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

2025 Annual Report



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Kung Long Batteries Industrial Co., Ltd.
2025 Annual Report

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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 2025 and the operating outlook for 2026.

I. 2025 Business results

(I) Business plan implementation results

The Company's consolidated net operating revenue for 2025 amounted to NT\$6,632,168 thousand, representing a decrease of NT\$1,505,671 thousand, or 18.50%, compared to NT\$8,137,839 thousand in 2024. Consolidated net profit after tax for 2025 was NT\$652,801 thousand, representing a decrease of NT\$310,527 thousand, or 32.23%, compared to NT\$963,328 thousand in 2024.

In 2025, the high tariff policies imposed by the U.S. government under the Trump administration on multiple countries, along with frequent changes in tariff measures, created significant uncertainty in the global market. As a result, corporate customers delayed or reduced orders, leading to a decline in operating revenue compared to the previous year. The decrease in net profit after tax was attributable not only to the decline in operating revenue, but also to a decrease in non-operating income. Due to the appreciation of the New Taiwan Dollar in 2025, foreign exchange gains amounted to approximately NT\$46,923 thousand, representing a decrease of NT\$87,058 thousand compared to approximately NT\$133,981 thousand in 2024, which led to a year-on-year decline in net profit after tax.

(II) Budget implementation

Implementation of the Company's 2025 Consolidated Budget:

Unit: NT\$ thousand

Item	2025		
	Amount of budget	Amount audited	Achievement rate (%)
Net operating income	8,720,000	6,632,168	76.06
Operating costs	6,822,252	5,282,064	77.42
Net gross profit	1,897,748	1,350,104	71.14
Operating expenses	651,000	549,471	84.40
Operating profit	1,246,748	800,633	64.22
Non-operating income (expenditure)	84,000	88,438	105.28
Profit before tax for the period	1,330,748	889,071	66.81
Profit after tax for the period	984,754	652,801	66.29
EPS before tax	16.22	10.83	66.77
EPS after tax	12.00	7.95	66.25

(III) Analysis of financial income, expenses and profitability

Unit: NTD thousand

Item		2025	2024	Increase/ Decrease (%)
Income and expenditure	Consolidated net operating income	6,632,168	8,137,839	-18.50
	Consolidated net gross profit	1,350,104	1,789,470	-24.55
	Consolidated profit after tax	652,801	963,328	-32.23

(IV) Research and development

In 2025, Kung Long Batteries focused on the research and development of backup power batteries for large-scale uninterruptible power supply (UPS) systems, with particular emphasis on applications in data centers and AI data centers. The Company aims to provide ultra-high-power backup battery solutions with a design life of up to more than 15 years, ensuring stable and reliable power support for these critical facilities under all circumstances. As data centers continue to demand higher levels of reliability and efficiency, the Company's batteries offer superior short-duration energy density and rapid charge-discharge capabilities, enabling them to respond effectively to rapidly changing power demands.

In addition, Kung Long Batteries is actively responding to the policy in Hanoi, Vietnam, which bans fuel-powered motorcycles within the inner ring of the city, by focusing on the development of dedicated long-life lead-acid batteries to support the adoption of electric bicycles and electric motorcycles. These batteries not only provide excellent durability but also comply with environmental requirements, supporting the transition to green urban transportation. Through innovative technologies, the Company is committed to providing users with safe, convenient, and environmentally friendly travel options, thereby supporting sustainable development.

II. Summary of the 2026 business plan

(I) Business Policy

The Company will continue to place steady and prudent operations at the core of its management approach while balancing profitability and sustainable development. The principal operating strategies for 2026 are as follows:

1. Focus on three core strategies of new product development, expansion into new markets, and proprietary brand development to optimize the product portfolio, enhance overall gross margins, and increase proprietary brand market share.
2. Actively expand presence in key application sectors, including

industrial batteries, telecommunications base stations and cloud platforms, data centers, green energy storage systems, long-life batteries, and electric vehicle batteries (including LEVs, mobility scooters, golf carts, forklifts, and electric stackers). The Company will also cover diverse applications such as motorcycle batteries (including start-stop batteries), the automotive maintenance-free (MF) market, and pure lead batteries, while actively participating in major domestic and international tenders related to public infrastructure projects, government procurement, telecommunications, networking, and data centers.

3. Continue to introduce lithium battery applications, deepen market penetration, and actively promote business development to gradually increase the contribution of new business segments.
4. Establish organizational learning and talent development mechanisms, and promote the cultivation of highly educated local professionals and key managerial personnel at the subsidiary Le Long Vietnam, in order to strengthen the foundation for long-term operations.
5. Implement ESG sustainability principles and information disclosure, continuously promote environmental protection as well as safety and health management systems, ensure compliance with applicable domestic and international regulations, maintain sound corporate governance, uphold business ethics, safeguard shareholders' rights and interests, and expand the practice of corporate social responsibility based on core values.
6. Continue to identify, assess, and manage operational risks, while strengthening supply chain resilience and local procurement capabilities to enhance overall operational stability.
7. Actively promote the "net-zero carbon emissions" roadmap, increase the use of renewable energy, and continue to implement concrete actions in energy conservation, carbon reduction, and waste reduction.

(II) Expected Sales Volume and the Basis

As Vietnam's economy continues to grow, and the markets for automobiles, motorcycles, and electric vehicles expand steadily, demand for the Company's lead-acid batteries remains strong across both OEM and aftermarket channels. Motorcycle battery products developed in response to the requirements of major Japanese motorcycle manufacturers, supported by stable and reliable quality performance, are being gradually introduced into their global procurement supply chains, thereby driving shipment growth.

In addition, the Company has successfully entered the local Vietnamese markets for telecommunications base stations, data

centers, and public infrastructure projects, as well as the light electric vehicle segment, where market share is steadily increasing. It is expected that the sales performance of its subsidiary, Le Long Vietnam, will continue to grow steadily. At the same time, through active participation in major tenders both domestically and internationally, as well as in Vietnam, the Company is expected to enhance market penetration and overall market share for its products. Building on long-term relationships with existing customers, the Company will continue to expand into new markets, develop new customer bases, and grow its lithium battery business. Together with the ongoing launch of new products, these efforts are expected to contribute to revenue growth.

Taking into account overall market demand and changes in product mix, total annual shipments for 2026 are projected to reach approximately 3,636 containers, driven by increasing demand for larger-capacity batteries.

(III) Important production and marketing policies

1. Production policy

- (1) Continue to enhance process improvements at Le Long Vietnam's Duc Hoa Plant, including the introduction of continuous production equipment such as plate stamping and forming, as well as the gradual adoption of advanced automation equipment and robotic systems, to improve production efficiency and quality stability.
- (2) Continue to develop products in response to diverse customer application requirements, including large sealed batteries, high cost-performance products, batteries for renewable energy storage systems, and pure lead batteries. At the same time, expand the capacity of plate stamping and forming production lines to reduce manufacturing costs and improve product margins.
- (3) Continue to promote energy-saving measures, including the implementation of solar power generation systems for self-consumption, and the control and optimization of high energy-consuming equipment, while strengthening energy management across production processes to reduce energy intensity.
- (4) Continue to optimize capacity planning, production line configuration, and investment in assembly and testing equipment for lithium battery products, while strengthening personnel management and manufacturing capabilities to support the steady development of the lithium battery business.

2. Sales policy

- (1) Actively expand into tender markets for large-scale battery

applications, including telecommunications base stations, cloud platforms, data centers, and green energy storage systems, and strengthen the promotion of products such as large sealed batteries, long-life batteries, electric vehicle batteries, and pure lead batteries.

- (2) Promote lithium battery products across diversified application markets, expand the customer base and product specifications, and continuously enhance proprietary technologies and service capabilities.
- (3) Continue to increase the market share of proprietary brands in motorcycle batteries (including stop-start batteries), automotive batteries, and electric vehicle batteries, while actively deepening market presence in Vietnam and ASEAN markets.
- (4) Expand niche markets through cost rationalization and high-performance product strategies, including applications such as security and surveillance systems, uninterruptible power supply systems, and automotive jump-start batteries.
- (5) Actively develop new customers and markets to diversify customer concentration risk, expand global presence, and place particular emphasis on deep market development in the Middle East, Eastern Europe, Central and South America, Africa, Australia, and ASEAN.
- (6) Adjust selling prices in a timely manner based on lead price fluctuations, and adopt fair and reasonable pricing strategies while taking into account market differences to maintain international competitiveness.
- (7) Continue to promote proprietary brands and establish clear market positioning, with the goal of becoming a long-term partner recognized for high-quality products and professional services.

III. The Company's future development strategy

The Company will continue to leverage its mature process technologies and pragmatic management approach to deepen R&D investment, enhance the performance and lifespan of lead-acid batteries, and actively develop advanced materials and applications, including high-temperature-resistant batteries, lead-carbon batteries, and pure lead batteries. At the same time, the Company will introduce new continuous process technologies, such as plate stamping and forming, and, in conjunction with its international division of labor strategy, utilize its Vietnam plant as the primary production base to expand production scale and reduce manufacturing costs.

Building on the continued improvement in production efficiency and product quality of its core lead-acid battery business, the Company will also actively expand its lithium battery product portfolio and technological

capabilities to enhance overall value-added and strengthen long-term competitiveness. Looking ahead, the Company will continue to uphold its business philosophy of “Quality First, Customer Foremost,” advancing steadily in a highly competitive global environment and pursuing sustainable growth with equal emphasis on quality and scale.

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

Looking ahead to 2026, the global economy is expected to continue its moderate growth, with inflationary pressures gradually easing. Although the manufacturing sector still faces challenges, the overall economic environment is expected to maintain growth momentum. Against this backdrop, the Company will continue to develop high-potential markets in South Asia, Southeast Asia, Africa, and the Middle East, while deepening its presence in application sectors such as telecommunications base stations, cloud platforms, data centers, forklift and electric stacker batteries, pure lead batteries, and lithium batteries.

At the same time, the Company will expand the sales of large long-life batteries, high-power batteries, high-temperature batteries, and motorcycle stop-start batteries that have already gained customer recognition for quality. As Vietnam’s economic growth momentum strengthens, its growth rate in the coming years is expected to exceed that of major ASEAN countries, and the local battery market is expected to demonstrate strong growth potential. The Company will continue to strengthen cost and expense control, and, by leveraging international division of labor, innovative R&D, and prudent management strategies, steadily deliver solid operating performance.

Thank you
I wish you all

good health and the best of luck

Chairman:
Lee Jui-Chun

Manager:
Yang Jui-Hsiang,

Accounting Supervisor:
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 19, 2026														
Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term of Office	Shareholding at the Time of Election		Current Shareholding		Current Shareholding of Spouses and Minor Children		Shareholding in the Name of Others		Position(s) Held Concurrently in the Company/in Any Other Company
						Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	
Chairman	Republic of China	Lee Jui-Chun	Male 51-60	2024.06.18	3 years	5,933	7.23%	4,741	5.78%	457	0.56%	7,210	8.79%	Chairman and President, Li Long Vietnam
Director	Republic of China	Lee Yao-Min	Male 81-90	2024.06.18	3 years	3,345	4.08%	1,745	2.13%	4,454	5.43%	-	-	Honorary President of Kung Long Batteries Industrial Co., Ltd. Director, Li Long Vietnam Director, Aker Technology Club, Taichung
Director	Republic of China	Shi Hwei-Yow	Male 71-80	2024.06.18	3 years	-	-	0.37	0.00%	22	0.03%	-	-	Partner, Shi Fang Law Firm Independent director and Remuneration Committee member, Song Ho Industrial
Corporate shareholder	Republic of China	Mao Long Investments Limited	Male 81-90	2024.06.18	3 years	1,928	2.35%	2,036	2.48%	-	-	-	-	-
Director	Republic of China	Representative: Chen Shou-Shin				-	-	-	-	6	0.01%	-	-	-
Corporate shareholder	Republic of China	Mao Long Investments Limited	Male 61-70	2024.06.18	3 years	1,928	2.35%	2,036	2.48%	-	-	-	-	-
Director	Republic of China	Representative: Tsai Chang-Shou				29	0.04%	29	0.04%	-	-	-	-	-
Corporate shareholder	Republic of China	Mao Long Investments Limited	Male 61-70	2024.06.18	3 years	1,928	2.35%	2,036	2.48%	-	-	-	-	-
Director	Republic of China	Representative: Chiang Yen-Hung				0.09	0.00%	0.09	0.00%	-	-	-	-	-
Independent director	Republic of China	Wang Cho-Chiun	Male 71-80	2024.06.18	3 years	-	-	-	-	-	-	-	-	Chairman of CTBC Rongsheng Co., Ltd. Vice Chairman of China Trust Anti-Drug Education Foundation Director, Longchen Paper & Packaging Co., Ltd. Consultant of CTBC Bank

Major shareholders of corporate shareholders

April 19, 2026

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	1
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.

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 2025 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 19, 2026

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	Sharehold ing ratio	Numbe r of shares	Shareh olding ratio	Number of shares	Shareh olding ratio			Title	Name	Relationship	
President	Republic of China	Yang Jui- Hsiang	Male	2023.12.28	52	0.06%	-	-	-	-	Mechanical Depart., Chin-Yi College Manager, Yuan Yi Enterprise 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 PwC Taiwan	None	-	-	-	
Assistant General Manager, Quality Research Department	Republic of China	Chen Chien- Lang	Male	2013.08.08	26	0.03%	40	0.05%	-	-	M.S., Institute of Materials Science and Engineering, Feng Chia University	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	-	-	-	
Assistant General Manager, Export Sales Department	Republic of China	Chang Yu- Chen	Female	2025.08.01	10	0.01%	2	0.00%	-	-	Department of International Trade, Southern Taiwan University of Science and Technology	None	-	-	-	
Audit Assistant Manager	Republic of China	Liao Chi- Neng	Male	2015.10.30	5	0.01%	-	-	-	-	EMBA of Dept. of Accounting and information Technology, National Chung Cheng University Chief of Audit Division, Taiwan Hon Chuan Enterprise Co., Ltd.	None	-	-	-	

Note 1: Hung Chieh-Yu Assistant General Manager, Export Sales Department, resigned on July 31, 2025.

Note 2: Chang Yu-Chen Assistant General Manager, Export Sales Department, assumed their positions on August 1, 2025.

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)		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							
Chairman	Lee Jui-Chun	-	-	-	1,907	-	1,907	-	1,907	3,503	4,933	-	-	1,815	-	1,815	-	7,225	8,655	1.11%	1.33%	None
Director	Lee Yao-Min	-	-	-	1,907	25	1,907	25	1,932	-	-	-	-	-	-	-	-	1,932	1,932	0.30%	0.30%	None
Director	Shi Hwei-Yow	-	-	-	1,608	20	1,608	20	1,628	-	-	-	-	-	-	-	-	1,628	1,628	0.25%	0.25%	None
Corporate director representative	Mao Long Investment - Chen Shou-Shin	-	-	-	1,608	25	1,608	25	1,633	-	-	-	-	-	-	-	-	1,633	1,633	0.25%	0.25%	None
Corporate director representative	Mao Long Investment - Tsai Chang-Shou	-	-	-	1,741	25	1,741	25	1,766	-	-	-	-	-	-	-	-	1,766	1,766	0.27%	0.27%	None
Corporate director representative	Mao Long Investment - Chiang Yen-Hung	-	-	-	1,608	25	1,608	25	1,633	-	-	-	-	-	-	-	-	1,633	1,633	0.25%	0.25%	None
Independent director	Wang Cho-Chiun	-	-	-	1,743	25	1,743	25	1,768	-	-	-	-	-	-	-	-	1,768	1,768	0.27%	0.27%	None
Independent director	Tsai Chi-Neng	-	-	-	1,689	25	1,689	25	1,714	-	-	-	-	-	-	-	-	1,714	1,714	0.26%	0.26%	None
Independent director	Chen Shu-Fen	-	-	-	1,689	25	1,689	25	1,714	-	-	-	-	-	-	-	-	1,714	1,714	0.26%	0.26%	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.																						

(II) Remuneration to the president and vice president:

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		The Company	All companies included in the financial report	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Yang Jui-Hsiang	4,431	4,431	172	172	-	-	2,361	-	2,361	-	6,964	6,964	None
Vice president, Management Department	Lee Jui-Ting											1.07%	1.07%	
Policies, standards and combinations, procedures for determining remuneration to company officers, and their correlation with business performance and future risks: 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.														

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		The Company	All companies included in the financial report	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Lee Jui-Chun	3,503	4,933	-	-	-	-	1,815	-	1,815	-	5,318 0.81%	6,748 1.03%	None
President	Yang Jui-Hsiang	2,637	2,637	106	106	-	-	1,360	-	1,360	-	4,103 0.63%	4,103 0.63%	None
Vice president, Management Department	Lee Jui-Ting	1,794	1,794	66	66	-	-	1,001	-	1,001	-	2,861 0.44%	2,861 0.44%	None
Assistant General Manager, Quality Research Department	Chen Chien-Lang	2,251	2,755	59	59	-	-	1,586	-	1,586	-	3,896 0.60%	4,400 0.67%	None
Assistant General Manager, subsidiary	Huang Tzu-Chiang	2,052	2,568	60	60	-	-	1,750	-	1,750	-	3,862 0.59%	4,378 0.67%	None
Policies, standards and combinations, procedures for determining remuneration to company officers, and their correlation with business performance and future risks: 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	-	5,658	5,658	0.87%
	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, Domestic Sales Department	Chen Chih-Hsiung				
	Assistant General Manager, Export Sales Department	Chang Yu-Chen				

Note 1: Hung Chieh-Yu Assistant General Manager, Export Sales Department, resigned on July 31, 2025.

Note 2: Chang Yu-Chen Assistant General Manager, Export Sales Department, assumed their positions on August 1, 2025.

(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

Title \ Item	The Company				All companies in the Consolidated financial statements			
	2025		2024		2025		2024	
	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	21,013	3.22%	29,221	3.03%	22,443	3.44%	30,651	3.18%
Remuneration to the president and vice president	6,964	1.07%	6,373	0.66%	6,964	1.07%	6,373	0.66%
Net income after tax	652,801	-	963,328	-	652,801	-	963,328	-

Note: The total amount of directors' remuneration in 2025 was decrease than that in 2024, due to the decrease in net profit after tax in 2025. Meanwhile, the total remuneration for the President and Vice President increased compared to 2024, due to the salary adjustment.

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 sustainability 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 5 times in 2025. 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	5	-	100	Re-elected
Director	Lee Yao-Min	5	-	100	Re-elected
Director	Shi Hwei-Yow	5	-	100	Re-elected
Director	Mao Long Investments Limited (Representative: Chen Shou-Shin)	5	-	100	Re-elected
Director	Mao Long Investments Limited (Representative: Tsai Chang-Shou)	5	-	100	Re-elected
Director	Mao Long Investments Limited (Representative: Chiang Yen-Hung)	5	-	100	Re-elected
Independent director	Wang Cho-Chiun	5	-	100	Re-elected
Independent director	Tsai Chi-Neng	5	-	100	Re-elected
Independent director	Chen Shu-Fen	5	-	100	Re-elected

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).

(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
4th meeting of the 13th session January 23, 2025	Discussion about 2023 remuneration for managers and audit officers, and 2024 year-end bonus .	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.
4th meeting of the 13th session January 23, 2025	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.
7th meeting of the 13th session August 11, 2025	Discussion on the payment of 2024 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	2025.01.01 2025.12.31	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: (1) Participation in the operation of the Company (2) Quality of the Board of Directors' decision making (3) Composition and structure of the Board of Directors (4) Election and continuing education of the directors (5) Internal control 2. The criteria for the self-evaluation of the board members cover the following six aspects: (1) Alignment of the goals and missions of the company (2) Awareness of the duties of a director (3) Participation in the operation of the Company (4) Management of internal relationship and communication (5) The director's professionalism and continuing education (6) Internal control 3. The criteria for the self-evaluation of the functional committees cover the following six aspects: (1) Participation in the operation of the Company (2) Awareness of the duties of the functional committee (3) Improvement of quality of decisions made by the functional committee (4) Composition and structure of the functional committee (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 2025, 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	Tsai Chi-Neng	5	-	100	Re-elected
Member	Chen Shu-Fen	5	-	100	Re-elected

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.
 (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/2025/>
- 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
3th meeting of the 2st session January 23, 2025	1. Amendments to some management measures of the internal control system.	V	None
	2. Motion for the independence and suitability evaluation of the CPAs.	V	None
	3. Motion for amendment to the "Articles of Incorporation".	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.		
4th meeting of the 2st session March 13, 2025	1. Motion for amendments to the "Code of Ethical Conduct."	V	None
	2. The 2024 internal control self-assessment report and declaration of internal control system.	V	None
	3. The 2024 business report, parent company only financial statements, and consolidated financial statements.	-	None
	4. The proposal for the distribution of earnings in 2024 .	-	None
	Audit committee resolution : Passed by all attending Audit committee members.		
5th meeting of the 2st session May 12, 2025	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.		
	1. The consolidated financial statements for the first quarter of 2025.	-	None
	Audit committee resolution : Passed by all attending Audit committee members.		
6th meeting of the 2st session August 11, 2025	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.		
	1. The consolidated financial statements for the second quarter of 2025.	-	None
	Audit committee resolution : Passed by all attending Audit committee members.		
7th meeting of the 2st session November 10, 2025	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.		
	1. Amendments to some management measures of the internal control system.	V	None
	2. Formulation of the internal control system audit plan for 2026.	V	None
	3. Purchase of directors' liability insurance.	V	None
	4. The consolidated financial statements for the third quarter of 2025.	-	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?	√		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				
(I) Has the company formulated internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters and have the procedures been implemented accordingly?	√		(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.	No Difference.
(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of its major shareholders?	√		(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.	
(III) Has the company established and implemented the risk control and firewall mechanisms between the affiliates?	√		(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.	
(IV) Has the company set up internal regulations to prohibit internal personnel from utilizing the undisclosed information to trade securities?	√		(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 15 and, November 10 2025 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 57 people participated.	
III. Composition and duties of the Board of Directors				
(I) Has the board formulated a diversity policy and specific management objectives, and have they been implemented?	√		(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. 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. Two directors are between 51 and 60 years old, two are between 61 and 70 years old, and five are 71 years old or older. The Company values the gender equality in the composition of the board of directors. The board currently consists of 9 directors, including 1 female. (For information on professional knowledge and independence of the board members, please refer to pages 9~12)	No Difference.
(II) Apart from the remuneration committee and audit committee, has the company voluntarily established other functional committees?		√	(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.	
(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?		√	(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 2025 self-evaluation of the board of directors to the board of directors' report dated February 11, 2026. The self-evaluation score of the board of directors' performance in 2025 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	

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	
(IV) Does the company regularly assess the independence of its CPAs?	√		of corporate governance. (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 January 23, 2025, the latest assessment was submitted to the Board of Directors for resolution on January 23, 2025. No violation of independence or incompetence was found on the CPAs and their related personnel. The relevant assessment items are as follows: 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. 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. 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. 4. The CPAs or the audit service team members did not advertise or brokered shares or other securities issued by the Company. 5. The CPAs did not provide audit services to the Company for 7 consecutive years. 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. 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. 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.	No Difference.
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)?	√		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: 1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law: (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. (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. 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. 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. 4. Provision of information required for performance of duties by the directors: (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. (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.	No 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																			
			(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. 5.Assistance in the directors' compliance of law: (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. (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. (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. 6. For information on the continuing education status of the Corporate Governance Office, please refer to page 40 of the annual report.																			
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?	V		(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. (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. (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><th>Subject</th><th>Issue of concern</th><th>Issue response/communication frequency</th></tr><tr><td>Employees</td><td> - Employee benefits and salary - Talent cultivation - Workplace safety </td><td> - Various employee welfare policies - Periodic employee training - Regular participation in occupational safety training and seminar </td></tr><tr><td>Customers</td><td> - Customer services - Supply chain management - In line with regulatory requirements </td><td> - Occasional communication and discussion meetings with customers - Quality management certification - Customer satisfaction survey </td></tr><tr><td>Suppliers</td><td> - Sustainable development strategies - Supply chain management - Innovative management </td><td> - Procurement contract - Regular performance of supplier appraisals - Promotion of environmental safety and health related management and promotion </td></tr><tr><td>Investors</td><td> - Sustainable development strategies - Management performance - Corporate governance </td><td> - Annual general meeting held - Investors conference held - Continue to promote corporate governance - Regularly publish quarterly and annual financial reports </td></tr><tr><td>Government agency</td><td> - Occupational safety and health - Environmental management </td><td> - Regularly participate in environmental safety training to obtain related licenses - 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”.	Subject	Issue of concern	Issue response/communication frequency	Employees	- Employee benefits and salary - Talent cultivation - Workplace safety	- Various employee welfare policies - Periodic employee training - Regular participation in occupational safety training and seminar	Customers	- Customer services - Supply chain management - In line with regulatory requirements	- Occasional communication and discussion meetings with customers - Quality management certification - Customer satisfaction survey	Suppliers	- Sustainable development strategies - Supply chain management - Innovative management	- Procurement contract - Regular performance of supplier appraisals - Promotion of environmental safety and health related management and promotion	Investors	- Sustainable development strategies - Management performance - Corporate governance	- Annual general meeting held - Investors conference held - Continue to promote corporate governance - Regularly publish quarterly and annual financial reports	Government agency	- Occupational safety and health - Environmental management	- Regularly participate in environmental safety training to obtain related licenses - Formulate various control procedures including wastewater and hazard controls in accordance with the law	No Difference.
Subject	Issue of concern	Issue response/communication frequency																				
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Government agency	- Occupational safety and health - Environmental management	- Regularly participate in environmental safety training to obtain related licenses - Formulate various control procedures including wastewater and hazard controls in accordance with the law																				
VI. Does the company engage a professional stock transfer agency to handle affairs related to shareholders’ meetings?	V		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.	No Difference.																		
VII. Information Disclosure (I) Does the company have a website set up where its financial business, and corporate governance information is disclosed?	V		(I) The Company's website address is as follows: www.klb.com.tw , disclosing financial and	No 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	
(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.)?	√		business information. (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.	
(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?		√	(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.	
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?	√		(I) Employee rights: The Company treats its employees with integrity and protects their legal rights and interests in accordance with the Labor Standards Act. (II) Employee care: 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. (III) Investor relations: Our stock agent and spokesperson are responsible for shareholder inquiries and suggestions. (IV) Supplier relations: 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. (V) Stakeholder rights Stakeholders may communicate with and give advice to the Company, ensuring their legal rights and interests. (VI) Further education of directors: 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. (VII) Implementation of risk management policy and risk measurement criteria: The Company has established various internal regulations in risk management and evaluation. (VIII) Customer policy implementation: 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. 2. We have taken out USD2 million product liability insurance. (IX) Liability insurance for directors: Upon approval in the Board meeting on November 10, 2025, the Company shall purchase 2026 directors' liability insurance in the total amount of USD 15 million for directors and managers.	No Difference.
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. (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. (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. (III) The Company will continue to evaluate and consider possible improvement plans for the items that have not yet been scored.				

*Note: Further education of directors:

Title	Name	Date	Organizer	Name of course	Number of hours of further education
Director	Lee Yao-Min	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Lee Yao-Min	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Lee Jui-Chun	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Lee Jui-Chun	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Shi Hwei-Yow	2025/05/05	Taiwan Corporate Governance Association	Trump 2.0, the End of Globalization, and Regional Conflicts	3 hours
	Shi Hwei-Yow	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Chen, Shou-Shin	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Chen, Shou-Shin	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Tsai, Chang-Shou	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Tsai, Chang-Shou	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Chiang, Yen-Hung	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Chiang, Yen-Hung	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
Independent director	Wang Cho-Chiun	2025/03/10	Taiwan Corporate Governance Association	Outlook on Domestic and International Economic Conditions for 2025	3 hours
	Wang Cho-Chiun	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Wang Cho-Chiun	2025/08/14	Taiwan Corporate Governance Association	Global Economic Conditions and Industry Outlook	3 hours
	Wang Cho-Chiun	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Wang Cho-Chiun	2025/11/18	Securities and Futures Institute	The Capabilities and Limitations of AI: Business Survival Strategies in the AI Era	2 hours
	Wang Cho-Chiun	2025/11/18	Securities and Futures Institute	Trends in Digital Asset Development and Cybersecurity Risks	2 hours
	Wang Cho-Chiun	2025/11/18	Securities and Futures Institute	Anti-Money Laundering and Anti-Fraud Protection	3 hours
	Tsai Chi-Neng	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Tsai Chi-Neng	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
	Chen Shu-Fen	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
	Chen Shu-Fen	2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	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	Condition	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as a Remuneration Committee member
	Name			
Independent Directors (Convener)	Wang Cho-Chiun	Please refer to page 9-12 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 9-12 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 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 2025, 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	Chen Chin-Chuan	2	-	100	Re-elected
Member	Tsai Chi-Neng	2	-	100	Re-elected
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:					
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					
Date of meeting	Motion content	Resolution result		Handling of the resolution of the remuneration committee by the Board of Directors	
2th meeting of the 6th session January 23, 2025	1. Review of the 2023 distribution of employees' remuneration and 2024 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 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 2024 distribution of remuneration to directors and employees in accordance with the Company's Articles of Incorporation, and the estimated ratio of 2025 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 Tsai Chi-Nen 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.	
2th meeting of the 6th session August 11, 2025	1. Discussion of the proposal for distribution of remuneration to directors and supervisors of the Company in 2024.	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.	
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?	✓		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?	✓		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 (I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	✓		(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?	✓		(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?	✓		(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?	✓		(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 (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?	✓		(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: 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. 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	
(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		training. 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. In addition, 139 people received human rights protection-related education and training in 2025 for a total of 139 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. (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. <u>Employees' remuneration</u> 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. <u>Leave policy</u> 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. <u>Employee Welfare Measures</u> 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. <u>Diversity and equality in the workplace</u> 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 44.49% of the Group and female executives account for 35.79%. 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.	No Difference
(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. The number of fire incidents in 2025 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. 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 2025, 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									
(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		of 63,373 hours. (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. The evaluation/audit/training conducted for suppliers are as follows: <table><tr><td>Supplier evaluation</td><td> - 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. </td></tr><tr><td>Supplier audit</td><td>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.</td></tr><tr><td>Supplier training</td><td>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.</td></tr><tr><td>Supplier conference and appreciation</td><td>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.</td></tr></table>		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.	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.	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.	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.
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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.									

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	
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: The Company operates in accordance with the self-established Sustainable Development Best Practice Principles, and there is no significant deviation.				
VII. Other important information to help understand the promotion of sustainable development implementation: The Company has consistently upheld the philosophy of creating profits and benefiting its employees, striving to operate the business effectively and regarding this as its greatest contribution to employees and society. The Company actively promotes energy conservation and environmental sustainability, fulfills its corporate environmental responsibilities, and allocates resources to community engagement, social contributions, social services, and public welfare initiatives. It also actively participates in charitable activities supporting disadvantaged groups and arts and cultural organizations, demonstrating its commitment to giving back to society. The Company has long maintained a close partnership with the Kung Long Cultural Foundation, dedicating itself to public welfare initiatives. Upholding the philosophy of “giving back to society and benefiting the public,” it actively supports the development of veterans’ support, police and firefighting personnel welfare, education, culture, and medical safety in the Nantou region.				
(I) In 2025, the Company continued to organize community outreach and charitable activities to support local communities. In Fuxing Village (154 residents) and Dunhe Village (303 residents) in Caotun Township, Nantou County, year-end senior allowances were distributed to residents aged 80 and above. A total of 457 individuals received the allowance over two days, with each recipient receiving NT\$2,000, totaling NT\$914,000. These efforts reflect the Company’s commitment to “providing warmth during the winter season and honoring senior citizens at year-end.” In addition, the Company actively supported child welfare and crisis support services. In 2025, donations of NT\$60,000 each, totaling NT\$120,000, were made to the Nantou Family Support Center and the Nantou County Lifeline Association.				
(II) During the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival in 2025, the Company actively participated in military support activities in Nantou County to express appreciation for the service of military personnel. A total of NT\$40,000 was donated as meal allowances to support military units in the county. In addition, donations of NT\$17,000 and NT\$50,000 were made to the Nantou Police Friends Association and the Nantou Volunteer Fire Brigade, respectively, as a gesture of appreciation for the dedication of police and firefighting personnel.				
(III) In the area of education, the Company has long supported school funds for three elementary and junior high schools within its local community, benefiting students. In 2025, a total of NT\$190,000 was donated, including NT\$70,000 to Chiao-Jen Elementary School (101 students), NT\$60,000 to Hsin-Fong Elementary School (330 students), and NT\$60,000 to Nantou Junior High School (530 students). The Kung Long Cultural Foundation also continued its long-term collaboration with the Taiwan Reading Foundation in fundraising for book donation programs. In 2025, it donated NT\$110,000 and sponsored the “Caotun Walking Tour Program” (NT\$10,000), the “2025 Bunun Heavenly Sounds Concert” (NT\$50,000), and the overseas performance of the Ying Pei Junior High School Dragon Dance Team in the Netherlands (NT\$50,000), jointly promoting educational and cultural initiatives.				
(IV) In terms of culture, the Kung Long Cultural Foundation has long engaged in the collection of works by renowned artists and the promotion of artistic activities. In 2025, works by seven renowned artists were acquired, with a total value of NT\$2,891,100. In addition, the Nantou Lantern Festival attracted nearly 5.6 million visits (with exhibited works valued at NT\$500,000). The Foundation also participated in various festive cultural activities, including holiday celebrations and prayer calendars, with total expenditures of NT\$66,000, achieving fruitful results.				

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 of the Company serves as the highest governing body for climate-related matters and is responsible for overseeing the identification, assessment, and management of climate-related risks and opportunities of the Company. It also supervises management in the formulation and implementation of the Company's climate strategies, carbon reduction targets, and related action plans. The Board incorporates climate change considerations into the Company's corporate governance and overall business strategy, and, through both regular and ad hoc reporting and discussion mechanisms, continuously monitors the implementation of the Company's climate risk management systems to ensure the Company's operational resilience and long-term sustainable development. The management of the Company, under the authorization of the Board, is responsible for the day-to-day management and execution of climate-related risks and opportunities of the Company. The Company established a cross-functional "ESG Task Force" in 2023, composed of representatives from relevant departments. The ESG Task Force is responsible for data collection on climate-related matters, scenario analysis, assessment of risks and opportunities, and the planning of response strategies, and regularly reports assessment results and implementation status to the Board of Directors of the Company.
II. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short, medium, and long-term).	Based on the product life cycle, the Company identifies climate-related risks and opportunities that may arise over the short, medium, and long term, and assesses their potential impacts on the Company's operations and financial performance. The major climate-related material issues identified by the Company for 2025 are as follows: I. Short-term Risks ● International carbon pricing mechanisms, such as carbon tariffs or carbon taxes, leading to increased raw material costs ● Implementation of domestic carbon fee or carbon tax policies ● Rising electricity prices increasing operating costs II. Short-term Opportunities ● Expansion of R&D and market applications for low-carbon products ● Development of energy-related products and services ● Enhancement of the Company's sustainable brand image and market competitiveness III. Medium-term Risks ● Continued expansion of international carbon pricing policies ● Government policies requiring the manufacturing sector to progressively increase the use of renewable energy ● Disruptions to domestic and international supply chains or operations caused by extreme weather events IV. Long-term Risks ● Rising average temperatures due to climate change, increasing energy demand ● Changes in rainfall patterns and climate conditions leading to asset damage risks ● Climate impacts on suppliers' operations resulting in supply chain instability ● Changes in customer demand and market preferences driven by low-carbon trends V. Financial Impacts Climate-related risks may lead to increased operating costs, heightened supply chain risks, and revenue volatility for the Company. Conversely, climate-related opportunities may create new revenue streams and enhance the Company's competitiveness through the development of low-carbon products, energy services, and market expansion.

Item	Implementation Status
III. Describe the financial impact of extreme climate events and transformation actions.	Assessment of Extreme Climate Event Impacts Based on a 4°C global warming scenario analysis, the Company's primary operating locations are assessed to have low exposure to risks related to drought, flooding, rising average temperatures, and sea level rise. Under a severe typhoon scenario, while damage to equipment or assets may occur, both the overall likelihood of occurrence and the potential financial impact are assessed as low to moderately low. In addition, the Company mitigates supply chain disruption risks through the establishment of safety stock mechanisms and diversified sourcing management. Accordingly, the overall supply chain impact is assessed as moderately low.
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.	Climate Scenario Analysis and Risk Categories The Company, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, conducts scenario analysis based on a baseline scenario and a 1.5°C global warming scenario, and evaluates both transition risks and physical risks. I. Transition risks: (I) Policy and regulatory risks • Increased carbon costs resulting from net-zero emission policies adopted by various countries • Changes in renewable energy policies requiring additional related investments (II) Technological risks • Investments in new technologies not achieving expected returns • Failure to adopt low-carbon technologies in a timely manner, affecting market competitiveness (III) Market risks • Increasing demand from customers and the market for low-carbon products • Products or services required to comply with more stringent environmental standards (IV) Reputational risks • Failure to meet stakeholders' expectations for carbon reduction performance, potentially affecting corporate reputation • Insufficient decarbonization performance across the supply chain, impacting the Company's overall sustainability evaluation II. Physical risks: (I) Acute Physical Risks • Extreme weather events, such as typhoons and floods, causing damage to facilities or equipment • Disruptions to suppliers' production due to extreme weather, resulting in supply interruptions or delays (II) Chronic Physical Risks • Rising average temperatures leading to increased energy consumption • Long-term climate changes causing damage to assets and infrastructure III. Opportunities: resource efficiency, energy sources, products and services, markets, resilience Reduce energy costs, regularly review the factory's energy management status, and implement energy-saving projects.

Item	Implementation Status
	Increase revenue from energy-saving products and adopt green design concepts during product development to reduce energy consumption of product in manufacturing and use. IV. Transformation scenario: The Company's 2050 carbon neutrality target, i.e. RCP1.9. (1.5°C temperature increase). V. Period parameters: short-term 2022 - 2025; medium-term 2026 - 2030; long-term 2031 - 2050. VI. 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. VII. 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.	Climate Transition Strategies and Action Plans To mitigate climate-related risks and capture transition opportunities, the Company continues to implement the following strategies: I. Energy Transition and Carbon Reduction Management - Promote energy conservation and carbon reduction initiatives - Install solar photovoltaic (PV) systems - Replace high energy-consuming equipment and improve energy efficiency II. Product Innovation and Low-Carbon Technologies - Develop high-efficiency lead-acid battery products with low environmental impact - Introduce low-lead alloy designs and high-efficiency recycling technologies - Promote battery recycling and circular utilization programs III. Sustainable Supply Chain Management - Establish collaborative mechanisms for supply chain decarbonization - Require suppliers to comply with environmental and social responsibility standards - Enhance supply chain traceability to reduce raw material supply risks IV. Regulatory Compliance and Sustainability Governance - Continuously monitor international and country-specific climate-related regulations - Actively participate in ESG assessments and sustainability disclosures In the short term, the above transition measures may increase the Company's operating costs. However, through improvements in energy efficiency, technological upgrades, and market expansion, the Company expects to reduce operational risks and create new growth opportunities over the medium to long term. Indicators and targets for identifying and managing physical and transition risks I. Physical Risk Management index: Number of production disruptions due to extreme weather events. Target: Continue to strengthen disaster prevention capabilities at the Company's plant sites through 2026 to ensure production stability and operational resilience II. Transition Risk Management index: - Renewable Energy Usage Ratio - Product Carbon Footprint Target: - Increase solar renewable energy generation capacity by approximately 1.75 MW in 2025 and an additional approximately 5 MW in 2026. - Complete product carbon footprint inventory in 2026 and ensure compliance with the EU Battery Regulation and the Product

Item	Implementation Status
	Environmental Footprint Category Rules (PEFCR).
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 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.	Greenhouse Gas Inventory and Disclosure The Company, as a TWSE/TPEX-listed company with a paid-in capital of less than NT\$5 billion, will complete greenhouse gas (GHG) inventory and assurance disclosures in phases in accordance with the “Sustainable Development Roadmap for TWSE/TPEX-Listed Companies” promoted by the Financial Supervisory Commission. In accordance with the relevant requirements: • The parent company shall complete its GHG inventory in 2026, Third-party verification shall be completed in 2028 • Subsidiaries included in the consolidated financial statements shall complete their GHG inventory in 2027, Third-party verification shall be completed in 2029 To enhance carbon emissions management capabilities, the Company’s Vietnam subsidiary implemented the ISO 14064:2018 GHG inventory system in May 2023 and completed third-party verification by the end of June 2024. In addition, the Company plans to adopt ISO 14067:2018 for product carbon footprint and the EU Product Environmental Footprint Category Rules (PEFCR) in 2025, and plans to complete the relevant inventory and third-party verification in 2026. Through quantitative analysis of product life cycle carbon emissions, the Company is able to identify opportunities for process improvement and energy saving and carbon reduction, and to mitigate the potential impact of future carbon border adjustment mechanisms on its operations. The Company will continue to comply with guidelines issued by the competent authority and relevant regulatory requirements, regularly monitor and complete GHG inventory and verification, and report implementation status to the Board of Directors on a quarterly basis. The Company will also establish specific carbon reduction targets, strategies, and action plans to fulfill its 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				
(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?	√		(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.	No Difference
(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"?	√		(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.	
(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?	√		(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	
II. Implementation of ethical corporate management				
(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?	√		(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.	No Difference
(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)?	√		(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 10, 2025. 1. Establishment of regulations 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. 2. Training on ethical corporate management (1) Compliance meeting: Compliance meetings are convened to discuss any changes or amendments to the applicable laws and	

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 formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicts of interests? (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? (V) Does the company organize internal or external training on a regular basis to maintain ethical management?	✓ ✓ ✓		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. (2) Ethical Corporate Management Best Practice Principles and Policy Advocacy: Promote "Ethical Corporate Management Best Practice Principles" to employees. (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 2025 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 2025, the Company organized employee training sessions related to the "prevention of insider trading," with 48 participants and a total of 48 hours of training. (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. (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. (V) The Company continues to promote the culture of ethical corporate management through various meetings. In 2025, 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 139 participants for a total of 139 hours.	No Difference
III. State of operations of the company's reporting system (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? (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?	✓ ✓		(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. The information on the whistleblowing channels is as follows: 1. Whistleblower hotline: 049-2254777 2. Whistleblower mailbox: markliao@mail.klb.com.tw 3. Acceptance unit of reported cases: The Company's chief internal auditor. (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	No Difference

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?	√		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/ . 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. The Company received 0 whistleblowing cases in 2025.	
IV. Information Disclosure Strengthening 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?	√		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: 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): 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. 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 2025 is as follows:

Title	Name	Date	Organizer	Name of course	Number of hours of further education
Chairman	Lee Jui-Chun	2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
		2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
Corporate Governance Officer	Liu Huang-Wei	2025/06/25	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3 hours
		2025/08/11	Taiwan Corporate Governance Association	Global Economic and Financial Outlook for 2025	3 hours
		2025/08/22	Chinese National Association of Industry and Commerce, Taiwan	Directors and Supervisors Training Program – 2025 TS Holdings Net Zero Summit	3 hours
		2025/11/10	Taiwan Corporate Governance Association	Challenges and Opportunities for Taiwan's Economic Development	3 hours
Accounting Supervisor		2025/12/11 ~ 2025/12/12	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	2025/10/28	Accounting Research and Development Foundation	IFRS 18: Presentation and Disclosure in Financial Statements	6 hours
		2025/12/31	Accounting Research and Development Foundation	Practical Workshop on Sustainability Information Preparation	6 hours
Chief Auditor	Liao Chi-Neng	2025/12/12	Internal Audit Association of the Republic of China	Key Considerations and Impacts of IFRS S1/S2 on Internal Control and Internal Audit	6 hours
		2025/12/24	Internal Audit Association of the Republic of China	The Era of Intelligent Auditing: AI System Audits and AI-Assisted Auditing	6 hours
Audit Representative	Shih Mei-Yu	2025/09/19	Internal Audit Association of the Republic of China	Analysis of Sustainability Reports and Practical Auditing of Sustainability Information	6 hours
		2025/11/27	Internal Audit Association of the Republic of China	Examining Payroll Cycles and Labor Incident Act through Corporate Governance	6 hours

2. The 2025 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
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
2024/07/26	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
2024/11/25	Institute of Environmental Engineering, Tunghai University	On-the-job training for exclusive personnel of air pollution prevention	Within two years	Plant Affairs Department
2025/03/14	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
2025/03/18	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
2025/03/27	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
2025/04/09	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
2025/04/09	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
2025/04/18	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
2025/04/18	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
2025/06/06	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
				Plant Affairs Department
2025/06/27	SAHTECH	On-the-job training for occupational safety and health administrators	Within two years	Domestic Sales Department
2025/07/25	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

(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 12, 2026

The Company states the following with respect to its 2025 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 12, 2026. 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 2025 and their implementation:

Date of meeting	Major resolutions	Implementation status
June 19, 2025	1. Approved the 2024 business report and financial statements	Motion approved by the shareholders' meeting and has been announced on the MOPS and the Company's website.
	2. Approved the 2024 earnings distribution proposal	Resolution to distribute dividends to shareholders - NTD 10.5 cash dividends per share, the ex-dividend base date is August 25, 2025, and the cash dividend payment date is September 9, 2025, which have been fully distributed.
	3. Passed the motion for amendment to the Company's "Articles of Incorporation".	Motion approved by the shareholders' meeting and has been announced on the MOPS and the Company's website.

2. Important resolutions of the board of directors from January 1, 2025 to May 11, 2026:

Board of Directors meeting	Important resolutions
4th meeting of the 13th term January 23, 2025	1. Approved the motion to amend some management measures of the internal control system.
	2. Approved the evaluation of the independence and suitability of the CPAs.
	3. Passed the motion for amendment to the "Articles of Incorporation".
	4. Approved the bank financing line case.
	5. Approved the 2025 business plan and budget.
	6. Approval for the distribution of the directors' remuneration and employees' remuneration for 2024 and expected distribution ratio in 2025.
	7. Approval for the distribution of 2023 employees' remuneration for the managers and audit officers and distribution of 2024 year-end bonus.
	8. Passed the motion for the contents of the remuneration and payment for the directors.
	9. Passed the motion for the contents of the remuneration and payment for the officers and chief auditor.
5th meeting of the 13th term March 13, 2025	1. Approved the amendments to the "Code of Ethical Conduct."
	2. Approved the proposal for 2024 internal control self-assessment report and statement of internal control system.
	3. Approved the motion for 2024 business report, parent company only financial statements, and consolidated financial statements.
	4. Approved the proposal for 2024 earnings distribution.
	5. Approved the proposal for 2024 remuneration distribution to employees and directors.
	6. Passed the motion for the time, venue, and motions for 2025 general shareholders' meeting.
6th meeting of the 13th term May 12, 2025	1. Approval for 2025 Q1 consolidated financial statements.
	2. Approved the investment plan to establish a subsidiary in India.
7th meeting of the 13th term August 11, 2025	1. Approved the proposal for 2024 ESG Report.
	2. Approval for 2025 Q2 consolidated financial statements.
	3. Approved the payment of the 2024 directors' remuneration.
8th meeting of the 13th term November 10, 2025	1. Approved the motion to amend some management measures of the internal control system.
	2. Approved the formulation of the internal control system audit plan for 2026.
	3. Passed the motion for liability insurance coverage of directors.

Board of Directors meeting	Important resolutions
	4. Approval for 2025 Q3 consolidated financial statements.
9th meeting of the 13th term February 11, 2026	1. Approved the evaluation of the independence and suitability of the CPAs.
	2. Passed the motion for the fees of the CPAs.
	3. Approved the bank financing line case.
	4. Approved the 2026 business plan and budget.
	5. The proposal to determine the amount of directors' and employees' remuneration for fiscal year 2025 and the expected distribution ratio for fiscal year 2026 was adopted.
	6. Approval for the distribution of 2024 employees' remuneration for the managers and audit officers and distribution of 2025 year-end bonus.
	7. Passed the motion for the contents of the remuneration and payment for the directors.
	8. Passed the motion for the contents of the remuneration and payment for the officers and chief auditor.
10th meeting of the 13th term March 12, 2026	1. The bill to amend and abolish certain management forms of the internal control system was passed.
	2. Approved the proposal for 2025 internal control self-assessment report and statement of internal control system.
	3. Approved the motion for 2025 business report and financial report.
	4. Approved the proposal for 2025 earnings distribution.
	5. Approved the proposal for 2025 remuneration distribution to employees and directors.
	6. Passed the motion for the time, venue, and motions for 2026 general shareholders' meeting.
	7. Approved the Proposed issuance of restricted new shares to employees.
11th meeting of the 13th term May 11, 2026	1. The bill to amend certain management forms of the internal control system was passed.
	2. Approval for the 2026 Q1 consolidated financial statements.

- (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	January 1, 2025 - December 31, 2025	NT\$2,160 thousand	NT\$840 thousand	NT\$3,000 thousand	None
	Lai Chih-Wei					

- (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	2025		As of April 19, 2026	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Chairman	Lee Jui-Chun	(1,351)	-	130	-
Director	Lee Yao-Min	(1,600)	-	-	-
Director	Shi Hwei-Yow	0.372	-	-	-
Director	Mao Long Investments Limited	17	-	-	-
	Representative: Chen Shou-Hsin	-	-	-	-
Director	Mao Long Investments Limited	17	-	-	-
	Representative: Tsai Chang-Shou	-	-	-	-
Director	Mao Long Investments Limited	17	-	-	-
	Representative: Chiang Yen-Hung	-	-	-	-
Independent director	Wang Cho-Chiun	-	-	-	-
Independent director	Tsai Chi-Neng	-	-	-	-
Independent director	Chen Shu-Fen	-	-	-	-
President	Yang Jui-Hsiang	7	-	-	-
Vice president, Management Department	Lee Jui-Ting	502	-	-	-
Assistant General Manager, Finance Department	Liu Huang-Wei	3	-	-	-
Assistant General Manager, Quality Research Department	Chen Chien-Lang	3	-	(40)	-
Assistant General Manager, Domestic Sales Department	Chen Chih-Hsiung	2	-	-	-
Assistant General Manager, Export Sales Department	Chang Yu-Chen	4	-	-	-

Note 1: Hung Chieh-Yu Assistant General Manager, Export Sales Department, resigned on July 31, 2025.

Note 2: Chang Yu-Chen Assistant General Manager, Export Sales Department, assumed their positions on August 1, 2025.

- (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 19, 2026

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	4,740,802	5.78	456,700	0.56	7,210,000	8.79	Lee Yao-Min	Father	-
							Tsai-Hsiang-Pei	Mother	
							Lee Jui-Ting	Brother	
							Lee Chung-Chen	Son	
Tsai-Hsiang-Pei	4,453,770	5.43	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 Pei Co. , Ltd.	3,880,000	4.73	-	-	-	-	- None	-	-
Responsible Person: Lee Jui-Chun	4,740,802	5.78	456,700	0.56	7,210,000	8.79	Lee Yao-Min	Father	-
							Tsai-Hsiang-Pei	Mother	
							Lee Jui-Ting	Brother	
							Lee Chung-Chen	Son	
Ming Chung Co. , Ltd.	3,330,000	4.06	-	-	-	-	- None	-	-
Responsible Person: Lee Jui-Chun	4,740,802	5.78	456,700	0.56	7,210,000	8.79	Lee Yao-Min	Father	-
							Tsai-Hsiang-Pei	Mother	
							Lee Jui-Ting	Brother	
							Lee Chung-Chen	Son	
Yuanta Securities (Hong Kong) Limited in trust of Citibank Investment accounts	2,558,000	3.12	-	-	-	-	- None	-	-
Mao Long Investments Limited	2,036,469	2.48	-	-	-	-	- None	-	-
Person in charge: Tsai-Hsiang-Pei	4,453,770	5.43	1,744,951	2.13	-	-	Lee Yao-Min	Husband	-
							Lee Jui-Chun	Son	
							Lee Jui-Ting	Son	
							Lee Chung-Chen	Grandchild	
Standard Chartered as custodian of LGT Bank	2,034,210	2.48	-	-	-	-	- None	-	-
Lee Yao-Min	1,744,951	2.13	4,453,770	5.43	-	-	Tsai-Hsiang-Pei	Wife	-
							Lee Jui-Chun	Son	
							Lee Jui-Ting	Son	
							Lee Chung-Chen	Grandchild	
Lee Chung-Chen	1,593,000	1.94	-	-	-	-	Lee Yao-Min	Grandfather	-
							Tsai-Hsiang-Pei	Grandmother	
							Lee Jui-Chun	Father	

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 19, 2026

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 19, 2026

Name of major shareholder	Shares	Number of shares held	Shareholding ratio(%)
Lee Jui-Chun		4,740,802	5.78
Tsai-Hsiang-Pei		4,453,770	5.43
Lee Jui-Ting		4,002,089	4.88
Ming Pei Co. , Ltd.		3,880,000	4.73
Ming Chung Co. , Ltd.		3,330,000	4.06
Citibank as custodian of Yuanta Securities (Hong Kong) Company Limited		2,558,000	3.12
Mao Long Investments Limited		2,036,469	2.48
Standard Chartered as custodian of LGT Bank		2,034,210	2.48
Lee Yao-Min		1,744,951	2.13
Lee Chung-Chen		1,593,000	1.94
Total		30,373,291	37.03

(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), no less than 2% of the profit shall be allocated as employee remuneration (out of which no less than 0.5% of the profit shall be allocated as entry-level employee remuneration), and no more than 5% of the profit shall be allocated 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 2026:

As resolved by the Company's Board of Directors on March 12, 2026, the Company's current shareholders' meeting proposed the distribution of shareholder bonus - NTD 590,852,117 in cash or NTD 7.2 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), no less than 2% of the profit shall be allocated as employee remuneration (out of which no less than 0.5% of the profit shall be allocated as entry-level employee remuneration), and no more than 5% of the profit shall be allocated 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 12, 2026 to distribute cash dividend of NTD 29,000 thousand to employees and NTD 15,500 thousand to directors.

There was no difference from the remuneration to employees and directors recognized in the 2025 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 19, 2025, the dividend to shareholders (NTD 10.5 per share) - NTD 861,659,337 in cash, employees' remuneration was NTD 44,932 thousand in cash and directors' remuneration was NTD 24,025 thousand in 2024; 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 : None.
- (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 11, 2026

	Title	Name	Number of new restricted employee shares acquired (thousand shares)	Percentage of acquired RSAs to total issued shares (Note 1)	Restrictions on rights have been released				Restrictions on rights not yet released			
					Number of restricted shares released (thousand shares)	Issue price (NTD)	Amount of issuance (NTD thousand)	Percentage of unrestricted shares to total issued shares (Note 1, 2)	Unrestricted shares (thousand shares)	Issue price (NTD)	Amount of issuance (NTD thousand)	Number of restricted shares unreleased as a percentage of total shares issued (Note 1, 2)
Manager	President	Yang Jui-Hsiang	81	0.10%	81	10	810	0.10%	0	10	0	0%
	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										
Employees	Manager, Finance Department	Hung O-Cheng	129	0.16%	129	10	1,290	0.16%	0	10	0	0%
	Manager, Export Sales Department	Lai O-Yi										
	Manager, Export Sales Department	Chang O-Chen										
	Manager, Domestic Sales Department	Liu O-Chien										
	Vice President, subsidiary	Lai O-Ren										
	Assistant General Manager, subsidiary	Huang O-Chen										
	Assistant General Manager, subsidiary	Huang O-Chiang										
	Assistant General Manager, subsidiary	Liu O-Chieh										
	Plant Director, subsidiary	Huang O-Chunng										
	Plant Director, subsidiary	Chang O-Hsiung										
	Manager, subsidiary	Tsai O-Cheng										
	Manager, subsidiary	He O-Pao										
	Manager, subsidiary	Chang O-Yu										
	Manager, subsidiary	Huang O-Liang										
	Manager, subsidiary	Chien O-Chin										

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.

Note 3: Hung Chieh-Yu Assistant General Manager, Export Sales Department, resigned on July 31, 2025.

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

Item	2025	
	Revenue amount	Business weighting
Electronic sealed batteries	5,510,129	83.08%
Motorcycle batteries	846,199	12.76%
Car batteries	254,129	3.83%
Other	21,711	0.33%
Net operating income	6,632,168	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 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”.

In 2025, Kung Long Batteries focused on the research and development of backup power batteries for large-scale uninterruptible power supply (UPS) systems, with particular emphasis on applications in data centers and AI data centers. The Company aims to provide ultra-high-power backup battery solutions with a design life of up to more than 15 years, ensuring stable and reliable power support for these critical facilities under all circumstances. As data centers continue to demand higher levels of reliability and efficiency, the Company’s batteries offer superior short-duration energy density and rapid charge–discharge capabilities, enabling them to respond effectively to rapidly changing power demands.

In addition, Kung Long Batteries is actively responding to the policy in Hanoi, Vietnam, which bans fuel-powered motorcycles within the inner ring of the city, by focusing on the development of dedicated long-life lead-acid batteries to support the adoption of electric bicycles and electric motorcycles. These batteries not only provide excellent durability but also comply with environmental requirements, supporting the transition to green urban transportation. Through innovative technologies, the Company is committed to providing users with safe, convenient, and environmentally friendly travel options, thereby supporting sustainable development.

4. New products under development and services:

- (1) Successfully developed an ultra-high-power backup battery specifically designed for data center applications, capable of delivering over 1000 W per cell within 2 to 5 minutes. This new technology enables rapid response to sudden power demands in data centers, ensuring stable operation of critical equipment during power outages or fluctuations.
- (2) Continued the development of “long-life start-stop parking battery” and successfully obtained approval from a major U.S. ATV manufacturer.
- (3) Achieved a major breakthrough in the development of batteries for electric motorcycles, successfully developing high-performance batteries capable of exceeding 500 cycles at 100% depth of discharge (DOD) and over 1,000 cycles at 50% DOD. These batteries offer excellent durability and provide stable power across various operating conditions, significantly extending the service life of electric motorcycles.
- (4) Completed the development of a 48V 100Ah lithium battery module for telecommunications base stations, obtained approval from Vietnam Posts and Telecommunications Group (VNPT), and commenced supply to VNPT Ho Chi Minh City (VNPT HCM).

(II) Industry Overview.

1. Current status and development of the industry:

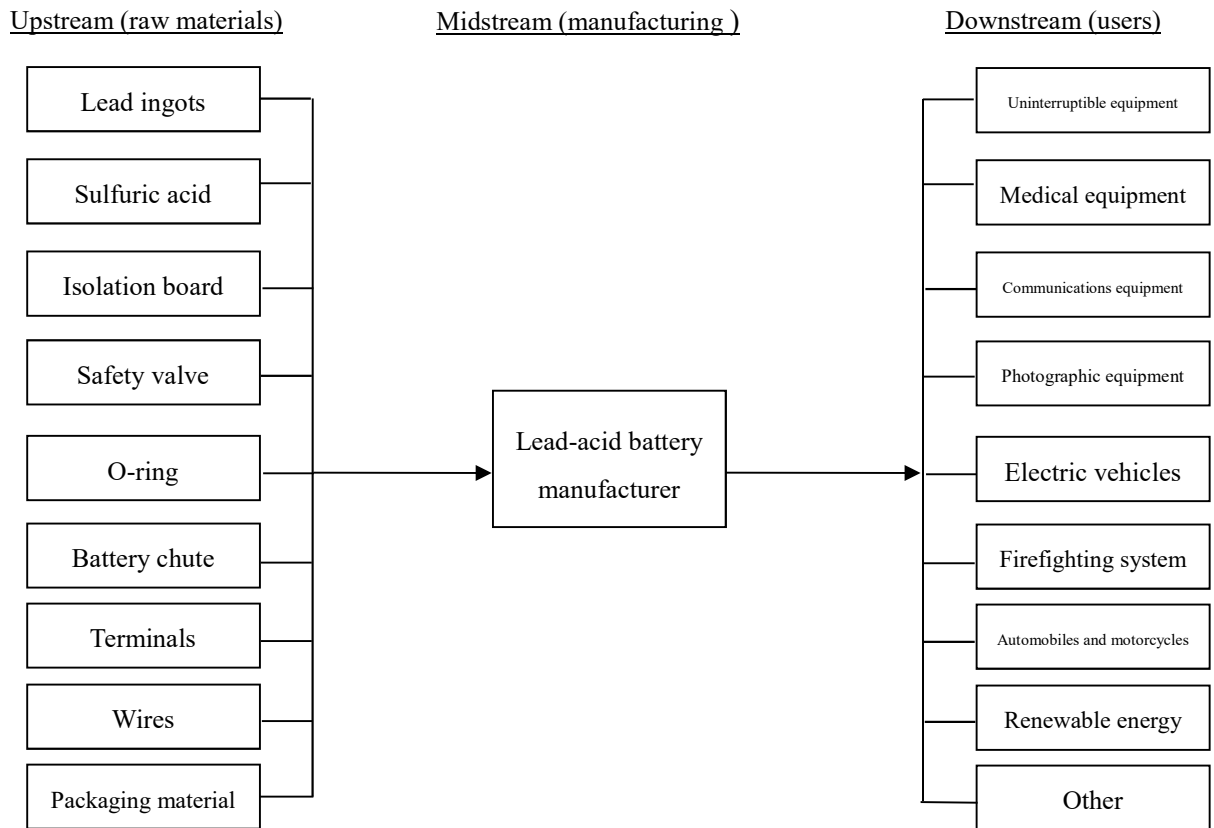
Lead-acid batteries are among the most mature battery technologies globally. According to market forecasts and trends, they account for a significant share of the global secondary battery market. Due to their cost-effectiveness, high level of technological maturity, stable quality, and wide range of applications, lead-acid batteries remain a commonly used type of rechargeable battery. They have long been widely applied in automotive and motorcycle starting batteries, uninterruptible power supply (UPS) systems, backup power for

telecommunications equipment, and industrial energy storage. With advantages such as technological maturity, high safety, strong cost efficiency, and a well-established recycling system, lead-acid batteries continue to maintain stable demand and growth momentum across most fundamental power and backup application markets.

In recent years, with the rapid development of global digitalization and cloud services, large-scale data centers and telecommunications infrastructure have continued to expand, driving sustained growth in demand for highly reliable backup power systems. In addition, the promotion of renewable energy policies worldwide and the increasing adoption of solar and wind power systems have also contributed to growing demand in certain energy storage battery markets. In terms of industrial competition, the global lead-acid battery market is primarily composed of several large battery manufacturers, which maintain their market competitiveness through technological upgrades and global expansion. At the same time, lithium battery technologies have developed rapidly in certain emerging applications. Amid the global trend toward diversified battery technologies, lead-acid batteries, due to their stable quality, high safety, and broad applicability, are expected to continue playing an important role in starting batteries, backup power systems, and high-safety energy storage applications.

Overall, driven by global energy transition, increasing electricity demand, and the continued development of backup power systems, lead-acid batteries, with their cost-effectiveness, reliability, and well-established recycling infrastructure, have a solid market foundation and are expected to maintain stable long-term demand across various critical infrastructure applications.

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 (LiCoO_2), lithium manganese dioxide (LiMnO_2), lithium nickel oxide (LiNiO_2) and lithium iron phosphate (LiFePO_4). Among these batteries, LiCoO_2 batteries are mainly used in electronic products such as handheld devices, which have worrying safety problems. As the safety for LiNiO_2 batteries has not yet been tackled, there are only a few LiNiO_2 battery manufacturers and users. With high capacity and safety characteristics, LiMnO_2

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 2025

Unit: NTD thousand

Item	2025	As of 2026 Q1
Amount	41,848	11,730

2. Technologies or products successfully developed in 2025:

- (1) Successfully developed an ultra-high-power backup battery specifically designed for data center applications, capable of delivering over 1000 W per cell within 2 to 5 minutes. This new technology enables rapid response to sudden power demands in data centers, ensuring stable operation of critical equipment during power outages or fluctuations.
- (2) Continued the development of “long-life start-stop parking battery” and successfully obtained approval from a major U.S. ATV manufacturer.
- (3) Achieved a major breakthrough in the development of batteries for electric motorcycles, successfully developing high-performance batteries capable of exceeding 500 cycles at 100% depth of discharge (DOD) and over 1,000 cycles at 50% DOD. These batteries offer excellent durability and provide stable power across various operating conditions, significantly extending the service life of electric motorcycles.
- (4) Completed the development of a 48V 100Ah lithium battery module for telecommunications base stations, obtained approval from Vietnam Posts and Telecommunications Group (VNPT), and commenced supply to VNPT Ho Chi Minh City (VNPT HCM).

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

1. Short-term Plan: Strengthen Core Markets and Optimize Product, Cost Structure, and Localization Strategy

(1) Establishment of a Stable Profit Structure and Dynamic Pricing Mechanism

- Develop new long-term and stable customers, with priority given to industry customers with high retention
- Establish a “lead price-linked pricing mechanism” to reduce the risk of raw material price fluctuations
- Implement regional pricing strategies based on market differences to maintain international competitiveness

(2) Focus on High-Reliability Application Markets and Strengthening of the Following Product Lines

- Large sealed batteries for telecommunications applications
- Batteries for 5G base station backup systems
- Long-life and ultra-high instantaneous power output batteries for cloud data center UPS systems

- Batteries for renewable energy storage
 - (3) Differentiated Deployment of High-end Pure Lead Products
 - Ultra-long-life, high-power pure lead UPS batteries
 - Pure lead deep-cycle batteries
 - (4) Lithium Iron Phosphate Batteries and Hybrid Backup Strategy
 - Promote lithium iron phosphate batteries for residential energy storage and telecommunications applications
 - Collaborate with telecom operators and UPS manufacturers to jointly develop compatible systems
 - Expand into industrial UPS and IDC markets
 - (5) Strengthening of Brand Penetration in Southeast Asia
 - Continue to increase the market share of proprietary motorcycle and automotive battery brands in Vietnam
 - Expand replacement market channels
 - Strengthen the after-sales service system
2. Long-term Plan: Premiumization, Deepening Presence in Specialized Application Markets, Manufacturing Optimization through Digital Transformation, and Regional Market Expansion
- (1) Technology Upgrade and Development of High-cycle-life Products in Line with Global Energy Transition Trends
 - Fast-charging technologies
 - Higher cycle-life design
 - Energy storage products suitable for solar and wind systems
 - (2) Dual-track Development of Customized and High Cost-performance Products
 - Customized large sealed batteries
 - High cost-performance product series
 - Evaluation of deeper lithium battery technology development and product diversification
 - (3) Upgrade of Start-stop System Batteries
 - Continue to expand product specifications for motorcycle start-stop batteries
 - Capture replacement market opportunities driven by high-frequency demand under energy-saving and carbon-reduction regulatory trends
 - (4) Integration of Lithium Iron Phosphate Battery Production Lines
 - Establish lithium iron phosphate battery production lines
 - Joint product development with customers
 - Build system integration capabilities
 - (5) Deepening of Brand and Distribution Channels
 - Continue to promote proprietary brands

- Establish clear product positioning in different market segments
- Develop distributor and agent channels
- Drive growth in after-sales repair and replacement markets
- (6) Regional Tariff Advantages and Expansion into Emerging Markets
 - Leverage ASEAN tariff preferences to promote long-life, high-capacity batteries
 - Focus on expanding into the Middle East, Eastern Europe, Central and South America, Africa, and ASEAN markets, so as to diversify regional risks and increase global market share
- (7) Risk Diversification and Structural Optimization to Enhance Revenue Stability and Returns
 - Diversify regional markets
 - Diversify concentration risk in product specifications
 - Reduce customer concentration

II. Market as well as the production and marketing situation

(I) Market analysis:

1. Sales regions of major products

Unit:NTD thousand

Product	Region	2025		2024	
Batteries	Americas	1,241,945	19%	1,331,299	16%
	Europe	1,737,965	26%	2,389,260	29%
	Asia	3,064,712	46%	3,723,287	46%
	Domestic sales	328,724	5%	343,914	5%
	Other	237,111	4%	332,322	4%
Other		21,711	-	17,757	-
Total operating income		6,632,168	100%	8,137,839	100%

2. Market share:

2025 Taiwan Lead-Acid Battery Export Statistics

Unit: Volume/Thousand Value/NTD Thousand

Year	Item	Quantity of export sales	Amount of export sales
2025	Lead-acid batteries	7,618	6,230,871
	Kung Long sales	-	50,779
	market share	-	0.81%

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. Positive Outlook for the Welfare Medical Device Industry

With the accelerating trend of global population aging and rising public awareness of health, demand for medical devices and assistive living equipment continues to grow. According to estimates from multiple industry research institutions, the global medical device market has exceeded US\$600 billion and is expected to maintain steady growth in the coming years. Within the welfare medical device industry, major export products include powered mobility devices such as electric wheelchairs and mobility scooters.

Lead-acid batteries continue to be widely used in welfare medical device applications, including electric wheelchairs, mobility scooters, patient transport equipment, uninterruptible medical devices, and portable medical equipment. Due to their high safety, reliability, ease of maintenance, and cost-effectiveness, lead-acid batteries remain a primary power source in many assistive medical devices.

In recent years, demand for mobility scooters has continued to grow in Europe and North America, and they are increasingly becoming essential

mobility aids for the elderly population. In addition, demand from hospitals and clinics for uninterruptible power supply (UPS) systems continues to increase, ensuring that medical equipment, life-support systems, and emergency equipment can operate reliably during power outages. In remote healthcare services and disaster response systems, lead-acid batteries are also commonly used as a key power source for mobile medical stations and outdoor medical equipment. As a result, the overall demand for the welfare medical device industry continues to show stable growth potential.

B. Growing Demand for Electric Vehicles

With the global energy transition and the advancement of carbon reduction policies, the electric vehicle market continues to grow rapidly. According to data from the International Energy Agency (IEA), global electric vehicle sales exceeded 17 million units in 2024, accounting for more than 20% of total new vehicle sales. Electrification has become a key development trend in the automotive industry.

Electrification is even more advanced in the two- and three-wheeled vehicle segments. According to the Global EV Outlook published by the International Energy Agency, global sales of electric two- and three-wheelers reached approximately 10 million units, representing about 15% of the overall market. Asia remains the largest market, with China, India, and Southeast Asia accounting for approximately 80% of global sales.

The global stock of electric two- and three-wheelers has reached over 65 million units and is projected to exceed 200 million units by 2030.

In many developing countries, due to cost and maintenance considerations, electric two-wheelers still largely rely on lead-acid battery systems. In particular, in shared mobility services, short-distance logistics, and urban commuting markets, lead-acid batteries retain a cost advantage and continue to serve a meaningful share of the electric two- and three-wheeler market.

C. Steady Growth in Demand for UPS Systems

With the rapid expansion of cloud computing, artificial intelligence, and large-scale data center construction, global demand for power stability continues to rise, supporting steady growth in the uninterruptible power supply (UPS) market. Data centers, telecommunications facilities, financial systems, and healthcare institutions all require UPS systems to ensure that critical equipment continues to operate during power interruptions.

According to market research estimates, the global UPS market has exceeded US\$11 billion and is projected to reach approximately USD 16 billion to US\$18 billion by 2030, with a compound annual growth rate of

around 5% to 7%. The rapid development of data centers, 5G base stations, and edge computing equipment is a key driver of growth in the UPS market.

At present, energy storage batteries used in UPS systems are still predominantly lead-acid batteries, primarily due to their lower cost, technological maturity, high instantaneous discharge capability, and reliability. In particular, in large-scale data centers and telecommunications backup systems, high-reliability sealed lead-acid batteries remain the primary battery choice. As a result, continued growth in the UPS market is expected to drive sustained demand for lead-acid batteries.

D. Continued Expansion of the Renewable Energy Storage Market

With the advancement of global energy transition policies, power generation from renewable sources such as wind and solar continues to grow. However, due to the intermittency and instability of renewable energy, energy storage systems are required to regulate power output, driving rapid growth in the energy storage market.

According to projections by BloombergNEF (BNEF), cumulative global investment in energy storage systems is expected to exceed US\$500 billion by 2030, with approximately two-thirds allocated to grid-scale energy storage systems. As countries continue to increase the ratio of renewable energy in their power systems, energy storage equipment will become a key infrastructure component for maintaining grid stability.

While lithium batteries are gaining share in large-scale energy storage applications, lead-acid batteries continue to maintain a certain level of demand in off-grid power systems, small-scale storage equipment, and certain industrial applications due to their cost advantages, safety, and well-established recycling systems. Accordingly, against the backdrop of renewable energy development and distributed power systems, the energy storage battery market is expected to maintain long-term growth potential.

E. AI Data Centers Driving Growth in Backup Power Demand

In recent years, the rapid development of artificial intelligence and cloud computing has led to continued expansion of large-scale data center infrastructure worldwide. Major cloud service providers are actively expanding data center facilities across different regions.

As data centers require uninterrupted year-round operation, power supply stability is critical, and high-reliability uninterruptible power supply (UPS) systems and backup batteries are essential. According to market research estimates, the global data center market is expected to exceed US\$500 billion by 2030, driving sustained growth in demand for UPS backup power systems.

Within UPS systems, lead-acid batteries remain one of the primary choices for data center backup power due to their high instantaneous discharge capability, technological maturity, cost-effectiveness, and reliability. As a result, the development of the AI and cloud computing industries is also creating new growth momentum for the lead-acid battery market.

F. Expansion of 5G and Telecommunications Infrastructure

The global telecommunications industry continues to advance the deployment of 5G networks, with the number of base stations increasing rapidly. According to industry statistics, the number of 5G base stations worldwide may exceed 15 million by 2030 and continue to expand into emerging markets.

Telecommunications base stations require backup battery systems to ensure continuous operation of communication services during power outages or grid instability. Given the high requirements for power stability in telecommunications equipment, energy storage battery systems with high reliability and ease of maintenance are widely adopted.

Lead-acid batteries, due to their reliability, relatively low cost, and well-established maintenance systems, remain one of the key choices for backup batteries in telecommunications base stations worldwide. This is particularly evident in emerging markets and remote areas, where demand remains stable.

G. Advantages of Battery Recycling and the Circular Economy

Driven by global sustainability policies, the battery industry is increasingly shifting toward a circular economy model. Compared with other battery technologies, lead-acid batteries have a mature and well-established recycling system, with one of the highest recycling rates among all battery types globally.

According to industry statistics, the recycling rate of lead-acid batteries exceeds 95% in most countries. Recovered lead can be reused in battery manufacturing, forming a highly circular production model. In addition, environmental regulations worldwide are progressively strengthening requirements for battery recycling and the use of recycled materials. For example, the EU Batteries Regulation 2023/1542 requires disclosure of carbon footprint and increased use of recycled materials in battery products.

Under the trend of circular economy development and environmental management policies, the lead-acid battery industry, with its high recycling rates and mature reuse systems, is expected to retain its sustainability advantages over the long term.

Demand-Side Overview

Overall, in addition to maintaining stable demand in traditional application areas such as medical devices, electric two-wheelers, UPS systems, and renewable energy storage, the lead-acid battery market is also benefiting from emerging trends, including AI data centers, 5G telecommunications infrastructure, and circular economy policies for batteries, which are creating new growth drivers.

Against the backdrop of global energy transition and the continued expansion of digital infrastructure, lead-acid batteries are expected to remain an important component across a wide range of critical infrastructure applications.

(2) In terms of supply:

The lead-acid battery industry is a mature segment of the global battery market, with major markets long dominated by large-scale battery manufacturers. Given the broad applications of batteries across transportation, backup power, telecommunications infrastructure, and industrial equipment, many countries regard the battery industry as a key sector within energy and infrastructure development.

In the international market, major battery manufacturers include Clarios, EnerSys, Exide Technologies, GS Yuasa, and Saft, which maintain competitiveness through global manufacturing networks and ongoing technological development. In the China market, the rapid growth of electric two-wheelers and energy storage applications in recent years has driven the expansion of large lead-acid battery manufacturers. Companies such as Tianneng Power and Chaowei Power are among the key global suppliers of lead-acid batteries. In the Taiwan market, major lead-acid battery manufacturers include Taiwan Yuasa (YUASA), Taiwan GS (GS), CSB Energy Technology, and the Company, which serve as primary domestic manufacturers and export suppliers. Among them, Taiwan Yuasa and Taiwan GS primarily focus on the automotive and motorcycle original equipment manufacturer (OEM) market, while CSB Energy Technology and the Company mainly serve industrial battery, UPS backup battery, and telecommunications battery applications. Due to the long-standing relationships between Japanese battery manufacturers and automotive manufacturers, Taiwanese companies face challenges in entering the OEM market. As a result, they primarily focus on the industrial battery market and the aftermarket services as their main areas of development.

Overall, the lead-acid battery industry is characterized by technological maturity and relatively high market concentration. Large manufacturers maintain their market position through economies of scale, brand advantages, and distribution advantages. In contrast, smaller battery

manufacturers often face challenges in competing with large players in terms of product consistency and lifespan, and therefore tend to compete primarily on price in certain market segments. Considering the relatively limited size of the domestic market in Taiwan and the continued growth in global demand, the Company has been gradually expanding its overseas production footprint, including establishing manufacturing facilities in Vietnam, to strengthen global supply capabilities and capture opportunities in emerging markets.

(3) Growth:

Lead-acid batteries, with their technological maturity, cost-effectiveness, and well-established recycling systems, continue to maintain stable demand across a wide range of applications. With global population aging and rising demand for mobility assistance devices, sales of welfare medical devices such as electric wheelchairs, mobility scooters, and portable medical equipment continue to grow, driving demand for related batteries. In addition, with the rapid development of cloud computing and digital infrastructure, the expansion of data centers and telecommunications infrastructure worldwide is supporting steady growth in demand for UPS systems. Due to their high instantaneous discharge capability, reliability, and relatively low cost, lead-acid batteries remain one of the primary choices for UPS backup battery systems.

From a regional perspective, automotive and motorcycle markets in Southeast Asia continue to develop. In countries such as Vietnam, where motorcycle ownership is high, demand for lead-acid starting batteries remains stable and serves as an important growth driver for the regional battery market. At the same time, the Company continues to invest in the development of high value-added products, including long-life large sealed batteries for telecommunications applications and high-reliability UPS backup batteries. The Company is also expanding product capabilities and application scope to enhance market competitiveness and capture future growth opportunities.

Overall, the lead-acid battery industry is characterized by technological maturity and relatively high market concentration, with the global market dominated by a limited number of large manufacturers. As environmental regulations become more stringent and manufacturing technology requirements increase, smaller manufacturers are gradually exiting the market. This trend toward industry consolidation is becoming more pronounced and is expected to benefit companies with strong technological capabilities and economies of scale in expanding their market share.

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) Obtained Extensive International Certifications Demonstrating Strong Market Recognition:

The Company's core products are self-developed lead-acid batteries, supported by a solid foundation in technological development and quality validation. In terms of intellectual property, the Company has obtained 3 patents in Taiwan and 1 patent in Vietnam.

With respect to product certifications, the cumulative number of internationally certified products has reached 1,997, including 1,893 products certified under UL Standards in the United States and 64 products certified under VdS safety standards in Germany, reflecting strong certification performance. The Company is also the first manufacturer in Asia to obtain VdS product safety certification in Germany. In addition, during the current year, the Company obtained UL 1973 battery safety certification for a total of 113 product specifications, further strengthening its competitiveness in energy storage and high-safety applications.

Furthermore, the Company has established comprehensive management systems and has obtained certification for ISO 9001 (Quality Management System) and IATF 16949 (Automotive Quality Management System). In the areas of environmental management and occupational health and safety, the Company has also obtained ISO 14001 and ISO 45001 certifications, respectively.

In summary, the Company's extensive experience in international certifications and strong adaptability to industry changes enable it to respond swiftly to market developments, improve product development efficiency, and expand into international markets while securing orders from major global customers.

(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. Excellent Management Team and Sound Operational Foundation

The Company has a management team with extensive industry experience and a workforce with strong professional expertise, forming a stable and efficient management structure. Through well-established production management systems and clear organizational division of responsibilities, the Company is able to respond quickly to changes in market demand while continuously improving operational efficiency, thereby establishing a solid foundation for sustainable development.

B. Continued Enhancement of R&D capabilities and Technological Advantages

The Company has long invested in research and development, continuously enhancing product performance and manufacturing processes, and possesses the capability to rapidly develop new and customized products. Through continued improvements in product design and material applications, the Company is able to respond promptly to market needs and consistently deliver high-reliability and high-performance battery products, maintaining its competitive edge.

C. A Stable, Mutually Trusting Supply Chain Collaboration Framework

The Company maintains long-term relationships with key raw material suppliers, forming a stable, mutually trusting supply chain framework. This enables the Company to maintain consistent standards in raw material supply, quality control, and delivery management, effectively supporting production and market growth.

D. Comprehensive Quality Management and International Certification System

The Company has established a comprehensive quality management system and has obtained multiple international quality and product safety certifications, including:

- ISO 9001:2015 Quality Management System
- IATF 16949:2016 Automotive Quality Management System
- ISO/IEC 17025:2017 Laboratory Quality Management System

In addition, the Company has obtained various technical patents and international product safety certifications, including UL, VdS, and CE,

demonstrating that its product quality and technical capabilities are widely recognized in the global market.

- E. Overseas Manufacturing Base Enhancing Global Supply Capability
To meet global market demand, the Company continues to expand production capacity and manufacturing scale at its Vietnam facility, strengthening supply chain flexibility and competitiveness through its overseas production footprint. To meet global market demand, the Company continues to expand production capacity and manufacturing scale at its Vietnam facility, strengthening supply chain flexibility and competitiveness through its overseas production footprint. The Vietnam plant not only meets diverse customer requirements but also ensures stable delivery schedules and enhances overall operational efficiency.
- F. Implementation of Automation and Smart Manufacturing
The Company actively adopts automation and smart manufacturing technologies to improve production efficiency and product consistency while reducing manufacturing costs. Through optimization of automated processes, the Company is able to maintain a strong cost-performance advantage and further enhances its market competitiveness and production capacity.
- G. Diversified Product Portfolio and Market Applications
The Company has established a diversified product portfolio through ongoing product innovation and expanded applications, meeting the needs of customers across various industries, including backup power systems, telecommunications equipment, data centers, and transportation. This product diversification strategy not only enhances market coverage and brand image, but also mitigates risks arising from fluctuations in any single market and supports more stable revenue streams.
- H. Circular Economy and Sustainability Advantages
Lead-acid batteries are highly recyclable, with recycling rates exceeding 95%, making them one of the most mature battery technologies in terms of global recycling systems. As global companies place increasing emphasis on sustainability and ESG, battery products with circular economy characteristics continue to receive market attention. The Company also continues to promote energy conservation, carbon reduction, and environmental management measures to strengthen its sustainability capabilities.

(2) Negative factors

- A. Foreign Exchange Risk Arising from Exchange Rate Fluctuations
The Company's products are primarily export-oriented, and most of its revenue is denominated in foreign currencies. Accordingly, fluctuations

in exchange rates may affect the Company's profitability.

Countermeasures:

- a. The finance department continuously monitors international exchange rate trends, gathers analytical information from professional institutions, and strengthens foreign exchange risk management capabilities. Product pricing is adjusted in a timely manner, and foreign exchange hedging operations are conducted as appropriate.
- b. In addition, the Company utilizes a natural hedging mechanism through import and export transactions to mitigate the impact of exchange rate fluctuations on operating performance.

B. Increasingly Stringent Environmental Regulations

Lead is a heavy metal raw material. With growing global emphasis on environmental protection and sustainable development, governments worldwide have imposed increasingly stringent requirements on the management of wastewater, exhaust emissions, and waste disposal. As a result, corporate costs related to pollution control and environmental management have correspondingly increased.

Countermeasures:

- a. Dedicated environmental management personnel are appointed, and government-approved institutions are engaged to conduct regular environmental monitoring to ensure that all emissions comply with regulatory requirements.
- b. The Company enters into contracts with qualified vendors for the transportation and treatment of waste lead and implements environmental protection measures in accordance with the principles of the ISO 14001 Environmental Management System.
- c. With respect to production safety and occupational health, the Company follows the requirements of the ISO 45001 Occupational Health and Safety Management System and continues to improve the working environment.

C. Fluctuations in Raw Material Prices

Lead is the primary raw material for batteries, and its price fluctuates based on global supply and demand, which may lead to increased procurement costs for the Company.

Countermeasures:

- a. A raw material price adjustment mechanism agreed upon with customers is adopted to appropriately reflect changes in raw material prices, thereby maintaining reasonable profit margins.
- b. The Company also appropriately adjusts safety stock levels of lead raw materials to reduce the impact of price fluctuations on

production costs.

D. Competition from Low-Priced Products

Certain manufacturers in China and Southeast Asia compete in the international market with low-priced products due to lower labor costs. However, there remains a gap in product quality stability and product diversity compared to higher-quality products.

Countermeasures:

- a. The Company continues to develop high-quality and high-performance battery products, such as pure lead long-life batteries, deep-cycle batteries, and high-power batteries, to establish competitive advantages through product differentiation.
- b. It positions its products in the sealed electronic battery market, which has higher technical barriers and stricter quality requirements, in order to avoid low-price competition and maintain reasonable gross margins.
- c. In response to the global trend of industrial division of labor, the Company is gradually shifting the production of standard products to its Vietnam facilities, leveraging economies of scale and improved production efficiency to enhance market competitiveness and profitability.

Overall, the Company will continue to strengthen its competitive advantages through technological innovation, quality enhancement, and global capacity deployment, in order to respond to changes in the industry environment and capture future growth opportunities.

(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

2024				2025				As of 2026 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	865,383	10.63%	Customers	Company A	451,573	6.81%	Customers	Company B	151,912	8.86%	Customers
Other	7,272,456	89.37%	Customers	Other	6,180,595	93.19%	Customers	Other	1,562,085	91.14%	Customers
Net sales	8,137,839	100.00%		Net sales	6,632,168	100.00%		Sale of goods Net Amount	1,713,997	100.00%	

(1) Company A is one of the world's leading UPS manufacturers. Due to its marketing strategy of actively expanding new customers in domestic and international markets and strengthening its own sales capabilities, the proportion of sales to any single customer has declined.

(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

2024				2025				As of 2026 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 D	1,081,293	20.68%	Suppliers	Company D	849,008	20.60%	Suppliers	Company B	195,837	19.42%	Suppliers
Company B	950,705	18.19%	Suppliers	Company B	617,618	14.98%	Suppliers	Company D	155,635	15.44%	Suppliers
Other	3,195,525	61.13%	Suppliers	Other	2,655,185	64.42%	Suppliers	Other	656,699	65.14%	Suppliers
Net procurement	5,227,523	100.00%		Net procurement	4,121,811	100.00%		Net procurement	1,008,171	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		2024	2025	2026 (up to March 31)
Number of employees	Cadre and technical staff	438	438	438
	Operators	3,025	2,749	2,685
	Manage business and other	467	333	305
	Total	3,930	3,520	3,428
Average age		35.55	36.62	36.91
Average years of service		5.65	6.59	6.74
Education distribution ratio	Ph.D.	0.00%	0.00%	0.00%
	Master	0.38%	0.43%	0.44%
	University	7.18%	8.44%	8.78%
	College	3.21%	3.38%	3.59%
	Senior high school and below	89.23%	87.75%	87.19%

Note: The above list of salary payments as of December 31, 2024, 2025, and March 31, 2026 is used as statistical data.

IV. Disbursements for environmental protection

- (I) The total amount of losses (including compensation) and penalties for environmental pollution in 2025 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. The originally applicable EU Battery Directive (Directive 2006/66/EC) was repealed on August 18, 2025. Accordingly, the Company has commenced verifying that its products comply with the requirements set forth in Regulation (EU) 2023/1542 on Batteries and Waste Batteries, as announced by the European Commission on July 12, 2023, and effective as of August 17, 2023.
- (III) Greenhouse gas (GHG) inventory:
GHG emission inventory can be divided into Scope 1 and Scope 2:
Scope 1: Stationary combustion sources – emergency generators, kitchens, dormitories/bathrooms (liquefied petroleum gas)
Mobile combustion sources – forklifts (diesel), trucks (diesel), official vehicles (gasoline)
Sources of fugitive emissions – septic tanks, refrigerant

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 and Vietnam Kung Tay Plant has been verified by the third-party verification body, SGS Vietnam Ltd.

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 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ million)
2024	8,039.4108	74,224.6630	82,264.074	10.1088
2025	7,177.6018	63,022.6261	70,200.228	10.5848

Note : As of May 11, the Energy Administration of the Ministry of Economic Affairs has not yet announced the 2025 electricity carbon emission coefficient. Therefore, the 2024 electricity carbon emission coefficient of -0.474 kg CO₂e/kWh will be used as the basis for calculating Scope 2 in Taiwan.

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 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total (tCO ₂ e)	Assurance Institution	Description of assurance status
2024	Taiwan Plant	114.5234	391.9980	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	7,776.6500	67,973.5174	75,750.167	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	148.2374	5,859.1476	6,007.385	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.
	Total	8,039.4108	74,224.6630	82,264.074		

Year	Plant	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total (tCO ₂ e)	Assurance Institution	Description of assurance status
2025	Taiwan Plant	116.7237	375.5976	492.321	-	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	6,971.2443	57,924.1598	64,895.404	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	89.6338	4,722.8687	4,812.502	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.
	Total	7,177.6018	63,022.6261	70,200.228		

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
2024	380,352	2,402	1,263
2025	356,036	2,978	1,373

(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 continually 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 3,470 thousand in 2025.

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.

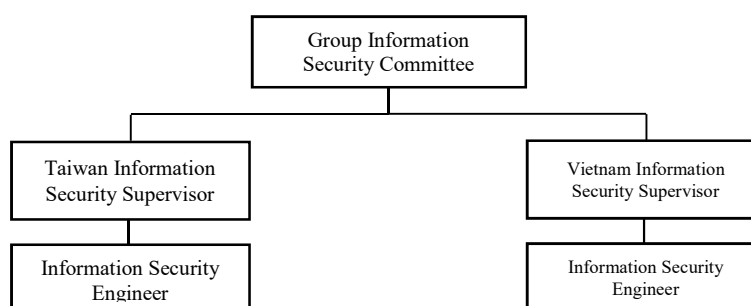
VI. Cyber security management

(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 7 members in total: Taiwan has 1 information security supervisor and 3 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\$2.35 million in 2024 and NT\$0.86 million in 2025. An estimated NT\$2.37 million is expected to be invested in 2026.
- (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, 2025 - December 31, 2025	Contract for buying and selling raw materials signed	None
	29TWN021			
	29SGP002			
	30KOR002			
Contract for buying and selling finished products	KOR0011	August 1, 2025 - July 31, 2026	Basic purchase contract for volume of annual finished products signed	None
	TWN0840	September 01, 2025 - August 31, 2026		
	ITA0008	January 1, 2025 - December 31, 2025		
	ARE0006	January 1, 2025 - December 31, 2025		

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

I. Financial Position

Unit: NT\$ thousand

Item \ Year	2025	2024	Difference	
			Amount	Ratio of change (%)
Current assets	4,752,772	5,249,911	(497,139)	(9.47)
Property, plant and equipment	690,921	699,172	(8,251)	(1.18)
Other assets	356,941	368,887	(11,946)	(3.24)
Total assets	5,800,634	6,317,970	(517,336)	(8.19)
Current liabilities	1,027,536	1,153,377	(125,841)	(10.91)
Non-current liabilities	380,826	442,522	(61,696)	(13.94)
Total liabilities	1,408,362	1,595,899	(187,537)	(11.75)
Share capital	820,628	820,628	-	-
Capital surplus	701,478	701,478	-	-
Retained earnings	2,750,500	2,954,049	(203,549)	(6.89)
Other equity	119,666	245,916	(126,250)	(51.34)
Total equity attributable to owners of the parent company	4,392,272	4,722,071	(329,799)	(6.98)
Non-controlling interests	-	-	-	-
Total equity of shareholders	4,392,272	4,722,071	(329,799)	(6.98)
Analysis of ratio changes: (If the change reaches 20% or more in both periods, and the change amounted to NTD 10,000,000)				
1. Other equity: Mainly due to the exchange differences on translation of foreign financial statements this year.				

II. Financial Performance

(I) Analysis of financial performance comparison

Unit: NT\$ thousand

Item \ Year	2025	2024	Difference	
			Amount	Ratio of change (%)
Operating income	6,632,168	8,137,839	(1,505,671)	(18.50)
Operating costs	(5,282,064)	(6,348,369)	(1,066,305)	(16.80)
Gross profit	1,350,104	1,789,470	(439,366)	(24.55)
Operating expenses	(549,471)	(651,038)	(101,567)	(15.60)
Operating income	800,633	1,138,432	(337,799)	(29.67)
Subtotal of non-operating income and expenses	88,438	191,040	(102,602)	(53.71)
Profit before tax	889,071	1,329,472	(440,401)	(33.13)
Income tax expense	(236,270)	(366,144)	(129,874)	(35.47)
Net income for the period	652,801	963,328	(310,527)	(32.23)
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 decrease market demand, operating revenue decrease, which in turn led to a decrease in 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:

As Vietnam's economy continues to grow, and the markets for automobiles, motorcycles, and electric vehicles expand steadily, demand for the Company's lead-acid batteries remains strong across both OEM and aftermarket channels. Motorcycle battery products developed in response to the requirements of major Japanese motorcycle manufacturers, supported by stable and reliable quality performance, are being gradually introduced into their global procurement supply chains, thereby driving shipment growth.

In addition, the Company has successfully entered the local Vietnamese markets for telecommunications base stations, data centers, and public infrastructure projects, as well as the light electric vehicle segment, where market share is steadily increasing. It is expected that the sales performance of its subsidiary, Le Long Vietnam, will continue to grow steadily. At the same time, through active participation in major tenders both domestically and internationally, as well as in Vietnam, the Company is expected to enhance market penetration and overall market share for its products. Building on long-term relationships with existing customers, the Company will continue to expand into new markets, develop new customer bases, and grow its lithium battery business. Together with the ongoing launch of new products, these efforts are expected to contribute to revenue growth.

Taking into account overall market demand and changes in product mix, total annual shipments for 2026 are projected to reach approximately 3,636 containers, driven by increasing demand for larger-capacity batteries.

III. Cash Flow

(I) Analysis of changes in cash flow in 2025:

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
1,912,728	1,227,903	(997,244)	(134,293)	2,009,094	-	-
The Company's 2025 net increase of cash was NTD 96,366 thousand compared to 2024. The changes in cash flow from various operating activities are as follows:						
1. The net inflow from operating activities was NTD 1,227,903 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 89,058 thousand, mainly due to the purchase of financial assets and equipment.						
3. The net outflow from financing activities was NTD 908,186 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	2025	2024	Ratio of change (%)
Cash flow ratio (%)	119.50	51.63	131.45
Cash flow adequacy ratio (%)	96.03	91.20	5.30
Cash reinvestment ratio (%)	5.11	0.28	1,725.00
Analysis of ratio changes: (reaching 20 percent in 2 periods) The increase in the three ratios mentioned above compared to the previous year was primarily due to the increase of NT\$632,377 thousand in net cash inflow from operating activities this year and an increase 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
2,009,094	994,162	(752,20)	2,250,736	-	-
1. Analysis of changes in cash flow: (1) Operating activities: The estimated cash inflow from operating activities was mainly due to the continuous growth of operating revenue, increasing profitability. (2) Investing activities: The estimated cash inflow from investing activities was mainly due to the purchase of equipment. (3) Financing activities: The estimated cash outflow from financing activities was mainly due to the payment of cash dividends. 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 2025 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: Going forward, the Company will continue to adhere to long-term strategic investment principles and prudently evaluate its reinvestment plans.

- 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:
Kung Long Batteries plans to develop a high-performance backup battery in 2026, targeting data centers and critical applications. This battery will have a maximum capacity of up to 2,000Ah and will incorporate advanced technologies to ensure excellent energy density and charge-discharge efficiency. It is designed to offer high reliability and durability, comply with environmental standards, and provide customers with stable and dependable power solutions.

In 2026, our objective is to increase the maximum discharge power to 1,000 W per cell, capable of providing 15 minutes of backup, thereby enhancing overall system efficiency and reliability. Through optimization of battery design and material selection, we aim to

achieve higher energy density and improved charge–discharge efficiency, while reducing overall operating costs. This will enable customers to lower capital expenditures and enhance economic benefits, while ensuring a stable and reliable power supply.

In 2026, the Company plans to develop a battery specifically designed for polar climates, capable of reliably starting all-terrain vehicles (ATVs) at temperatures as low as -25°C . This battery will incorporate advanced materials and technologies to ensure excellent performance and stability under extreme low-temperature conditions. The Company aims to provide a reliable power solution that meets the demands of harsh environments, supporting the safety and operational efficiency of polar exploration and related activities.

From 2023 to 2025, the Company's R&D expenses as a percentage of revenue in the most recent three years were 0.72%, 0.55%, and 0.63%, 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 2026 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.

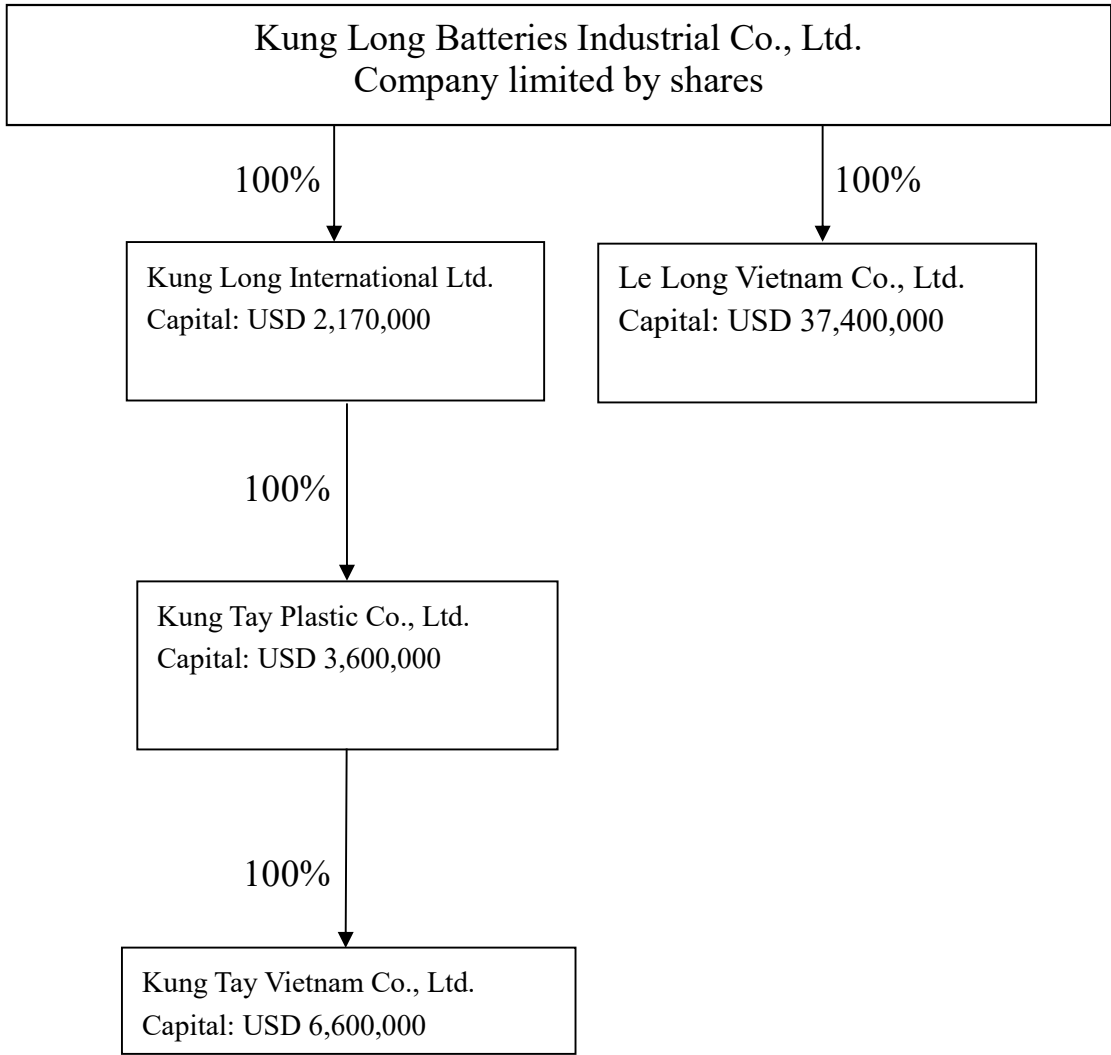
VII. Other important matters:
None

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, 2025	December 31, 2024
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, 2025

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. Representatives : Lee Jui-Chun, Lee Yao-Min		
Kung Long International Ltd.	Director	Kung Long Batteries Industrial Co., Ltd. Representative : Lee Jui-Chun	2,170	100%
Kung Tay Plastic Co., Ltd.	Director	Kung Long International Ltd. Representatives : Lee Jui-Chun, Lee Yao-Min, 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. Representatives : Lee Jui-Chun		

(VI) Operating profile of affiliates:

Unit: NT\$ thousand
December 31, 2025

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	3,731,517	1,129,783	2,601,734	5,882,555	345,207	340,575	9.11
Kung Long International Ltd.	70,464	636,417	-	636,417	-	(117)	16,867	7.77
Kung Tay Plastic Co., Ltd.	136,590	500,249	5,075	495,174	-	(7,345)	12,149	3.37
Kung Tay Vietnam Co., Ltd.	207,883	334,229	18,160	316,069	283,185	17,054	14,364	2.18

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



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封面: 溫蔚華, 曼谷, 油彩, 25F(80X60.5cm), 2023