10.78 |
| 2024 | 8,139.530 | 74,224.663 | 82,364.193 | 10.12 |

Scope 2 electricity emission is the main source of the Company's greenhouse gas. It accounts for nearly 90% of the total greenhouse gas volume. The Company has formulated energy-saving and carbon-reducing measures for greenhouse gas reduction. As of March 31, 2025, the Group has completed the preliminary greenhouse gas inventory data (activity data for 2024) as listed in the table above, pending verification by a third party for the current fiscal year, Disclose the data on the Company's website (www.klb.com.tw)

2. Information on greenhouse gas (GHG) assurance:

   Describe the status of assurance in the most recent two years up to the date of publication of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinions.

| Year | Plant | Scope 1 (tCO2e) | Scope 2 (tCO2e) | Total (tCO2e) | Assurance Institution | Description of assurance status |
|---|---|---|---|---|---|---|
| 2023 | Taiwan Plant | 126.110 | 345.306 | 471.416 | - | The assurance has not yet been conducted by an assurance institution. In accordance with regulatory requirements, assurance for the 2027 data must be completed by 2028. |
| | Vietnam Le Long Plant | 6,337.380 | 57,494.160 | 63,831.540 | SGS Vietnam Ltd | The assurance procedures were conducted by an assurance institution in accordance with applicable audit standards, and the results met the materiality threshold required for reasonable assurance. |
| | Vietnam Kung Tay Plant | 88.890 | 4,754.810 | 4,843.700 | - | The assurance has not yet been conducted by an assurance institution. |
| | Total | 6,552.380 | 62,594.276 | 69,146.656 | | |

| Year | Plant | Scope 1 (tCO2e) | Scope 2 (tCO2e) | Total (tCO2e) | Assurance Institution | Description of assurance status |
|---|---|---|---|---|---|---|
| 2024 | Taiwan Plant | 114.523 | 391.998 | 506.521 | - | The assurance has not yet been conducted by an assurance institution. In accordance with regulatory requirements, assurance for the 2027 data must be completed by 2028. |
| | Vietnam Le Long Plant | 7,776.631 | 67,973.517 | 75,750.148 | SGS Vietnam Ltd | The assurance has not yet been conducted by an assurance institution. In accordance with regulatory requirements, assurance for the 2027 data must be completed by 2028. |
| | Vietnam Kung Tay Plant | 248.376 | 5,859.148 | 6,107.524 | - | The assurance has not yet been conducted by an assurance institution and is expected to be completed in the second half of 2025. |
| | Total | 8,139.530 | 74,224.663 | 82,364.193 | | |

Greenhouse gas reduction targets, strategies, and concrete action plans:
The greenhouse gas reduction target set by the Company is: a 5% reduction in total annual carbon emissions (scope 1 and scope 2 combined) and carbon emission intensity (tCO2e/NT$ million) compared to the previous year.
In accordance with regulations set by the competent authority, a TWSE/TPEx-listed company with paid-in capital of less than NT$5 billion shall disclose carbon reduction targets, strategies, and specific action plan for the following year, using the year in which the greenhouse gas inventory for companies covered by the consolidated financial report was completed as the base year; and greenhouse gas reduction targets, strategies, and concrete action plans for 2027, using a base year no later than 2026.

## (IV) Total water consumption and waste

Unit: Ton

| Year | Water consumption | Hazardous business waste | General business waste |
|---|---|---|---|
| 2023 | 316,178 | 2,108 | 1,102 |
| 2024 | 380,352 | 2,402 | 1,263 |

## (V) Energy reduction measures:

In addition to continuing with the past effective control and reduction measures, we also make an effort to promote and implement the following energy reduction measures:

1. Electricity reduction:
   (1) Reduce the consumption of air-conditioning during peak hours and change to an inverter model.
   (2) Pay continued attention to and check and replace damaged capacitors to improve the overall power factor in electricity consumption.
   (3) High-efficiency equipment introduced to reduce electricity needs. Example: Spiral vacuum equipment, etc.
   (4) Unnecessary lighting removed to switch to zoned lighting.
   (5) A new-type insulation mechanism is used in some sections to reduce the power consumption of heating.

(6) Electrode plate and battery charging improvement and some battery specifications were changed to chemical conversion coating to reduce electric power.
(7) Use IGBT type charging/discharging machine to transfer the discharged power back to the grid.
(8) Harmonic treatment of the power grid in order to reduce the reactive power.
(9) Regular inspection and repair of air compressor pipelines.
(10) Introduce process water that uses tap water and rainwater for recycling to reduce power consumption and water resource utilization.
(11) Introduce a solar power generation system for spontaneous use and to reduce power consumption.

2. Gas reduction:
(1) Gas heating is replaced with steam or electric heating.
(2) The gas heating equipment is added with a insulation material to reduce the heat energy supplement of burning gas.
(3) Automated equipment continuingly introduced in the assembly line to reduce the amount of gas used for welding.
(4) Regular inspection and repair of gas pipelines.

3. Fuel reduction:
(1) Registration and control of fuel consumption for individual vehicles are required in a strict manner
(2) Introduce electric stackers to replace diesel stackers to reduce fuel consumption.

4. Water reduction:
(1) Treated water bodies are centrally stored and reused by supplying them to other equipment in order to improve the diverse use of water resources and emission reduction measures.
(2) Introduce a rainwater recycling system to reduce water consumption, electricity consumption and water resource utilization.
(3) Recycling the waste acid liquid from the production process to the manufacturers for further processing and utilization, thereby reducing the demand for water in industrial wastewater treatment.

(VI) The Company's environmental maintenance and protection related expenses amounted to NTD 3,633 thousand in 2024.

## V. Labor relations

(I) Employee welfare measures, further education, training:

At Kung Long, we uphold a pragmatic and sustainable management philosophy and value the welfare of employees highly. In 1991, we established an Employee Welfare Committee to coordinate various welfare measures of employees.

1. Insurance:
   (1) Our employees are covered with labor insurance and national health insurance since the date of their employment.
   (2) Employees on business overseas are covered with accident insurance at least NT$10 million.
   (3) To protect our employees, we also take out group medical insurance for them.
2. Various emergency relief funds: Including the death and hospitalization of the employee, and the death of an employee’s first degree relative.
3. Various subsidies: Including wedding and birthday money/gift, birth money/gift for the employee or their spouse.
4. Regular company trips in Taiwan or overseas.
5. Annual physical examination.
6. Meal allowance and a bottle of fresh milk a day.
7. From time to time, we appoint external instructors to perform education and training within the Company and select employees, according to their expertise, to perform education and training outside the Company.
8. Money/Gifts on 3 festivals: Labor Day, Mid-Autumn Festival and Spring Festival.
9. Year-end bonus and employee remuneration.
10. Regular organize hiking activities and seminars on health.
11. Children of outstanding employees are selected to receive scholarships.
12. Year-end party and prize draws are held each year to reward employees.
13. Employee health management and psychological counseling channels are provided.

(II) Retirement system and implementation:

In July 1, 2005, we established a defined contribution pension plan in accordance with the “Labor Pension Act” applicable to Taiwanese employees. For employees who opted for the labor pension system under the “Labor Pension Act”, the Company makes monthly contribution of 6% of their wage to their personal account at the Bureau of Labor Insurance. The employees’ pension is paid to the employees’ personal pension account and the accumulated earnings are received in the form of monthly pension or lump-sum; or the Company may choose to apply the employee retirement plan under the Labor Standards Act, which provides for monthly contributions to a special account at the Bank of Taiwan, and the Pension Fund Supervision and Management Committee is responsible for the management of the pension

(III) Status of labor-management agreements and measures for preserving employees’ rights and interests:

As the Company values welfare matters of employees and attaches importance to the coordination of employee communication, labor relations are pleasant. However, the Company shall work on improving various welfare measures to make the labor relations more harmonious, further eliminating possible labor disputes.

The labor-management agreements of our company are based on the Labor Standards Act. Currently, no collective agreement has been established. Our company holds labor-management meetings regularly, has multiple channels for feedback and communication, and cooperates with the provisions of our company's work rules and regulations to handle related business in accordance with laws and regulations.

(IV) Code of conduct and ethics for employees

The Company has adopted the “Ethical Corporate Management Policy”, the “Guidelines for the Adoption of Codes of Ethical Conduct” and applicable management rules for directors, company officers and employees. These are to prohibit any unethical conduct and avoid opportunities for self-interest, prohibit bribery and accepting bribes, while protecting and appropriately using company assets, complying with regulations, and encouraging the reporting of any unlawful acts or breaches of regulations.

(V) Workplace and employee safety protection measures:

Given the importance of the protection measures of the workplace and employees, ISO 14001 and ISO 45001 environmental and occupational safety and health management systems have been adopted to control major environmental considerations and occupational safety and health risks. This way, we are able to ensure the safety and health of the workplace.

(VI) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

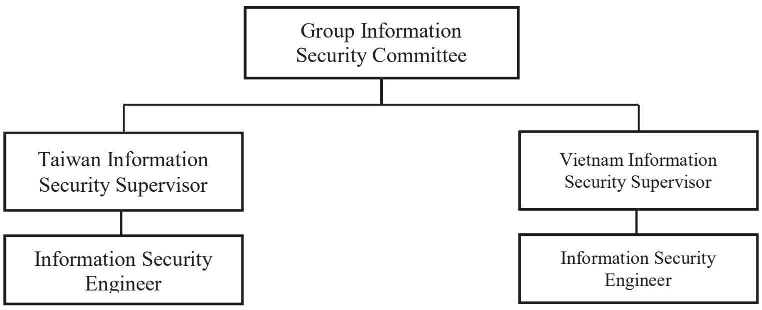
## VI. Cyber security management

(I) Cyber security policy formulation:

In order to ensure the safe and stable operation of information and communication operations, prevent the information communication system from unauthorized access, use, control, leakage, destruction, tampering, destruction or other violations, and ensure its confidentiality, integrity and availability and to promote the Company and its subsidiaries' business smoothly in order to comply with the regulations of the Information and Communication Security Management Act. This information and communication security policy is hereby formulated as the supreme guideline for the Company's information and communication security management.

1. Strengthen employees' awareness of information security. The Company's employees should participate in information security related education and training to improve the information security awareness of the whole company.
2. Assess the security requirements of information and communication operations in consideration of relevant laws and regulations and corporate operational needs, and establish relevant procedures to ensure the confidentiality, integrity and availability of information and communication assets.
3. Establish an information communication security organization of the Company and define the division of responsibilities to facilitate the implementation of information communication security operations.
4. Establish an information communication security incident reporting and contingency mechanism to ensure that information security incidents are properly responded, controlled and handled.
5. Regularly perform information communication security audits to ensure the implementation of information communication security management.

(II) Cyber security risk management framework:




The Company established an Information Security Committee in 2023 (as shown in the organizational chart above). The Information Security Committee is responsible for reviewing the Company's information security policy and supervising the operation of information security management, in order to build a comprehensive information security defense capability and good information security for colleagues. In case of an information security incident, the Information Security Committee shall be notified and appropriate response measures shall be taken according to the level of the information communication security incident, and a response shall be replied in the shortest time to ensure the normal operation of the Company.

The Group Information Security Committee consists of 6 members in total:

Taiwan has 1 information security supervisor and 2 information security engineers.

Vietnam has 1 information security supervisor and 2 information security engineers.

(III) Cyber security risk management framework:

The Company's cyber security policy applies to its employees, vendors and third parties who have access to the Company's business or provide services to the Company.

(IV) Cyber security risk objectives:

1. Quantitative goals:
   (1) Ensure that the availability of the server room for transport services reach 98% of the annual working hours throughout the year.
   (2) Ensure that the availability of each critical business system reaches 98% of the annual working hours throughout the year.
   (3) Cyber security incident of data leakage on cyber security system (≦2 times/year).
   (4) Unauthorized incident of account authority management (≦2/year).
   (5) Information security and social engineering education and training (1 times/year).
   (6) Continued business continuity planning (1 time/year).
   (7) The Company's internal audit on information security (1 time/year).
   (8) Assess information security risks regularly and report to the Board of Directors (once a year).
2. Value-oriented objectives:
   (1) Timely respond to regulatory and technological changes to adjust cyber security maintenance contents. By doing so, we are able to prevent unauthorized access, use, control, leakage, destruction, tampering, destruction, or other infringement of information or information systems.
   (2) Achieve the requirements of cyber security responsibility level classification to reduce the threat of exposure to information security risks.
   (3) Improve information security protection awareness among personnel to effectively detect and prevent external attacks.
   (4) Ensure that all information security accidents and incidents or suspected security weaknesses are reported upwards according to the appropriate notification mechanism and are properly investigated and handled.

(V) Specific measures to manage information security risks and resources invested in information communication security management:

1. Multi-layer information security protection:
   (1) Network security:
      A. Introduce advanced technology for computer scanning and system and software updating.
      B. Strengthen network firewalls and network control to prevent the spread of computer viruses across machines and factories.
   (2) Device security
      A. Establish an on-site anti-virus mechanism for information and communication equipment to prevent machines containing malicious software from entering the Company.
      B. Establish endpoint anti-virus measures based on computer types to strengthen malware detection.
   (3) Supply chain information security
      A. Established a supplier information security self-examination mechanism.
      B. Regularly communicate the latest information security regulations and precautions of the Company.
   (4) Reinforcement of information security protection technology
      A. Encryption control and effective tracking of documents and data.
      B. Control of outgoing mails.
      C. Important data are backed up in a variety of ways.
2. Strengthening information security awareness:
   (1) Training and promotion
      A. Enhance employees' vigilance against email social engineering attacks and execute phishing email prevention and detection.
      B. Organize regular information security promotions to raise employees' information security awareness.
3. The Company prepares budgets annually to continuously evaluate and adopt information security technology solutions, aiming to improve its advanced information security management. Information security expenditures amounted to NT$1.55 million in 2023 and NT$2.35 million in 2024. An estimated NT$0.86 million is expected to be invested in 2025.

(VI) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

## VII. Important contracts

Current effective important contracts and important contracts expired in the most recent year:

| Nature of contract | Parties | Start and end dates of the contract | Main contents | Restrictive clause |
|---|---|---|---|---|
| Contract for buying and selling raw materials | 30TWN018 | January 1, 2024 - December 31, 2024 | Contract for buying and selling raw materials signed | None |
| | 29TWN021 | | | |
| | 29SGP002 | | | |
| | 29SGP004 | | | |
| | 29JPN001 | | | |
| | 30KOR002 | | | |
| Contract for buying and selling finished products | KOR0011 | August 1, 2024 - July 31, 2025 | Basic purchase contract for volume of annual finished products signed | None |
| | USA0035 | October 17, 2021 - October 16, 2025 | | |
| | TWN0840 | September 01, 2024 - August 31, 2025 | | |
| | ITA0008 | January 1, 2024 - December 31, 2024 | | |
| | ARE0006 | January 1, 2024 - December 31, 2024 | | |
| | ARE0019 | January 1, 2024 - December 31, 2024 | | |
| | ARE0023 | January 1, 2024 - December 31, 2024 | | |
| | PAK0006 | January 1, 2024 - December 31, 2024 | | |

# Five. Review and Analysis of Financial Position and Financial Performance, and Risk Items

## I. Financial Position

Unit: NT$ thousand

| Item / Year | 2024 | 2023 | Difference | |
|---|---|---|---|---|
| | | | Amount | Ratio of change (%) |
| Current assets | 5,249,911 | 4,607,282 | 642,629 | 13.95 |
| Property, plant and equipment | 699,172 | 670,945 | 28,227 | 4.21 |
| Other assets | 368,887 | 347,140 | 21,747 | 6.26 |
| Total assets | 6,317,970 | 5,625,367 | 692,603 | 12.31 |
| Current liabilities | 1,153,377 | 1,044,076 | 109,301 | 10.47 |
| Non-current liabilities | 442,522 | 436,915 | 5,607 | 1.28 |
| Total liabilities | 1,595,899 | 1,480,991 | 114,908 | 7.76 |
| Share capital | 820,628 | 820,648 | (20) | - |
| Capital surplus | 701,478 | 701,741 | (263) | (0.04) |
| Retained earnings | 2,954,049 | 2,565,380 | 388,669 | 15.15 |
| Other equity | 245,916 | 56,607 | 189,309 | 334.43 |
| Total equity attributable to owners of the parent company | 4,722,071 | 4,144,376 | 577,695 | 13.94 |
| Non-controlling interests | - | - | - | - |
| Total equity of shareholders | 4,722,071 | 4,144,376 | 577,695 | 13.94 |

Analysis of ratio changes: (reaching 20 percent and amounting to NT$10 million or more in 2 periods)
1. Other equity: Mainly due to the exchange differences on translation of foreign financial stateme this year.

## II. Financial Performance

### (I) Analysis of financial performance comparison

Unit: NT$ thousand

| Item / Year | 2024 | 2023 | Difference | |
|---|---|---|---|---|
| | | | Amount | Ratio of change (%) |
| Operating income | 8,137,839 | 6,416,807 | 1,721,032 | 26.82 |
| Operating costs | (6,348,369) | (5,175,624) | 1,172,745 | 22.66 |
| Gross profit | 1,789,470 | 1,241,183 | 548,287 | 44.17 |
| Operating expenses | (651,038) | (497,651) | 153,387 | 30.82 |
| Operating income | 1,138,432 | 743,532 | 394,900 | 53.11 |
| Subtotal of non-operating income and expenses | 191,040 | 123,014 | 68,026 | 55.30 |
| Profit before tax | 1,329,472 | 866,546 | 462,926 | 53.42 |
| Income tax expense | (366,144) | (257,444) | 108,700 | 42.22 |
| Net income for the period | 963,328 | 609,102 | 354,226 | 58.16 |

Analysis of changes in the ratios: (If the change reaches 20% or more in both periods, and the change amounted to NTD 10,000,000)
1. Due to increased market demand, both operating revenue and profit saw an increase, which led to higher gross profit, related expenses, and net profit.
2. Non-operating income and expenses: Mainly due to the impact of exchange rate changes, resulting in lower exchange gains.

(II) Reason for change in the Company's major business content: The Company did not change its major business content.

(III) Projected sales volume in the coming year and its basis, and the main factors affecting the Company's projected continuous growth in sales volume:

1. The Company's project sales volume in the coming year is 19,500 thousand.
2. Main factors affecting the Company's projected continuous growth in sales volume:
   (1) In response to the trend of cloud and virtualization, the market size of small, medium and large enterprises will continue to grow, further prompting the continuous growth of the demand for UPS.
   (2) As Vietnam's economy continues to grow, the market for automobiles, motorcycles and electric vehicles is expanding. The demand for the Company's lead-acid batteries in the assembly plant and repair market is still strong. In response to the motorcycle batteries developed by the Japanese motorcycle manufacturers, the Company promotes its entry into the international procurement supply chain to increase shipments with stable quality; in addition, the Company has also entered Vietnam's local communication base stations and data centers and public works, and the light electric vehicle market local sales will continue to grow steadily for our subsidiary, Le Long Vietnam. Furthermore, the Company actively invests in large-scale tenders at home and abroad and in Vietnam, which will also help to increase the market penetration and share of the Company's products. In addition to maintaining solid and close mutual trust sales and cooperation with existing customers, the development of new markets, new customers, and new business of lithium batteries, as well as the launch of new products, will also contribute to revenue growth.

## III. Cash Flow

### (I) Analysis of changes in cash flow in 2024:

Unit: NT$ thousand

| Opening cash balance | Net cash flow from operating activities for the year | Net cash outflow from investing and financing activities for the year | Effects of changes in foreign exchange rates | Residual cash amount | Remedies for cash shortfalls | |
|---|---|---|---|---|---|---|
| | | | | | Investment plan | Financial plan |
| 1,749,726 | 595,526 | (605,360) | 172,836 | 1,912,728 | - | - |

The Company's 2024 net increase of cash was NTD 163,002 thousand compared to 2023. The changes in cash flow from various operating activities are as follows:

1. The net inflow from operating activities was NTD 595,526 thousand, mainly due to the increase in cash inflow from the stable profit of the Company this year.
2. The net outflow from investing activities was NTD 64,609 thousand, mainly due to the purchase of financial assets and equipment.
3. The net outflow from financing activities was NTD 540,751 thousand, mainly due to the distribution of cash dividends.

## (II) Remedies for cash shortfalls and liquidity analysis:

1. Financial plan: Not applicable.
2. Liquidity analysis:

| Item \ Year | 2024 | 2023 | Ratio of change (%) |
|---|---|---|---|
| Cash flow ratio (%) | 51.63 | 93.26 | (44.64) |
| Cash flow adequacy ratio (%) | 91.20 | 126.93 | (28.15) |
| Cash reinvestment ratio (%) | 0.28 | 2.28 | (87.72) |
| Analysis of ratio changes: (reaching 20 percent in 2 periods)<br>The decrease in the three ratios mentioned above compared to the previous year was primarily due to a decrease of NT$378,189 thousand in net cash inflow from operating activities this year and a reduction in available cash. | | | |

## (III) Liquidity analysis for the coming year:

Unit: NT$ thousand

| Cash balance, beginning (1) | Estimated full-year net cash inflow from operating activities (2) | Net cash outflow from investing and financing activities for the year (3) | Estimated residual cash amount (1) + (2) - (3) | Remedies for estimated cash shortfalls | |
|---|---|---|---|---|---|
| | | | | Investment plan | Financial plan |
| 1,912,728 | 1,191,052 | (1,021,749) | 2,082,031 | - | - |
| 1. Analysis of changes in cash flow:<br>(1) Operating activities: The estimated cash inflow from operating activities was mainly due to the continuous growth of operating revenue, increasing profitability.<br>(2) Investing activities: The estimated cash inflow from investing activities was mainly due to the purchase of equipment.<br>(3) Financing activities: The estimated cash outflow from financing activities was mainly due to the payment of cash dividends.<br>2. Remedies for estimated cash shortfalls to maintain a comparable cash balance: None. | | | | | |

# IV. Impacts of major capital expenditures in the most recent year on financial operations:

None.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) The 2024 reinvestment policy:

Investment analysis table

| Item \ Description | Amount | Policy | Main reasons for gain or loss | Improvement plan |
|---|---|---|---|---|
| Le Long Vietnam Co., Ltd. | US$37,400,000 | Improve production capacity, reduce production costs, and develop markets internationally in order to enhance international competitiveness. | LiLong Vietnam's production capacity has steadily grown this year, the local domestic market continues to expand and emerging markets are developed to make full use of production capacity, reduce costs, and grow profits this year. | - |
| Kung Long International Ltd. | US$2,170,000 | General investment | Good investment benefits. | - |

(II) Investment plan for the coming year: None.

VI. Analysis and assessment of risks in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Impact upon the company’s profit and loss from inflation and changes in interest and exchange rates, and the future measures the company plans to adopt in response:

1. Impact of interest rate changes on the Company and the future measures the Company’s plans to adopt in response:
   The risk arising from interest rate changes mainly come from long-term and short-term liabilities. According to Taiwan’s current economic development trend, there is no significant change in the low interest rate policy. Therefore, interest rate fluctuations should not pose a significant impact on the Company.
2. Impact of exchange rates on the Company’s profit and loss and the future measures the Company’s plans to adopt in response:
   Given the fact that the Company’s sales are mainly to other countries, exchange rate changes pose a considerable impact on the Company's profit and loss. The future measures the Company’s plans to adopt in response:
   (1) The finance personnel keep close contact with the bank and collect exchange rate-related information while fully keeping abreast of exchange rate trends in order to respond to the risk arising from exchange rate changes.
   (2) We engage in hedging on a timely manner for pre-sale forward contracts in order to hedge the risk arising from exchange rate fluctuations.

(3) Depending on the actual capital needs and exchange rate fluctuations, customers may settle foreign currency payments in advance in order to reduce the impact of exchange rate fluctuations.

(4) Some purchases are paid in foreign currencies and foreign currencies of imports and exports are naturally hedged to reduce the risk of loss arising from foreign exchange.

3. Impact of inflations on the Company's profit and loss and the future measures the Company's plans to adopt in response:
Inflation is the rate of increase in prices over a given period of time, a general economic phenomenon that affects a wide ranges of areas. The Company works hard to control and reduce costs to minimize the impact of inflation, and is committed to implementing future measures that reduce costs.

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

1. The Company did not engage in transactions involving high-risk or highly leveraged investments, nor did the Company lend fund to others or make gurantees/endorsements.
2. The Company's derivative transactions are mainly establishing forward exchange contracts in order to hedge the impact of exchange rate changes arising from exchange debts. Derivative transactions are handled in accordance with the Company's "Regulations for Derivative Transactions".

(III) Future research and development projects, and expenditures expected in connection therewith:

"Long-life ultra-high power battery" due to the rise of home office and delivery market in response to the epidemic, the backup demand for IDC (cloud data center) has greatly increased. Therefore, this year's focus on "ultra-high power", "long float life" and "new assembly process" is being developed. The WXL series products developed this year are available for customers to choose and use.

"High-temperature battery" and "lead carbon battery" have been developed and verified. In this phase, mass production process technology development and improvement of product process yield rate are being developed. With the large-scale disc welding process, single model and the newly introduced large density through-wall automatic welding production line to prolong the service life of high-temperature environment and reduce the difference between cells when multiple cells are connected in series, so that LONG products

can be used in outdoor or non-air-conditioned backup systems to ensure uninterrupted power supply in large domestic institutions and public construction projects. In the tender for the communication system, the Company was approved by the telecom system provider in Taiwan, certified by VNPT in Vietnam and Mobifone Telecom, and passed the approval of EVN Power Vietnam.
With the global development trend of carbon reduction issues, the application of electric transfer tools and renewable energy is also increasing day by day. Therefore, this year’s research is for the development of lead-carbon battery technology of "deep cycle green energy application lead-carbon battery" and "long-cycle life lead-carbon electrode battery research". Initial research results show that the cycle life of lead-carbon composite plates can be significantly improved. In 2025, we will gradually develop the mass production process.
Develop the lithium battery module process for "home energy storage lithium battery", "telecommunication base station backup lithium battery" and "UPS lithium battery", increase the application of lithium battery products and strengthen the Company's competitiveness.

From 2022 to 2024, the Company's R&D expenses as a percentage of revenue in the most recent three years were 0.61%, 0.72%, and 0.55%, respectively. In the future, R&D resources will continue to be invested depending on the product development plan, and it is estimated that the R&D expenses for 2025 will be 1% of the revenue of the current year.

(IV) The impact of important policies and legal developments at home and abroad on the company’s financial operations, and countermeasures:

We continued to keep a close eye on domestic and international policy and regulatory changes. By far, there has been no significant impact.

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

At present, the demand for batteries has increased due to the development of technology, posing positive effect on the Company’s products. In addition to being committed to innovation in R&D, we also take a proactive approach to improve the quality of products and strictly control costs to enhance competitiveness in the market, reducing the impact of product price changes on the Company's profit and loss. We will continue to maintain our high sensitivity to technological changes in the industry to quickly respond to meet customer needs.

In response to increasing information security risks, we have established a cyber security policy. We adopt a corresponding risk prevention mechanism according to the specific management measures of the cyber security policy. In the event of a risk, the Information Security Team collects information and conduct a risk assessment and perform appropriate response measures according to the level of security incidents. The Information Security Team also notifies each department to perform relevant handling and protection in order to reduce the impact on the Company's finance.

(VI) Effect of changes in the company's corporate image on the company's crisis management, and countermeasures:

Upholding a philosophy of sustainable management, we strictly control costs to achieve the objective of profitability. We fulfill the responsibility to our shareholders in order to create profits and benefit our employees. We have a sound corporate image and there has been no corporate crisis management due to corporate image changes.

(VII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company continues to expand its plants and production in Vietnam. The production capability is expected to increase, driving the growth of the Company's revenue.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The major raw material for the Company's products is lead. In addition to maintaining a certain percentage of procurement by long-term cooperation with domestic listed companies, we also import lead from foreign suppliers with whom we maintain a stable procurement relationship, reducing the risk of concentration of imports.

In addition to mature markets in North America and Europe in which we have continued to make an effort to increase sales, we also proactively develop and expand in emerging markets for global deployment. By doing so, we will reduce the impact of changes in economic conditions or demand in a single region.

(X) Effects and risks to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures to be taken:
None.

(XI) Effect upon and risk to company associated with any change in governance personnel, and mitigation measures being or to be taken:
None.

(XII) For litigation or non-litigation incidents, the Company and its directors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares and subordinate companies shall list litigation, non-litigation or administrative disputes, the outcome of which may have a significant impact on shareholders' equity or securities prices:
None.

(XIII) Other important risks and measures to be adopted in response:
None.

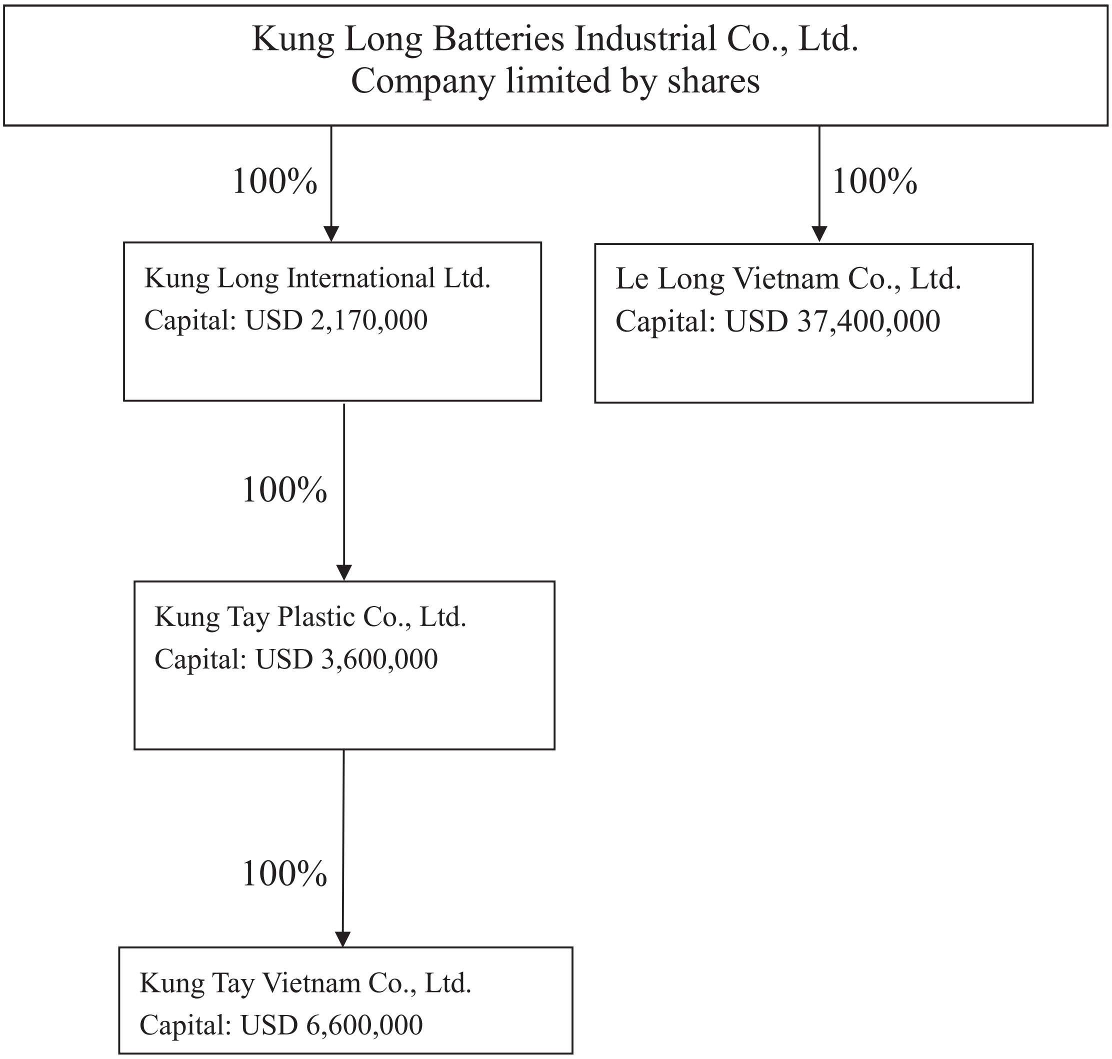
VII. Other important matters:
None

Six. Special Items to Be Included

I. Profile of Affiliates

(I) Profile of Affiliates:

1. Organizational chart of domestic and foreign affiliates:



| Name of investment company | Name of subsidiary | Nature of business | Percentage equity shareholding | |
|---|---|---|---|---|
| | | | December 31, 2024 | December 31, 2023 |
| The Company | Le Long Vietnam Co., Ltd. | Manufacturing and sales of batteries for household and industrial use | 100% | 100% |
| The Company | Kung Long International Ltd. | General investment | 100% | 100% |
| Kung Long International Ltd. | Kung Tay Plastic Co.,Ltd. | General investment | 100% | 100% |
| Kung Tay Plastic Co., Ltd. | Kung Tay Vietnam Co., Ltd. | Manufacturing and sales of plastic products | 100% | 100% |

2. For companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act: None.

3. The company has a direct or indirect control over the management of the personnel, financial or business operation of another company, and the said another company is considered the subordinate company under subparagraph 2 of Article 369-2 of the Company Act: None.

(II) Basic information on each affiliate:

| Name of company | Date of establishment | Address | Paid-in capital | Main business or production |
|---|---|---|---|---|
| Le Long Vietnam Co., Ltd. | 1996.09.19 | SO 40,BA CHANH THAU,KHU PHO 2,THI TRAN BEN LUC,HUYEN BEN LUC,TINH LONG AN. | USD 37,400,000 | Manufacturing and sales of batteries for household and industrial use |
| Kung Long International Ltd. | 2007.02.07 | Intershore Chambers,P.O Box 4342,Road Town, Tortola, British Virgin Islands | USD 2,170,000 | General investment |
| Kung Tay Plastic Co., Ltd. | 2007.04.27 | Unit 25 2 Floor,Nia Mall,Salefui Street, Apia,Samoa | USD 3,600,000 | General investment |
| Kung Tay Vietnam Co., Ltd. | 2008.01.30 | DUC MY INDUSTRIAL,DUC HOA DONG COMMUNE,DUC HOA DISTRICT,LONG AN PROVINCE | USD 6,600,000 | Manufacturing and sales of plastic products |

(III) For companies presumed to have a relationship of control and subordination: None.

(IV) The industries covered by the business operated by the affiliates overall:
The Company and its affiliates operate in: Production and manufacturing of batteries, plastic products and general investment.

(V) Information on directors and presidents of affiliated enterprises:

Unit: thousand shares
December 31, 2024

| Name of company | Title | Name or representative | Shareholding | |
|---|---|---|---|---|
| | | | Number of shares | Shareholding ratio |
| Le Long Vietnam Co., Ltd. | Chairman and President | Lee Jui-Chun | 37,400 | 100% |
| | Director | Kung Long Batteries Industrial Co., Ltd.<br>Representatives : Lee Jui-Chun,<br>Lee Yao-Min | | |
| Kung Long International Ltd. | Director | Kung Long Batteries Industrial Co., Ltd.<br>Representative : Lee Jui-Chun | 2,170 | 100% |
| Kung Tay Plastic Co., Ltd. | Director | Kung Long International Ltd.<br>Representatives : Lee Jui-Chun,<br>Lee Yao-Min,<br>Li Jui-Ting | 3,600 | 100% |
| Kung Tay Vietnam Co., Ltd. | Chairman and President | Lee Jui-Chun | 6,600 | 100% |
| | Director | Kung Tay Plastic Co., Ltd.<br>Representatives : Lee Jui-Chun | | |

(VI) Operating profile of affiliates:

Unit: NT$ thousand
December 31, 2024

| Name of company | Amount of capital | Total asset value | Total liabilities | Net value | Operating income | Operating income (loss) | Net income (loss) for the period | Earnings per share (NT$) |
|---|---|---|---|---|---|---|---|---|
| Le Long Vietnam Co., Ltd. | 1,193,925 | 4,358,263 | 1,471,522 | 2,886,741 | 7,307,493 | 523,145 | 433,853 | 11.59 |
| Kung Long International Ltd. | 70,464 | 706,884 | - | 706,884 | - | (92) | 32,268 | 14.87 |
| Kung Tay Plastic Co., Ltd. | 136,590 | 576,051 | 11,546 | 564,505 | - | (19,273) | 22,272 | 7.58 |
| Kung Tay Vietnam Co., Ltd. | 207,883 | 404,294 | 20,117 | 384,177 | 324,996 | 45,561 | 38,539 | 5.84 |

Note: Assets and liabilities are translated using the exchange rate at the end of the year, and income accounts are translated using the annual average exchange rate.

※ Consolidated financial statements of affiliated enterprises: The companies to be included in the consolidated financial statements of affiliated enterprises and those to be included in the consolidated statements of parent company and subsidiaries according to IFRS 10 are the same, so no separate consolidated financial statements of affiliated enterprises are prepared.

※ Affiliation report: Not applicable.

II. Private placement of securities in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:
None.

III. Other matters that require additional description:
None.

Seven. Any of the situations listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' equity or the price of the company's securities in the most recent year and up to the date of publication of the Annual Report:
None.

Kung Long Batteries Industrial Co., Ltd.

Chairman: Lee Jui-Chun


**廣隆光電科技股份有限公司**
**KUNG LONG BATTERIES INDUSTRIAL CO., LTD.**

Taiwan

南投市南崗工業區自立三路
No.6, Tzu-Li 3Rd. Nantou City 54067, Taiwan
TEL : +886-49-2254-777
FAX : +886-49-2255-139
www.klb.com.tw
E-mail : sales@mail.klb.com.tw

Vietnam

LE LONG VIETNAM CO., LTD.
Cụm công Nghiệp Đức Mỹ , Xã Đức Hòa Đông ,
Huyện Đức Hòa ,Tinh Long An, 850000 Việt Nam
TEL : +84-272-3779666
www.lelong.com.vn

www.KLB.com.tw

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