

SUNKO INK CO., LTD.

Table of Contents

I.	LETTER TO SHAREHOLDERS	1
II.	CORPORATE GOVERNANCE REPORT.....	8
1	Directors, Supervisors and Management Team	8
2	Remuneration to Directors, Supervisors, General Manager and Deputy General Manager in 2024.....	15
3	Implementation of Corporate Governance.....	21
4	Information on CPA Professional Fees	96
5	Information of Changing CPAs.....	97
6	The Chairman, President and Financial or Accounting Manager of the Company who has, in the Most Recent Year, Held a Position at the Accounting Firm of its CPA or at an Affiliated Company.....	97
7	Equity Transfer or Changes in Equity Pledged by The Company's Directors, Supervisors, Managerial Officers or Shareholders with Shareholding Percentage Exceeding 10% in the Most Recent Fiscal Year Up to the Publication Date of This Annual Report:	97
8	Information of the shareholder whose shareholding ratio ranks top 10, mutual relation of related person or spouse, a relative within the second degree of kinship of another:	99
9	Number of Shares Hold for the Same Reinvestment Business by the Company'S Directors, Supervisors, Manager and The Company's Directly or Indirectly Controlled Business, and ... Combined Calculation of The Comprehensive Shareholding Ratio:	102
III.	CAPITAL OVERVIEW	103
1	Capital and Shares.....	103
2	Status of Corporate Bonds	107
3	Status of Preferred Stocks	107
4	Status of Global Depositary Receipts	107
5	Status of Employee Stock Options	107
6	Restriction on new employee shares.....	107
7	Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	107
8	Financing Plans and Implementation.....	107
IV.	OPERATION HIGHLIGHTS	108
1	Business Activities	108
2	Market and Sales Overview	113
3	Employee Information	118
4	Expenditures on Environmental Protection	119
5	Labor Relations	119
6	Information Security Management	120
7	Important Contracts.....	120

V. REVIEW AND ANALYSIS ON FINANCIAL STATUS, FINANCIAL PERFORMANCE, AND RISKS MANAGEMENT.....	121
1 Analysis of Financial Status.....	121
2 Analysis of Financial Performance.....	123
3 Analysis of Cash Flow.....	125
4 Major Capital Expenditures and Impact on Financial and Business during recent years:.....	125
5 Reinvestment policies, main reasons for profits/ losses generated thereby, improvement plans, and investment plans for the coming year:	126
6 Risk Assessment.....	126
7 Other Material Matters.....	128
VI.SPECIAL NOTES	129
1 Summary of Affiliated Companies	129
2 Private Placement of Securities in 2024 and as of the publication Date of this Annual Report.....	130
3 Other necessary supplementary matters to be included.....	130
4 Any Events in 2024 and as of the publication Date of this Annual Report that Had Material Impacts on Shareholders' equity or Securities Prices as Stated in Article 36-2-2 of Securities and Exchange Law of Taiwan.....	130

I. LETTER TO SHAREHOLDERS

1 The 2024 Business Report

The individual revenue and the consolidated revenue of the Company for the year 2024 was NT\$2,286,720 thousand. The consolidated after-tax loss was NT\$182,576 thousand, of which NT\$182,576 thousand was attributable to the Company. The basic and diluted earnings per share for the consolidated after-tax loss were both NT\$0.98.

The global economic recovery in 2024 is weaker than expected. Due to geopolitical influences, demand has shrunk and economic growth momentum has declined. In addition, China continues to expand its production capacity. The oversupply in the market and the narrowing of product spreads under price competition have made the petrochemical industry face an unprecedented downturn. Plastic products in the downstream petrochemical industry, such as antioxidants, nucleating agents, and flame retardants, are most directly affected by the decline in quotations. Agrochemicals and polymer products have also turned to export due to excess production capacity in China. The shift of some customers to purchasing low-cost Chinese-made products has further eroded profits. The overcapacity in the petrochemical industry, coupled with China's upstream and downstream vertical integration and national subsidy policies, has squeezed the profits of small factories through business strategies such as controlling upstream raw material supply prices and lowering downstream finished product prices. In order to get rid of the impact of overcapacity in the market, the Company actively develops new products including: the Triazine series of UV protecting agents, new novel phosphorus-containing flame retardants used in high-end circuit boards, puncture-resistant polymer coatings, and foam-grade TPU. The foam-grade TPU has been certified by Taiwanese shoe factories. In order to gain the favor of brands, downstream Taiwanese shoe factories are committed to developing shoe material recycling and reuse solutions. Producing shoes entirely made of TPU material solves the problem that sports shoes are difficult to recycle due to different materials used. Future development will depend on the brand owners' recognition of ESG and the recycling and reuse of sports shoes. In addition, in terms of cost control, we are also actively controlling personnel costs, cutting rents, reducing waste, reducing unnecessary expenses, and adjusting the output of products with no marginal benefits.

Looking ahead to 2025, the uncertainty of the global economy after Trump's election will have a direct impact on the international situation and industrial chain changes. It is still unpredictable how the future will develop. We will focus on our core chemical business and continue to innovate and develop new products to replace and transform products to make up for losses and create profits.

Regarding the implementation results of the consolidated subsidiaries' operation plan for 2024 of the Company, and the expression compared to the operating results of 2023 is as follows:

1.1 Implementation Results of Operation Plan

Unit: NT\$ (in thousands)

Item	2024	2023	Increase (Decrease)	
			Difference	Rate
Operating Revenue (net)	2,286,720	2,185,671	101,049	4.62
Operating Costs	2,280,331	2,247,941	32,390	1.44
Operating Profit	6,389	(62,270)	68,659	110.26
Operating Expense	189,173	197,764	(8,591)	(4.34)
Operating Gains (Losses)	(182,784)	(260,034)	77,250	29.71
Other profits and losses (net)	(3,101)	(36,116)	33,015	91.41
Pre-tax Earnings (losses)	(185,885)	(296,150)	110,265	37.23
After-tax Earnings (losses)	(182,576)	(277,967)	95,391	34.32

1.2 Forecast and Implementation

The Company did not publish the 2024 Operating Forecast. Therefore, no information regarding implementation is available.

1.3 Financial Income and Expenditure and Profitability Analysis

		For the years ended 31 December	
	Item	2024	2023
Profitability	Return on asset (%)	(4.50)	(6.62)
	Return on equity (%)	(9.02)	(12.34)
	Pre-tax income to paid-in capital (%)	(10.05)	(16.02)
	Profit margin (%)	(7.98)	(12.72)
	Earnings per share (NT\$)	(0.98)	(1.5)
	Diluted Earnings per share (NT\$)	(0.98)	(1.5)

1.4 Research and Development progress

1.4.1 R&D Expenses

Unit: NT\$ (in thousands)

	For the years ended 31 December		
	2024	2023	2022
R&D Expenses	45,872	47,468	49,847
Ratio to operating revenues	2.01%	2.17%	1.66%

1.4.2 Recent Research and Development Results

Classification	Item	R&D results
Fine Chemical Series	1. Development and promotion of Non-halogenated Flame Retardant derivatives	<ul style="list-style-type: none"> Completed the commissioning of SPV-090. Completed the commissioning of DP-7000. Collaborated with customers in the optoelectronic industry to develop 5G flame retardant; completed verification of manufacturing technology for the following products <ul style="list-style-type: none"> Ø KFR-202M Ø KFR-3000F Ø DOPO-2AE Ø DOPO-2AE(Me)
	2. Curing Agent	<ul style="list-style-type: none"> K-CURE 339 manufacturing processes are improved, and wastewater is recycled to produce intermediates, completing the factory cycle.
	3. Research on Industrialization Technology of Triazine UV Absorber New product	<ul style="list-style-type: none"> New process development for UV absorber KC1163. KC1163 industrial 100kg test run achieved the design input requirements.
Polymer Series	1. Development of Eco-friendly Thermoplastic Elastomer Products and Processes.	<ul style="list-style-type: none"> SK TPU 701, 70588, 7016 new product process introduction and ton-level production. TPU 3D printed protective gear passes EN1621-2 protection standard. TPU new product yarn recycling evaluation test completed. Completed the trial production of "TPV KP800 series with dynamic cross-linking of silane". This product has the advantages of light color, easy dyeing and low moisture absorption, and is expected to increase the polymer product items.

2 Overview of 2025 Operation Plan

2.1 Operation Strategy and Policy

At present, the petrochemical and rubber and plastics industries are facing overcapacity caused by China's massive expansion. Oversupply has led to continued low prices. For example, plastic additives: antioxidants, flame retardants, and nucleating agents have been affected to varying degrees. The more mature and general-purpose products are affected to a greater extent. How to avoid overcapacity and differentiate mature products from competitors will be an important issue for the industry in the next few years. In the new year, we will continue to focus on researching and developing new products and introducing new cooperative development projects.

The company follows the promotion of sustainable development by the competent authorities and combines the Company's business philosophy to formulate the Company's long-term business strategy of "continuous innovation, environmental sustainability, friendly workplace, and strengthened governance". Every year, we analyze the internal and external risks and opportunities through operational analysis to formulate the business policy for the new year.

Operating Strategy and Policy for 2025:

1. Continuous innovation

2. Environmental sustainability

3. Friendly and safe workplace, enhancing employee engagement

4. Strengthen corporate governance

2.2 Important Production and Marketing Strategies

2.2.1 Sales Policy

- (1) Strengthen the relationship with clients, increase both sales and the market share
- (2) Develop new specifications and new products in line with customer needs.
- (3) Develop and create proprietary patented products to expand the markets
- (4) Stabilize sales and improve capacity utilization

2.2.2 Production Policy

- (1) Implement industrial safety to reduce accident risks.
- (2) Stabilize raw material supply chain and product supply
- (3) Enhance quality to improve customer satisfaction
- (4) Optimize process and increase utilization rate

2.3 Short-term and Long-term Business Development Plan

2.3.1 Short-term Plan

- (1) Strengthen the bonds with international manufacturers and increase the market share.
- (2) Develop and promote new products:

Novel phosphorus-containing flame retardants: It mainly provides good heat resistance for the boards of electronic products. The new generation of high-end electronic devices such as servers and network communication equipment have increased the heat resistance requirements for substrates. Traditional phosphorus-based flame retardants can no longer meet the demand. The Company has independently developed a new type of flame retardant synthesized by bonding functional groups based on the DOPO chemical structure. Its flame retardant effect is better than DOPO.

Triazine UV absorbers: Anti-UV chemicals such as Oxybenzone, Octocrylene, etc. have been announced by the European Union to be banned in the future. Currently, Triazine has not been announced to be banned and the market price is high. Few companies have the ability to mass-produce it. The new process developed by the Company is more environmentally friendly than the traditional process. It uses a different reaction method to solve the bottleneck of large amounts of wastewater generated by the traditional process and occupying multiple reaction equipment, which can achieve mass production and reduce costs.

Polymer materials: The traditional bulk pipe and film market has sufficient supply due to the large number of producers. The market price is generally low. The Company mainly cooperates with downstream companies to develop various materials to differentiate themselves and strive for better prices. For example, they are used in: supercritical foaming TPU soles, TPU/TPV woven surfaces, TPU 3D printing materials, TPU shock-absorbing materials, and puncture-proof PU coatings.

BMI material: BMI resin is one of the main raw materials for copper foil substrates and has excellent physical properties. However, the general structure of BMI resin itself has low toughness and is brittle. The company mainly cooperates with customers to develop customized modified BMI.

- (3) Refine processes to improve quality and meet market demands.

2.3.2 Long-term Plan

2.3.2.1 Key trends and strategies on industrial transformation

With the rise in climate change awareness and environmental consciousness, government agencies are continuously tightening environmental regulations. Due to Taiwan's limited natural resources and densely populated environment, industries with high pollution and energy consumption will gradually lose competitiveness under the increasing costs of energy and environmental protection. Consequently, the chemical industry will pivot towards developing low-pollution, high-value products in the future.

2.3.2.2 Research and development and technical services

- (1) Self-develop and form patent applications
- (2) Provide technical services to meet customer demands
- (3) Assist customers in developing customized products and grab the preemptive opportunities in the market

2.3.2.3 Diversification Strategies

Well utilize the Company's know-hows in chemicals and manufacturing products. For instance: Seek out businesses that are chemical-related and supported by the government.

2.3.2.4 "Save Energy, Save Earth"

In response to the "Save Energy, Save Earth" campaign, our future manufacturing process design will take action to promote energy saving, decarbonization, recycle and reuse.

3 Overview of Technology and R&D

3.1 Technical Level

In response to the development trend of international chemicals, our company's research and development targets are mainly chemicals with large market demand and technological barriers, and we attach importance to the novelty, advancement, industrial applicability and growth of the developed technologies.

The development team is mainly composed of organic synthesis and polymer chemistry technical experts, combined with a production team with extensive chemical manufacturing experience and trade talents with a keen eye for market development, to invest in the research, development, manufacturing, OEM and sales of polymer materials and specialty chemicals.

3.2 Product development plan

More specifically speaking, the Company's products include PU, POLYOL, TPU, TPV, special plastic material, plant and environmental protection drugs, active pharmaceutical ingredients, antioxidant, anti-UV agent, polyolefin synthesis, PCB reducing agent, curing agent and graphene oxide, special flame retardant, etc.

To improve the process efficiency, go green, and to recycle, reuse and reduce the energy consumption are the key concepts of polymer material development. As for product development on fine chemicals, the research aims at new structures, new manufacturing processes, new formulations and new applications. To develop low-pollution and low-energy-consumption manufacturing process techniques is deemed as our corporate social responsibility.

Classification	Item
Fine Chemical Series	<ul style="list-style-type: none">- Development of new products of phosphorus flame retardants.- K-SORB Triazine: Research on industrialization technology of new Triazine UV absorbent products.- K-CURE: Development and applications for rubber and plastic cross-linking curing agent.- Continuously develop techniques on energy saving and decarbonization
Polymer Series	<p>Development, application, and recycling research of new PU materials:</p> <ul style="list-style-type: none">- Development and application of functional TPV and TPE elastomers- Research and development of new ETPU and ETPV foamable elastomers

4 Estimated product sales of 2025

Main Product	Classification	Budget Sales Quantity
		Tons
Antioxidants	Fine Chemicals	4,060
Thermoplastic Polyurethane Pellets (TPU) Thermoplastic Elastomer TPV (TPV)	Polymer	2,373
POLYOL and PU	Polymer	1,090
Agrochemicals	Plants and environmental protection drugs	367
Other fine chemicals (crosslinking agent, non- halogen flame retardants, electronic chemicals, nucleating agents)	Fine Chemicals	3,460
Others	Others	880
Total		12,230

5 The Impact from the external competition, regulatory environment, and business operation

- (1) Global economic recovery lacks momentum, according to the forecast of International Monetary Fund, the global economic growth rate is expected to reach 3.3% in 2025, far below the historical average of 3.7% (2000-2019).
- (2) Geopolitical risks affect supply chains and economic growth.
- (3) The petrochemical industry has overcapacity and product prices have fallen sharply.
- (4) Trump's inauguration has created uncertainty in the market.
- (5) Taiwan lacks trade agreements and its competitiveness in the international market has declined due to tariffs.
- (6) The increase in electricity prices and wages has led to a significant increase in operating costs.
- (7) The increase in electricity prices and wages has led to a significant increase in operating costs.

Chairman:
HUANG, TING-DI

General Manager:
CHANG, CHUN-PIN

Accounting Supervisor:
WANG, SHENG-HUI

2. CORPORATE GOVERNANCE REPORT

1 Directors, Supervisors and Management Team

1.1 Directors and Supervisors

1.1.1 Information on Directors and Supervisors

14 April 2025

Title	Nationality or Registration location	Name	Gender/Aged	Date Elected	Term (Years)	Date First Elected	Shareholding percentage when Elected (Note 1)		Current Shareholding percentage		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	KT Investment Co., Ltd.	-	15 June 2022	3 years	4 May 2016	10,810,010	5.85%	10,810,010	5.85%	-	-	-	-	-	-	-	-	-	
Representative of Chairman	Republic of China	Representative of KT Investment Co., Ltd.: HUANG, TING-DI	M	15 June 2022	3 years	4 May 2016	3,332	0.00%	3,332	0.00%	3,137,718	1.70%	-	-	Master, The Hong Kong Polytechnic University	Supervisor, KT Investment Co., Ltd. Director, Chiaoli Investment Co., Ltd. Director, Macy Investment Co., Ltd. Chairman, Seed Foundation	Director	LIN, YU-PING	Husband and Wife	Note 3
Director	Republic of China	Representative of KT Investment Co., Ltd.: HUANG, SHUEN-HSIEN	M	15 June 2022	3 years	15 June 2022	931,701	0.50%	911,701	0.49%	6,664	0.00%	-	-	-	Minister of Production, Sunko Ink Co., Ltd	-	-	-	
Director	Republic of China	Chiaoli Investment Co., Ltd.	-	15 June 2022	3 years	24 June 2013	6,503,902	3.52%	6,503,902	3.52%	-	-	-	-	-					
Representative of Chairman	Republic of China	Representative of Chiaoli Investment Co., Ltd.: LIN, YU-PING	F	15 June 2022	3 years	15 June 2022	3,146,717	1.70%	3,137,718	1.70%	3,332	0.00%	-	-	Hungkuang University of Science and Technology	Director, Chiaoli Investment Co., Ltd. Director, Macy Investment Co., Ltd.	Chairman Director	HUANG, TING-DI	Husband and Wife	
Representative of Chairman	Republic of China	Representative of Chiaoli Investment Co., Ltd.: HUANG, ZHAO-WEI	M	15 June 2022	3 years	15 June 2022	2,666	0.00%	2,666	0.00%	-	-	-	-	Nanya Institute of Technology	Minister of Production, Sunko Ink Co., Ltd				
Independent Director	Republic of China	LI, SHIH-JEN	M	15 June 2022	3 years	4 May 2016	-	-	-	-	41,809	0.02%	-	-	PhD., University of Southern California, USA	Chairman, TAHO Pharmaceuticals Ltd. Chairman, Transwell Biotech Co., Ltd. Director, Easywell Biomedicals, Inc. Independent Director, Member of Remuneration Committee and Audit Committee, Genovate Biotechnology Co., Ltd. Independent Director, Member of Remuneration Committee and Audit Committee, Taimed Biologics Inc. Director, Industrial Technology Investment Corporation Director, Amphastar Pharmaceuticals, Inc. Director, CapsoVision, Inc. Independent Director, Member of Compensation Committee and Audit Committee, OBI PHARMA, INC.	-	-	-	

Title	Nationality or Registration location	Name	Gender/Aged	Date Elected	Term (Years)	Date First Elected	Shareholding percentage when Elected (Note 1)		Current Shareholding percentage		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within second degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	TSOU, YEN-CHUNG	M	15 June 2022	3 years	4 May 2016	-	-	-	-	-	-	-	-	National Cheng Kung University	Representative of Sun Young CPAs Firm Independent director, member of Remuneration Committee and Audit Committee, Universal Microelectronics Co., Ltd. Independent director, member of Remuneration Committee and Audit Committee, Liton Technology Corp.	-	-	-	
Independent Director	Republic of China	LIN, YEN-TING	F,	15 June 2022	3 years	4 May 2016	-	-	-	-	-	-	-	-	EMBA of Tunghai University	Supervisor, Tiding Golden International Intelligent Management Consulting Co., Ltd. Representative, Bloom Royal Consulting Corporation International Enterprise Co., Ltd. Representative, 3F Fortune CO., LTD. Supervisor, JUE-FENG Co., Ltd. Supervisor, BO YAN MEI FENG CO, LTD. Supervisor, FU ZHUAN BA LONG NA Co., Ltd. Supervisor, FENG FU Co., Ltd.	-	-	-	

Note:

- 1.1.1.1. On 4 May 2016, an Audit Committee was established while the supervisor system was abolished. The percentage of shareholdings was calculated considering the total outstanding shares of 184,884,092 shares.
- 1.1.1.2. Where the chairman and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) must be disclosed.

1.1.2 Major corporate shareholders

14 April 2025

Name of corporate shareholders	Main shareholders of corporate shareholders
KT Investment Co., Ltd.	TUNG, CHING-MEI 82.22%, HUANG, TING-KAI 8.89%, LIN, YU-PIN 8.89%
Fulilu Investment Co., Ltd.	WANG, PAO-LING 52%, HUANG, TING-KAI 34.58%, TUNG, CHING-MEI 1.06%, HUANG, YU-JUN 4.24%, HUANG, YU-HSUAN 4.06%, HUANG, YU-MING 4.06%
Chiaoli Investment Co., Ltd.	LIN, YU-PIN 86.89%, HUANG, YU-HSI 9.06%, HUANG, TING-DI 1.85%, HUANG, LI-YI 1.64%, TUNG, CHING-MEI 0.56%

1.1.3 Major shareholders of main corporate shareholders: None.

1.1.4 Professional qualifications and independence of the Directors and Supervisors and disclosure of information on the independence of independent directors

14 April 2025

Name	Conditions	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
Chairman Representative of KT Investment Co., Ltd.: HUANG, TING-DI		He is currently the chairman and general manager of the Company. He has more than five years of work experience in business, finance and has focused on chemical industry-related fields for more than 20 years. He has operational judgement, management and decision-making skills.	Not applicable.	0
Chairman Representative of KT Investment Co., Ltd.: HUANG, SHUEN-HSIEN		He is currently the production department manager of the Company. He possesses the necessary work experience for the Company's business, with over 20 years of experience in the chemical industry and related fields. He also possesses crisis management and decision-making capabilities.	Not applicable.	0
Representative of Chiaoli Investment Co., Ltd.: LIN, YU-PING		She is currently the director of Chiao Li Investment Co., Ltd. and Mei Xi Investment Co., Ltd. possesses more than 5 years of work experience in business, finance, and company operations. They also possess capabilities in operational judgment, business management, and decision-making.	Not applicable.	0
Representative of Chiaoli Investment Co., Ltd.: HUANG, ZHAO-WEI		He is currently the Minister of Production of the Company. He has the necessary work experience for the Company's business, with over 5 years of experience in the chemical industry and environmental regulations related fields. He also possesses crisis management and decision-making capabilities.	Not applicable.	0
LI, SHIH-JEN		He is currently head of TAHO Pharmaceuticals Ltd. and Transwell Biotech Co., Ltd. He has more than five years of work experience in business, finance and company operation and has ability to make business judgement, crisis management, operation management and decision-making.	Comply with the provisions of Article 3, Paragraph 1, Subparagraph 1-9 of [Regulation Governing Appointment of Independent Directors and Compliance	3
TSOU, YEN-CHUNG		He is currently head of Sun Young CPAs Firm and has more than five years of work experience in business, finance and company operation and has ability to make business judgement, crisis management, accounting, finance analysis and decision-making.	Matters for Public Companies], including but not limited to the person,	2

Name	Conditions	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
LIN, YEN-TING		He is currently head of Bloom Royal Consulting Corporation and the deputy director of Taichung City Industrial Association Labor Law Committee. He has more than five years of work experience in business, finance and company operation and has ability to make business judgement, crisis management operation management and decision-making.	spouse, relatives within the second degree who not yet serve as directors, supervisors, employed or its affiliated companies.: Person or employee, not holding the number of shares of the Company; not serving as director, supervisor or employee of a company that has a specific relationship with the Company: not providing business, legal, financial, accounting for the Company or related companies in last two years for received amount of remuneration.	0

1. 1. 5 Diversity and independence of the board of directors

1. The professionalism and independence of the board of directors

- Ø Appropriate director diversity policies have been formulated and implemented in the Corporate Governance Best Practice Principle formulated and disclosed by the Company.
- Ø According to Article 20 of the Corporate Governance Best Practice Principle, to achieve the ideal goals of corporate governance, the board members shall have the overall ability listed below, and the knowledge, skills and qualities necessary for the duties:
 - (1) Business Judgement
 - (2) Accounting & Financial Analysis
 - (3) Operation and management
 - (4) Crisis Management
 - (5) Industry Knowledge
 - (6) International Market outlook
 - (7) Leadership
 - (8) Decision-making

Ø The 18th Board of Directors of our company consists of a total of 7 members., of which three are independent directors, and there should be more than half of the seats among the directors without spouse or relationship within the second degree amongst themselves. Currently, only 1 director has kinship within the second degree (representative of Chiaoli Investment Co., Ltd., which originally had kinship within the second degree: LIN, YU-PING). Furthermore, based on the above, all members of the Company's board of directors do not fall under the circumstances listed in Article 30 of the Company Act, and comply with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. The independent directors also meet the requirements outlined in Article 3, Paragraph 1, Subsections 1-9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and do not concurrently hold more than three positions as independent directors in other public companies.

2. Diversity of the board of directors

Ø For the board of directors to achieve the aforementioned goals and enhance its effectiveness, the Company has formulated a policy on diversity of board members. According to Article 20 of the Corporate Governance Best Practice Principle, the board members shall consider diversity, and the number of directors who are also managers of the Company shall not exceed one-third of the total number of directors. Additionally, the Company formulates an appropriate diversification policy based on its own operation, operation type and development needs, including but not limited to the following two standards:

- (1) Basic conditions and value: gender, age, nationality and culture
- (2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and work experience

Ø The Company currently has a total of 7 seats on the board of directors, of which 3 are independent directors. At this stage, the target ratio of female directors is 10%. The current board of directors includes 2 female directors, with a ratio of 29%.

Ø The implementation of the policy on diversity of board members is as follows:

Name of Directors	Diversity Core Item										
	Gender	Nationality	Tenure of Independent Director	Operational evaluation	Accounting and financial analysis capabilities	Management capabilities	Crisis management capabilities	Industrial knowledge capability	Global market perspective	Leadership capabilities	Decision Making capabilities
HUANG, TING-DI	Male	R.O.C.	-	ü	ü	ü	ü	ü	ü	ü	ü
HUANG, SHUEN-HSIEN	Male	R.O.C.		ü		ü	ü	ü		ü	ü
LIN, YU-PING	Female	R.O.C.	-	ü	ü	ü				ü	ü
HUANG, ZHAO-WEI	Male	R.O.C.	-	ü		ü	ü	ü		ü	ü
TSOU, YEN-CHUNG	Male	R.O.C.	3-9 Years	ü	ü	ü	ü			ü	ü
LI, SHIH-JEN	Male	R.O.C.	3-9 Years	ü	ü		ü	ü	ü	ü	ü
LIN, YEN-TING	Female	R.O.C.	3-9 Years	ü		ü	ü			ü	ü

1.2 Information on the Company General Manager, Deputy General Manager, Managers of departments or division

16 April 2024

Title	Nationality	Name	Gender	Date Assumed Current Position	Current Shareholdings		Shares Held by Spouse or Minor Children		Shareholding by Nominee Arrangements		Education and Experience	Positions Held Concurrently at Other Companies	Spouse or Relatives Within the Second-Degree of Consanguinity also Holding Management, Directorial, or Supervisory Positions			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
General Manager	Republic of China	CHANG, CHUN-PIN	M	2022.9.1	377,564	0.20%	-	-	-	-	Bachelor; General Manager, Sunko Ink Co., Ltd.	Director, Seeder Welfare and Charity Foundation	-	-	-	-
Managing Department Manager	Republic of China	HUNG, TING-YI	M	2019.1.1	652	0.00%	-	-	-	-	Bachelor; Accounting Manager, Kuo Ching Chemical Co., Ltd.	Director, Seeder Welfare and Charity Foundation Director, The First Leasing Corporation	-	-	-	-
Finance Office Supervisor	Republic of China	ZHANG, CHU-XING	F	2022.9.1	-	-	-	-	-	-	Vocational college; Deputy section supervisor Finance Section, Sunko Ink Co., Ltd.	-	-	-	-	-
Accounting Office Manager	Republic of China	WANG, SHENG-HUI	F	2016.11.9	-	-	-	-	-	-	Master; Assistant Vice President, Ernst & Young	-	-	-	-	-
Audit Office Supervisor	Republic of China	HSIEH, CHUN-FU	M	2014.8.11	-	-	-	-	-	-	Bachelor; Ardentec Corporation	-	-	-	-	-
R&D Department Supervisor	Republic of China	TSOU, CHIOU-PENG	F	2016.5.12	125,000	0.07%	-	-	-	-	Doctor; Manager, R&D Department, Kuo Ching Chemical Co., Ltd.	-	-	-	-	Note 1
R&D Department Supervisor	Republic of China	CHANG, TIEN-CHU	M	2024.8.1	10,000	0.00%	-	-	-	-	Manager, R&D Department, Sunko Ink Co., Ltd.	-	-	-	-	Note 1
Minister of Production	Republic of China	SHEN, CHI-YUNG	M	2016.5.12	-	-	-	-	-	-	Master; Minister of Production, Kuo Ching Chemical Co., Ltd.	-	-	-	-	-
Minister of Production	Republic of China	HUANG, SHUEN-HSIEN	M	2018.1.1	911,701	0.49%	6,664	0.00%	-	-	Junior College; Deputy Factory Director, Pingzhen Factory, Kuo Ching Chemical Co., Ltd.	-	-	-	-	-
Minister of Production	Republic of China	HUANG, ZHAO-WEI	M	2023.9.1	2,666	-	-	-	-	-	Bachelor; Minister of Production, Sunko Ink Co., Ltd.	-	-	-	-	-

Note 1: The R&D Department Supervisor, TSOU, CHIOU-PENG, retired on 31 July 2024. Subsequently, the position was succeeded by CHANG, TIEN-CHU on 1 August 2024.

1.3 If the chairman and the general manager or person of equivalent position (top manager) are the same person, spouse or first degree relative, the reasons, rationality, necessity and corresponding measures shall be explained:

There is no first or second degree relationship between the Chairman and the President of the Company.

2 Remuneration to Directors and Independent Directors

Unit: NT\$ (in thousands)

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D+E+ F+G) to net income (%)		Remuneration to concurrent employees						Ratio of total compensation (A+B+C+D+E+ F+G) to net income (%)		Compensation paid to directors from reinvested companies other than subsidiary		
		Compensation (A)		Severance pay (B)		Bonus to directors (C)		Allowance (D)				Salary, bonus, allowance (E)		Severance pay (F)		Profit sharing-employee bonus (G)						
		The company	Companies in the financial report	The company	Companies in the financial report	The company	Companies in the financial report	The company	Companies in the financial report	The company	Companies in the financial report	The company	Companies in the financial report	The company	Companies in the financial report	The company		Companies in the financial report			The company	Companies in the financial report
																Cash	Stock	Cash	Stock			
Chairman	Representative of KT Investment Co, Ltd.:HUANG, TING-DI	-	-	-	-	-	-	30	30	(0.02)	(0.02)	2,911	2,911	-	-	-	-	-	-	(1.61)	(1.61)	-
Director	Representative of KT Investment Co, Ltd.: HUANG, SHUEN-HSIEN	-	-	-	-	-	-	30	30	(0.02)	(0.02)	2,017	2,017	99	99	-	-	-	-	(1.18)	(1.18)	-
Director	Representative of Chiaoli Investment Co., Ltd.: LIN, YU-PING	-	-	-	-	-	-	30	30	(0.02)	(0.02)	-	-	-	-	-	-	-	-	(0.02)	(0.02)	-
Director	Representative of Chiaoli Investment Co., Ltd.: HUANG, ZHAO-WEI	-	-	-	-	-	-	30	30	(0.02)	(0.02)	1,128	1,128	57	57	-	-	-	-	(0.67)	(0.67)	-
Independent Director	LI, SHIH-JEN	480	480	-	-	-	-	30	30	(0.28)	(0.28)	-	-	-	-	-	-	-	-	(0.28)	(0.28)	-
Independent Director	TSOU, YEN-CHUNG	480	480	-	-	-	-	30	30	(0.28)	(0.28)	-	-	-	-	-	-	-	-	(0.28)	(0.28)	-
Independent Director	LIN, YEN-TING	480	480	-	-	-	-	30	30	(0.28)	(0.28)	-	-	-	-	-	-	-	-	(0.28)	(0.28)	-

1. Please describe the policies, system, standards and structure of independent directors' remuneration payment, and explain the relationship between the remuneration amount and factors such as responsibilities, risks, and time spent: The Company shall pay remuneration to directors of the Company for the performance of their duties, regardless of whether the Company makes a profit or a loss. The payment policy, system, standard and structure shall be reviewed and approved by the Remuneration Committee and determined by the board of directors. If the Company makes a profit, the remuneration shall be paid in accordance with the Company's Articles of Association.

2. Aside from what is disclosed in the above table, the remuneration earned by Directors providing services (e.g., as a consultant not employed by the Company, its parent company, any entities included in the financial statements, or its invested enterprises) to the Company: None.

Note: (C)(G) were draft numbers.

2.2 Remuneration to supervisors: not applicable

2.3 Remuneration to general managers and deputy managers (disclosed individually)

Unit: NT\$ (in thousands)

Title	Name	Salary (A) (Note 2)		Severance pay (B)		Bonus and allowance (C) (Note 3)		Profit sharing-employee bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Compensation paid to GM and Deputy GM from reinvested companies other than subsidiary (Note 7)
		The company	Companies in the financial report (Note 5)	The company	Companies in the financial report (Note 5)	The company	Companies in the financial report (Note 5)	The company		Companies in the financial report (Note 5)		The company	Companies in the financial report	
								Cash	Stock	Cash	Stock			
General Manager (Note)	CHANG, CHUN - PIN	1,585	1,585	99	99	432	432	-	-	-	-	(1.16)	(1.16)	-

2.4 Individual disclosure of the compensation of the top five highest paid executives (disclosed individually):

Unit: NT\$ (in thousands)

Title	Name	Salary (A) (Note 2)		Severance pay (B)		Bonus and allowance (C) (Note 3)		Profit sharing-employee bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Compensation paid to GM and Deputy GM from reinvested companies other than subsidiary (Note 7)
		The Company	Companies in the financial report (Note 5)	The Company	Companies in the financial report (Note 5)	The Company	Companies in the financial report (Note 5)	The Company		Companies in the financial report (Note 5)		The Company	Companies in the financial report	
								Cash	Stock	Cash	Stock			
General Manager	HUANG, TING-DI	2,544	2,544	-	-	367	367	-	-	-	-	(1.59)	(1.59)	
R&D Department Supervisor	CHANG, CHUN- PIN	1,585	1,585	99	99	432	432	-	-	-	-	(1.16)	(1.16)	
General Manager	HUANG SHUEN- HSIEN	1,719	1,719	99	99	298	298	-	-	-	-	(1.16)	(1.16)	
Minister	SHEN, CHI- YUNG	1,650	1,650	103	103	303	303	-	-	-	-	(1.13)	(1.13)	
Minister	HUNG, TING-YI	1,277	1,277	79	79	248	248	-	-	-	-	(0.88)	(0.88)	

2.5 Names of managerial officers who received employees' bonuses in the preceding year and the distribution

Unit: NT\$ (in thousands)

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Executive officers	Chairman	HUANG, TING-DI	-	-	-	-
	General Manager	CHANG, CHUN-PIN				
	Manager of Management Department	HUNG, TING-YI				
	Finance Office Supervisor	ZHANG, CHU-XING				
	Accounting Office Manager	WANG, SHENG-HUI				
	Audit Office Supervisor	HSIEH, CHUN-FU				
	R&D Department Supervisor	TSOU, CHIOU-PENG				
	R&D Department Supervisor	CHANG, TIEN-CHU				
	Minister of Production	SHEN, CHI-YUNG				
	Minister of Production	HUANG, SHUEN-HSIEN				
	Minister of Production	HUANG, ZHAO-WEI				

Note: The R&D Department Supervisor, TSOU, CHIOU-PENG, retired on 31 July 2024. Subsequently, the position was succeeded by CHANG, TIEN-CHU on 1 August 2024.

2.6 The Analysis of the Ratio of the Remuneration to Net Income Paid to Directors, Supervisors, General Manager and Vice presidents by the Company and All Companies in the Consolidated Financial Statements in the Last Two Fiscal Years, the Policy and Standard of Paying Remuneration, the Procedure of Combining and Determining Remuneration, and the Relationship Between Business Performance

Title	Ratio of total Remuneration to net income			
	2024		2023	
	The Company	Companies in the financial report	The Company	Companies in the financial report
Director	(5.48)	(5.48)	(3.58)	(3.58)
Supervisor				
General Manager				

Director’s remuneration of the Company:

1. Compensation: According to Article 25-1 of the Company's Articles of Incorporation, when directors of the Company execute their duties, the Company may provide compensation regardless of the Company's operating profit or loss. The compensation shall be authorized by the board of directors in accordance with the usual standards in the chemical industry and determined based on the director’s level of involvement in the Company's operations and the value of contribution. Directors who also serve as managers will no longer receive director’s compensation. All independent directors serve as members of the audit committee and the compensation committee, participating in discussions and decisions related to relevant matters, therefore, they are granted fixed salaries based on industry standards.
2. Director’s remuneration: Additionally, in accordance with Article 30 of the Company's Articles of Incorporation, if the Company is profitable in the year, it shall set aside no more than 1% of the pre-tax net profit for director’s remuneration. The principles for the payment of director’s remuneration are based on the proportion of days served and the responsibilities undertaken by each director, and are jointly determined by the board of directors.
3. Operating expenses: Mainly consists of fixed payments for board of directors’ transportation expenses.

Managers' remuneration of the Company:

1. Compensation: The compensation of managers and employees is determined based on the relevant qualifications and conditions in the salary management regulations. Compensation for managers is approved by the compensation committee and then submitted to the board of directors for approval.
2. Employees' remuneration: According to Article 30 of the Company's Articles of Incorporation, if the Company is profitable in the year, it shall set aside 3% of the pre-tax net profit as employees' remuneration. Employees' remuneration is distributed based on the "Employee Performance Evaluation Procedure" and the "Employee Compensation Distribution Guidelines" for the current year.
3. Performance bonuses, year-end bonuses: The performance bonuses and year-end bonuses of the Company are clearly defined in the salary and compensation management regulations and are conducted in accordance with the performance evaluation operating guidelines and the year-end bonus management regulations. Bonuses are divided into fixed and variable components. Fixed bonuses primarily set aside a fixed amount or period as basic rewards for employee efforts and dedication, while variable bonuses are determined based on the Company's current period profit and loss and future financial planning. When profits are earned, additional bonuses set aside within a range not exceeding 8%.
4. General manager's performance bonus: At the end of each year, the board of directors evaluates the performance of the general manager, including operational performance, business development, corporate governance evaluation, risk management, tasks assigned by the board of directors, etc., and distributes corresponding bonuses based on the evaluation results.

Procedure for determining remuneration: The composition of remuneration for directors, managers, and employees of the Company is clearly defined in the salary and compensation management regulations and is determined in accordance with the provisions of the salary management regulations. The remuneration of directors and managers is approved by the Remuneration Committee and then submitted to the board of directors for approval.

Correlation between operational performance and future risks:

The Company's remuneration policy is paid primarily based on the overall operating conditions and profitability of the Company. In addition to providing basic guarantees, additional variable bonuses may be set aside according to the profit situation to enhance the efficiency of the management team. The performance evaluation of the Company's general manager includes risk management operations to ensure that potential risks within their scope of responsibility are appropriately managed. The results of risk management are linked to individual performance and the corresponding compensation received.

3 Implementation of Corporate governance

3.1 Operations of the board of directors

The Company convened a total of 6 (A) board of directors meetings in 2024. The attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Chairman	Representative of KT Investment Co., Ltd.: HUANG, TING-DI	6	0	100%	Reelected on 15 June 2022
Director	Representative of KT Investment Co., Ltd.: HUANG, SHUEN-HSIEN	6	0	100%	Reelected on 15 June 2022
Director	Representative of Chiaoli Investment Co., Ltd.: LIN, YU-PING	6	0	100%	Reelected on 15 June 2022
Director	Representative of Chiaoli Investment Co., Ltd.: HUANG, ZHAO-WEI	6	0	100%	Reelected on 15 June 2022
Independent Director	LI, SHIH-JEN	6	0	100%	Reelected on 15 June 2022
Independent Director	TSOU, YEN-CHUNG	6	0	100%	Reelected on 15 June 2022
Independent Director	LIN, YEN-TING	6	0	100%	Reelected on 15 June 2022

Other items required to be stated:

I. In the event of the following occurrences, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response thereto should be specified:

(1) Items listed in Article 14-3 of the Securities and Exchange Act:

Date / Session	Proposal
The 18 th Board of Directors The 13 th Meeting (30 January 2024)	<p>Reported items</p> <ol style="list-style-type: none"> Minutes and implementation status of the previous meeting. Report on the results of the 2023 board of directors' performance assessment. Update on the implementation status of risk management measures for the second half of 2023. Removal of sites under underground wastewater treatment plant at Pingjhen Factory.
	<p>Discussion items</p> <ol style="list-style-type: none"> Discuss remuneration for managers in 2023. The salary of managers will be increased from 1 January 2024. Review of the 2024 remuneration for managers. Review of the board of directors' performance bonus for the general manager for 2023.

<p>The 18th Board of Directors The 14th Meeting (5 March 2024)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Internal audit business report. 3. Significant financial business report. 4. Endorsement guarantees and loaning of funds to others report. 5. Derivative commodity trading report. 6. Report on the matter of non-mortgage of Chuansing Factory to others. 7. Report on the schedule, plan, and execution status of greenhouse gas inventory. 8. Report on the situation of land registration under borrowed names. 9. Report on renewal of consultant contracts of the Company.
	<p>Discussion items</p> <ol style="list-style-type: none"> 1. Independence assessment of CPA and engagement of 2024 financial and tax audits, proposed for discussion. 2. Drafting the general principles for the pre-approval policy for non-assurance services in the Company, proposed for discussion. 3. Review of the Company’s 2023 parent company only and consolidated financial reports, proposed for discussion. 4. Review of the Company’s 2023 Business Report, proposed for discussion. 5. The Company’s 2023 loss make-up, proposed for discussion. 6. 2023 Statement of Declaration on Internal Control system, proposed for discussion. 7. Amendment of the “Audit Committee Charter” and “Board Meeting Procedures” of the Company, proposed for discussion. 8. The amendment of the Company’s authority matrix, proposed for discussion. 9. Setting the date, venue and reasons for convening of the 2024 general shareholders’ meeting, proposed for discussion. 10. Matters related to the venue and session of the 2024 general shareholders’ meeting, proposed for discussion. 11. Renewal of directors’ and managers’ liability insurance, proposed for discussion. 12. Application to banks for the loan credit line, proposed for discussion.

<p>The 18th Board of Directors The 15th Meeting (7 May 2024)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Internal audit business report. 3. Significant financial business report. 4. Endorsement guarantees and loaning of funds to others report. 5. Derivative commodity trading report. 6. Earnings appropriation proposal for Kuo Ching Development. 7. Report on the matters submitted by shareholders at the 2024 annual shareholders' meeting. 8. Progress of sustainability promotion and sustainability report for 2023 of the Company. 9. Report on the schedule, plan, and execution status of greenhouse gas inventory. <hr/> <p>Discussion items</p> <ol style="list-style-type: none"> 1. The Company's consolidated financial statements of Q1 for 2024, proposed for discussion. 2. Application to banks for the loan credit line, proposed for discussion. 3. Amendment of the "Rules of Procedure for Board of Directors Meetings", proposed for discussion. 4. Amendment of the Company's "recycling production", proposed for discussion.
<p>The 18th Board of Directors The 16th Meeting (6 August 2024)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Internal audit business report. 3. Significant financial business report. 4. Endorsement guarantees and loaning of funds to others report. 5. Derivative commodity trading report. 6. Report on the schedule, plan, and execution status of greenhouse gas inventory. 7. Update on the implementation status of risk management measures for the first half of 2024. 8. Consultant employment <hr/> <p>Discussion items</p> <ol style="list-style-type: none"> 1. The Company's consolidated financial statements of Q2 for 2024, proposed for discussion. 2. Appointment and remuneration to the Company's R&D Supervisors, proposed for discussion. 3. Application to banks for the loan credit line, proposed for discussion. 4. Amendment of the Company's "Measures for the Security and Protection of Personal Data", proposed for discussion. 5. Amendment of the Company's "Procedures for Related Party Transactions", proposed for discussion. 6. Sustainability Report and the Status of Sustainability Development Implementation for 2023.

<p>The 18th Board of Directors The 17th Meeting (12 November 2024)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Internal audit business report. 3. Significant financial business report. 4. Endorsement guarantees and loaning of funds to others report. 5. Derivative commodity trading report. 6. Report on the schedule, plan, and execution status of greenhouse gas inventory.
<p>The 18th Board of Directors The 18th Meeting (10 December 2024)</p>	<p>Discussion items</p> <ol style="list-style-type: none"> 1. The Company's consolidated financial statements of Q3 for 2024, proposed for discussion. 2. Application to banks for the loan credit line, proposed for discussion. 3. The amendment of the Corporate Governance Best Practice Principle, proposed for discussion.
<p>The 18th Board of Directors The 18th Meeting (10 December 2024)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Execution status of information security risk management. 3. Equity disposal report of TOTAL ACRYLIC POLYMER INDUSTRY (TAPI) CORPORATION.
<p>The 18th Board of Directors The 18th Meeting (10 December 2024)</p>	<p>Discussion items</p> <ol style="list-style-type: none"> 1. 2025 operating plan, proposed for discussion. 2. 2025 budget, proposed for discussion. 3. 2025 internal audit plan, proposed for discussion. 4. Disposal of equity interests in CHING FENG HOME FASHIONS CO., LTD., proposed for discussion. 5. All employee salary adjustment plan for 2025, proposed for discussion. 6. The amendment of the Regulations Governing the Implementation of Internal Audit, proposed for discussion.
<p>The 18th Board of Directors The 19th Meeting (22 January 2025)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Report on equity transaction of BNKC BIOCHEMICAL TECHNOLOGY. 3. Execution Status of information security risk management.
<p>The 18th Board of Directors The 19th Meeting (22 January 2025)</p>	<p>Discussion items</p> <ol style="list-style-type: none"> 1. 2024 operating plan, proposed for discussion. 2. 2024 budget, proposed for discussion. 3. 2024 internal audit plan, proposed for discussion. 4. Asset leasing, proposed for discussion.
<p>The 18th Board of Directors The 20th Meeting (7 March 2025)</p>	<p>Reported items</p> <ol style="list-style-type: none"> 1. Minutes and implementation status of the previous meeting. 2. Internal audit business report. 3. Significant financial business report. 4. Endorsement guarantees and loaning of funds to others report. 5. Derivative commodity trading report. 6. Report on the matter of non-mortgage of Chuansing Factory to others.

- | | |
|--|---|
| | <p>7. Report on the schedule, plan, and execution status of greenhouse gas inventory.</p> <p>8. Report on the situation of land registration under borrowed names.</p> <p>9. Report on renewal of consultant contracts of the Company.</p> <p>10. Equity disposal report of CHING FENG HOME FASHIONS CO., LTD..</p> |
| | <p>Discussion items</p> <ol style="list-style-type: none"> 1. Application to banks for the loan credit line. 2. Renewal of directors' and managers' liability insurance. 3. Independence assessment of certified public accountant and engagement of 2025 financial and tax audits, proposed for discussion. 4. Drafting the general principles for the pre-approval policy for non-assurance services in the Company, proposed for discussion. 5. Review of the Company's 2024 parent company only and consolidated financial reports, proposed for discussion. 6. Review of the Company's 2024 Business Report, proposed for discussion. 7. The Company's 2024 loss make-up, proposed for discussion. 8. 2024 Statement of Declaration on Internal Control system, proposed for discussion. 9. The Company's Definition of the Scope of Basic-Level Employees, proposed for discussion. 10. The amendment of the Salary and Compensation Management Regulations, proposed for discussion. 11. The amendment of the Articles of Association, proposed for discussion. 12. Election of the 19th term Directors of the Company, proposed for discussion. 13. Nomination of director candidates, proposed for discussion. 14. Release of the restriction on non-competition for newly elected directors, proposed for discussion. 15. Setting the date, venue and reasons for convening of the 2025 general shareholders' meeting, proposed for discussion, proposed for discussion. 16. Matters related to the venue and session of the 2024 general shareholders' meeting, proposed for discussion. |

(2) In addition to the above matters, resolutions of the board meetings for which independent directors expressed objection or held reservation and are recorded or presented in writing: None.

II. With respect to directors excusing themselves in the case of conflict of interest, the directors' names, contents of motion, reasons for conflict of interest and votes should be specified:

On the 18th Board of Directors' 13th Meeting: During the discussion on adjusting manager's salary, as the process involved the salary of the individual managers, the chairman and manager recused themselves from participating in the discussion and voting process to avoid conflict of interest. The rest of the directors agreed and passed the proposal without any dissent.

III. Board of Directors' Evaluation of Implementation

(1) On 8 November 2019, the Company's board of directors approved the "Board of Directors Performance Evaluation Procedure", which stipulates that the board of directors should conduct performance evaluation of the board of directors and its members at least once a year. On 9 November 2021, it was passed that an external professional independent institution or external expert scholar team should conduct board of directors performance evaluation at least once every three years.

(2) The Company completed the board of directors performance evaluation at the end of 2024 and reported the evaluation results at the board meeting held on 22 January 2025. The overall average score for the board of directors' self-assessment was 4.72 (out of 5), the overall average score for individual board members performance self-assessment was 4.48 (out of 5), and the overall average score for functional committee self-assessment was 4.83 (out of 5). These evaluation results demonstrate that the functions and operational efficiency of the Company's board of directors and functional committees are satisfactory.

Cycle	Period	Scope	Evaluation method	Evaluation item	Result
The internal performance evaluation of board of directors shall be conducted once a year, and an external professional institution shall conduct evaluation at least once every three years.	January 2024-31 December 2024	The Board members	<ul style="list-style-type: none"> Internal self-assessment of board of directors Self-assessment of board members 	<p>The measurement items for performance evaluation of functional committee include the following five aspects:</p> <ol style="list-style-type: none"> 1. The degree of participation in the Company's operations. 2. Improvement in the quality of decision making by the functional committee. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls. 	<p>1. Areas requiring improvement: The degree of participation in the Company's operations. election of the directors and their continuing professional education. Recommendations for improvement: 1.1 It is recommended that the board of directors regularly review the Company's goals, mission, and values to ensure alignment with its long-term strategy and development direction. 1.2 Regarding director training programs, it is advised that the administrative unit establish a system to track training hours and require each director to complete a minimum number of professional training hours annually. The training should cover key topics such as ESG and risk management to enhance directors' professional knowledge and their ability to fulfill their duties.</p>
The internal performance evaluation of board of directors shall be conducted once a year, and an external professional institution shall conduct evaluation at least once every three years.	January 2024-31 December 2024	Individual Board members	<ul style="list-style-type: none"> Internal self-assessment of board of directors Self-assessment of board members 	<p>The measurement items for performance evaluation of individual director members include the following six aspects:</p> <ol style="list-style-type: none"> 1. Their grasp of the Company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the Company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls. 	<p>1. Areas requiring improvement: The degree of participation in the Company's operations. Recommendations for improvement: 1.1 It is recommended that the administrative unit discuss with the directors the possibility of providing board materials earlier to ensure sufficient time for preparation. For complex issues, key information should be summarized to assist directors in quickly grasping the main points and engage in more in-depth discussions.</p>

<p>The internal performance evaluation of board of directors shall be conducted once a year, and an external professional institution shall conduct evaluation at least once every three years.</p>	<p>January 2024-31 December 2024</p>	<p>Every other functional committee</p>	<p>Internal self-assessment of board of directors</p> <p>Self-assessment of board members</p>	<p>The measurement items for performance evaluation of functional committee include the following five aspects:</p> <ol style="list-style-type: none"> 1. Their degree of participation in the Company's operations. 2. Their recognition of the duties of the functional committee. 3. Improvement in the quality of decision making by the functional committee. 4. The composition of the functional committee, and appointment of committee members. 5. Internal controls. 	<ol style="list-style-type: none"> 1. Areas requiring improvement in the Remuneration Committee: <ul style="list-style-type: none"> Recognition of Remuneration Committee's duties Recommendations for improvement: <ol style="list-style-type: none"> 1.1 Clarification of the link between performance and remuneration: <ul style="list-style-type: none"> Establish clear performance indicators (such as KPIs and ESG goals) as the basis for remuneration decisions, ensuring alignment between compensation and financial performance. 1.2 Annual Review Mechanism: The compensation policy should be reviewed at least once a year, benchmarking against industry trends and the Company's business development to ensure the policy's foresight and rationality. 2. Areas requiring improvement in the Audit Committee: <ul style="list-style-type: none"> Internal controls. Recommendations for improvement: <ol style="list-style-type: none"> 2.1 It is recommended to assess whether the Company needs to establish a Nomination Committee 2.2 It is recommended to evaluate the need for establishing a board-level Sustainability Development Committee.
---	--------------------------------------	---	---	---	--

IV. Assessment of the Objectives and Implementation Status of Enhancing Board Functionality in the Current and Most Recent Fiscal Years

(1) To strengthen corporate governance and enhance the functionality of the board of directors, the Company established performance objectives to improve the efficiency of board operations. On 8 November 2019, the “Board of Directors Performance Evaluation Procedure” were stipulated. The Company conducts regular annual performance evaluations of the overall Board and individual directors in accordance with the “Board of Directors Performance Evaluation Procedure”. The Board of Directors Performance Evaluation has been in effect since 2020.

- (2) The evaluation results for the Company in 2024 were submitted to the board of directors on 22 January 2025. The overall evaluation results are summarized as follows:

Scope of Evaluation		Result
The Overall Board of Directors		94.4%
Individual Directors		89.6%
Functional Committees	Audit Committee	98.0%
	Remuneration Committee	95.4%

- (3) In the future, the Company will strengthen its diversity policy in the selection of directors, aiming to make the Company's decision-making process more objective. This will be achieved by enhancing multi-dimensional evaluations to reinforce risk management.

4.2 The operation of the Audit Committee or the participation of the supervisor in the operation of the board of directors

4.2.1 Operations of the Audit Committee

The Company's Audit Committee consists of 3 independent directors. The purpose of the Audit Committee is to assist the Board with the execution of its duties to supervise the Company on accounting, internal audit, financial reporting progress and the quality and integrity of internal control.

Matters reviewed mainly listed below:

- (1) Financial statements, auditing and accounting policies and procedures.
- (2) Internal control system and related policies and procedures.
- (3) Significant asset or derivative transaction.
- (4) Significant fund lending and endorsements or guarantees.
- (5) Place or issue securities.
- (6) Derivatives financial instruments and cash investment.
- (7) Regulatory compliance.
- (8) Whether the manager and the director have related party transactions and possible conflicts of interest.
- (9) Complaint report.
- (10) Fraud prevention plan and fraud investigation report.
- (11) Information Security.
- (12) Corporate risk management.
- (13) Appraisal of qualifications, independence and performance of certified accountants.
- (14) Appointment, dismissal or remuneration of certified accountants.
- (15) Appointment and removal of financial, accounting or internal audit supervisors.
- (16) Performance of Audit Committee's duties.

4.2.2 Meetings of the Audit Committee

The Company convened a total of 7 (A) meetings of the Audit Committee over the past fiscal year. The attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Independent Director	LI, SHIH-JEN	5	0	100%	Reelected on 15 June 2022
Independent Director	TSOU, YEN-CHUNG	5	0	100%	Reelected on 15 June 2022-
Independent Director	LIN, YEN-TING	5	0	100%	Reelected on 15 June 2022-

Other items required to be stated:

1. In the event of the following circumstances in the operation of the Audit Committee, the date, sessions, contents of motion, opinions of independent directors who object, the resolution and the Company's response thereto should be specified: opinions of independent directors who object, reserve or propose significant recommendations, Audit Committee resolutions, and the Company's response to the opinions of the Audit Committee shall be disclosed:

- a. Items listed in Article 14-5 of the Securities and Exchange Act

Date Session	Proposal
The 3 rd Audit Committee The 11 th Meeting (5 March 2024)	<ol style="list-style-type: none"> 1. Independence assessment of CPA and engagement of 2024 financial and tax audits, proposed for discussion. 2. Drafting the general principles for the pre-approval policy for non-assurance services in the Company, proposed for discussion. 3. Review of the Company's 2023 parent company only and consolidated financial reports, proposed for discussion. 4. Review of the Company's 2023 Business Report, proposed for discussion. 5. The Company's 2023 loss make-up, proposed for discussion. 6. Internal audit business report of internal audit supervisors, proposed for discussion. 7. 2023 Statement of Declaration on Internal Control system, proposed for discussion. 8. Amendment of the "Audit Committee Charter" and "Board Meeting Procedures" of the Company, proposed for discussion. 9. The amendment of the Company's authority matrix, proposed for discussion. 10. Renewal of directors' and managers' liability insurance, proposed for discussion. <p>Audit Committee's opinion: Approved without any dissent. The Company's response to the Audit Committee's opinion: Not applicable.</p>
The 3 rd Audit Committee The 12 th Meeting (7 May 2024)	<ol style="list-style-type: none"> 1. The Company's consolidated financial reports of Q1 for 2024, proposed for discussion. 2. Internal audit business report, proposed for discussion. 3. Amendment of the Company's "Rules of Procedure for Board of Directors Meetings", proposed for discussion. 4. Amendment of the Company's "recycling production", proposed for discussion. <p>Audit Committee's opinion: Approved without any dissent. The Company's response to the Audit Committee's opinion: Not applicable.</p>

<p>The 3rd Audit Committee The 13th Meeting (6 August 2024)</p>	<p>Election of the convener of the 3rd term Audit Committee</p> <ol style="list-style-type: none"> 1. The Company’s consolidated financial reports of Q2 for 2024, proposed for discussion. 2. Internal audit business report, proposed for discussion. 3. Amendment to the Company’s “Measures for the Safeguarding of Personal Data Security”, proposed for discussion. 4. Amendment to the Company’s “Procedures for Related Party Transactions”, proposed for discussion. <p>Audit Committee’s opinion: Approved without any dissent. The Company’s response to the Audit Committee’s opinion: Not applicable.</p>
<p>The 3rd Audit Committee The 14th Meeting (12 November 2024)</p>	<ol style="list-style-type: none"> 1. The Company’s consolidated financial reports of Q3 for 2024, proposed for discussion. 2. Internal audit business report, proposed for discussion, proposed for discussion. 3. Amendment of the Company’s “Corporate Governance Best Practice Principle”, proposed for discussion. <p>Audit Committee’s opinion: Approved without any dissent. The Company’s response to the Audit Committee’s opinion: Not applicable.</p>
<p>The 3rd Audit Committee The 15th Meeting (12 December 2024)</p>	<ol style="list-style-type: none"> 1. 2025 budget, proposed for discussion. 2. 2025 internal audit plan, proposed for discussion. 3. Amendment to the Internal Audit Implementation Guidelines, respectfully submitted for discussion. <p>Audit Committee’s opinion: Approved without any dissent. The Company’s response to the Audit Committee’s opinion: Not applicable.</p>
<p>The 3rd Audit Committee The 16th Meeting (7 March 2025)</p>	<ol style="list-style-type: none"> 1. Independence assessment of CPA and engagement of 2025 financial and tax audits, proposed for discussion. 2. Drafting the general principles for the pre-approval policy for non-assurance services in the Company, proposed for discussion. 3. Review of the Company’s 2024 parent company only and consolidated financial reports, proposed for discussion. 4. Review of the Company’s 2024 Business Report, proposed for discussion. 5. The Company’s 2024 loss make-up, proposed for discussion. 6. Internal audit business report of internal audit supervisors, proposed for discussion. 7. 2024 Statement of Declaration on Internal Control system, proposed for discussion. 8. Renewal of directors’ and managers’ liability insurance, proposed for discussion. 9. Release of the restriction on non-competition for newly elected directors, proposed for discussion.

b. Other matters not passed by the Audit Committee, which were then agreed upon by two-thirds of the entire membership of the Board of Directors: None.

2. In situations where independent directors recuse themselves due to conflict of interest, the independent director's name, content of the resolution, reason for recusal, and his or her voting participation should be properly recorded: None.
3. Communication between independent directors and internal audit managers and external auditors (regarding issues such as Company financial and operational status, procedures, and results): The accountant explained the Company's financial report review to the members of the audit committee (served by all independent directors) on the meeting of audit committee, the audit supervisor submits the Company's internal audit report, and the audit office regularly submits audit reports to the members every month. Furthermore, the audit committee members can contact the internal audit supervisor and accountants at any time to inquire about the Company's financial business execution status, and the responsible department shall be asked to provide explanations, in order to make communication channels smooth.

4.2.3 Supervisor's participation in the board of directors: not applicable.

4.3 Differences between Company policy and Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and reasons for differences

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
1. Does the Company formulate and discloses the Corporate Governance Best Practice based on “Corporate Governance Best Practice Principles for Listed Companies”?	P		The Company has already formulated the corporate governance code and disclose it in accordance with Corporate Governance Best Practice Principles for Listed Companies.	No deviation.
2. Corporate equity structure and shareholders’ equity				
(1) Does the Company formulate the internal operation procedure to handle shareholder proposal, doubt, dispute and litigation and implements it in accordance with the procedure?	P		1. The Company has a spokesperson to accept shareholders’ suggestions and to make clarifications and to have an in-depth understanding of shareholders’ suggestions or concerns to evaluate and respond. The website also has stakeholder contact information to deal with related matters.	No deviation.
(2) Does the Company master the principal shareholders actually controlling the Company and the final controller list of principal shareholders?	P		2. The Company shall keep abreast of any changes to the shareholders’ ownership of more than 5% of the shares and directors’ shareholding percentage. Information of ownership of directors and shareholders holding more than 10% of the shares are publicly disclosed on the information reporting website designated by the FSC every month in accordance with regulations.	No deviation.
(3) Does the Company establish and executes the risk control and firewall mechanism with the affiliated enterprise?	P		3. The Company has set up “Subsidiary Management Measures”, “Regulations and Procedures for Endorsements”, Operational Procedures for Loaning Funds to Others” and “Procedures on Acquisition or Disposal of Assets” to implement the risk control.	No deviation.
(4) Does the Company formulate the internal specification to prohibit the corporate insiders to buy or sell negotiable securities by using the information undisclosed in market?	P		4. The Company has established operating procedures to prevent insider trading.	No deviation.

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Does the board of directors draft the diversification policy, specific management objective and implements it in terms of the member composition?</p> <p>(2) Does the Company voluntarily set other functional committees apart from the Remuneration committee and Audit Committee?</p> <p>(3) Does the Company formulate the performance evaluation method and evaluation way of the board of directors, and regularly carries out performance evaluation each year?</p>	<p>P</p> <p>P</p> <p>P</p>		<p>1. The Company has established a board diversity policy, and its implementation status is disclosed separately on the Company's website and on page 9 of this Annual Report.</p> <p>2. The Company has established Remuneration Committee and Audit Committee in accordance with the law and the establishment of Sustainable Development Committee was approved by the board of directors on 8 August 2023.</p> <p>3. The board of directors of the Company approved the Board of Directors Performance Evaluation Procedure on 8 November 2019, which stipulates that the board of directors shall conduct performance evaluation of the board of directors and its members at least once a year. On 9 November 2021, it was passed that an external professional independent institution or external expert scholar team should conduct board of directors performance evaluation at least once every three years. The board of directors performance evaluation for 2024 was completed by the end of 2024, and the results were reported at the board meeting on 22 January 2025.</p>	<p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p>

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(4) Does the Company regularly evaluate the independence of CPAs?			4. The Company confirms that the certified public accountants and the Company have no other financial interests and business relationships except for certification and taxation expenses, and members of the accountant family do not violate the independence requirements, the certified public accountant's appointment will be reviewed (Note 1). The Company periodically evaluates the independence and competency of certified public accountants (annually) and obtains the certified public accountant's Statement of Independence. The appointment and compensation of certification and taxation for 2024 was passed on 5 March 2024 in the board meeting.	No deviation.
4. Does the Company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	P		On 10 May 2023, the Company's board of directors resolved to appoint Manager HUNG, TING- YI as the corporate governance supervisor. The appointee possesses over five years of experience in financial and equity-related positions in public companies. The business performance for 2024 is as follows: 1. Handling matters related to the board meetings and shareholders' meetings in accordance with the law. 2. Prepare meeting minutes of board of directors and shareholders' meetings. 3. Assist directors and supervisors in appointment and continuing education. 4. Provide necessary information to directors and supervisors for the execution of their duties.	No deviation.

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			5. Assist directors and supervisors in compliance with laws. 6. Other matters stipulated in the Company's Articles of Incorporation or contracts, etc.	
5. Does the Company establish communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	P		The Company has established a dedicated stakeholder section on its official website in accordance with relevant regulations. This section provides contact points for various stakeholders, including competent authorities, employees, shareholders and investors, customers, suppliers, and local community residents. For internal employees, the Company regularly holds labor-management meetings and has set up a suggestion mailbox on the intranet to provide a channel for all employees to express opinions or make suggestions. A designated personnel is responsible for handling these matters. For relevant information, please visit the Company's official website: https://www.sunko.com.tw/sunko_web/sunkonew/Stakeholder.php?m=5&mlist=8	No deviation.
6. Does the Company commission a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	P		The Company has designated the SinoPac Securities Corp. Stock Registration Division to handle shareholder meeting affairs.	No deviation.

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
7. Information Disclosure				
(1) Does the Company establish a public website to disclose operational, financial, and corporate governance information?	P		1. The Company has established an official website (https://www.sunko.com.tw) to disclose information related to its financial performance, business operations, and corporate governance. In addition, relevant information about the Company can also be accessed through the Market Observation Post System (MOPS).	No deviation.
(2) Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the Company website)?	P		2. The Company has spokespersons and acting spokespersons, and designated persons responsible for the collection and disclosure of company information and provide it to the spokesperson and relevant business departments to answer the inquiries of interested parties and competent authorities. Information and materials from previous institutional investor conferences are accessible via the Company's website for investors' review.	No deviation.
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly sales results, before the prescribed time limit?	P		3. The Company, in accordance with the "List of Required Tasks for Issuers of Listed Securities on the Taiwan Stock Exchange", files and discloses its financial reports and monthly operating results in a timely manner.	No deviation.
8. Does the Company disclose other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training regimes, risk management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of liability insurance for its directors and supervisors)?	P		1. Employee Rights: The Company complies with the Labor Standards Act and the Gender Equality in Employment Act, and has established the "Regulations for Prevention, Complaint, and Disciplinary Measures of Sexual Harassment in the Workplace" in accordance with relevant laws. All employees are enrolled in labor insurance, health insurance, and both the old and new labor pension schemes. Employees are also entitled to various types of leave, including annual leave, menstrual leave, paternity leave, and family care leave.	No deviation.

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>Furthermore, the Company holds regular labor-management meeting to maintains a smooth communication channel with its employees. Also, the Company respects and protects their legitimate rights and interests; when the legitimate rights and interests are infringed, the Company will handle them appropriately based on the principle of justice.</p> <p>2. Employee Care: The Company has established employee communication channels to encourage employees to communicate directly with management, and appropriately reflect employees' opinions on the Company's business and financial status or major decisions involving employees' interests. In addition to prioritizing employee workplace safety, the Company regularly conducts health checkups that exceed legal requirements. The Company has also established a Staff Welfare Committee to provide various subsidies for employees' marriage, bereavement, childbirth, and other life events. Furthermore, the Company offers annual travel subsidies to encourage employees to take timely vacations, promoting a healthy work-life balance.</p> <p>3. Investor Relations: In addition to respecting and safeguarding the legitimate rights and interests of investors, the Company shall perform its business in accordance with the principle of good faith and properly handle transaction disputes. The Company publishes its monthly operational updates and addresses inquiries and suggestions from shareholders through its spokesperson. Additionally, a dedicated "Investor Relations" section has been set up on the Company's website to assist in understanding the Company's financial performance, business operations, and other relevant information.</p>	<p>No deviation.</p> <p>No deviation.</p>

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>4. Supplier Relations: The Company discloses financial and business information in accordance with regulations. Relevant stakeholders, including banks, employees, and shareholders, can learn about the Company's operational status through the Company's spokesperson.</p> <p>5. Stakeholder's Rights: The Company discloses financial and business information in accordance with regulations. Relevant stakeholders, including banks, employees, and shareholders, can obtain information about the Company's operational status through the Company's spokesperson.</p> <p>6. Director's Further Study: Directors of the Company have professional background, and the majority of the directors are currently engaged in their professional field. In addition, the Company provides related information on corporate governance to directors periodically to remind them of their responsibilities.</p> <p>7. Implementation of Risk Management Policies and Risk Measurement Standards: On 15 December 2022, the Company's board of directors resolved to stipulate the Regulations Governing Risk Management and has implemented them in accordance with the Regulations.</p> <p>8. Implementation of Customer Policy: The Company passed the ISO9001 Quality System Certification and has a dedicated department to implement the overall operation to ensure the results of the Company's customer policy implementation.</p> <p>9. The Company purchases liability insurance for directors: In March 2024, the Company purchased directors' liability insurance to strengthen the protection of shareholders' rights and interests.</p>	<p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p> <p>No deviation.</p>

Items Evaluated	Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
9. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.	P		<p>Based on the corporate governance assessment results for the 2024, the following are the priority matters and measures for strengthening:</p> <p>(1) Does the Company establish a dedicated (or concurrent) unit to promote ethical corporate management, responsible for formulating and supervising the implementation of integrity policies and prevention programs, with its operations and implementation status disclosed on the Company's website and in the annual report, and reporting to the board of directors at least once a year?</p> <p>(2) Does the Company establish written policies governing financial and business transactions with related parties, including management procedures for purchases, sales, and acquisition or disposal of assets, and requirements that material transactions be approved by the board of directors and submitted to the shareholders' meeting for approval or reporting?</p>	<p>(1) The Company's audit unit reports annually to the board of directors on the implementation and operation of the ethical corporate management policy and related prevention measures. A dedicated (or concurrent) unit for promoting ethical corporate management is scheduled to be established in 2025.</p> <p>(2) The Company has stipulated procedures for handling related-party transactions; however, certain provisions do not fully meet the evaluation criteria. The revised version of the procedures is scheduled to be submitted to the board of directors for approval in 2025.</p>

Note: Regardless of whether "Yes" or "No" is selected for the operational status, it should be stated in the summary explanation field.

The Audit Committee of the Company evaluates the independence and suitability of its affiliated certified public accountants annually. It requires the certified public accountants to provide "Audit Quality Indicators (AQIs)" and evaluates them according to the standards outlined in Note 1. After confirming that the accountants have no other financial interests or business relationships with the Company except for fees related to auditing, tax matters, ESG sustainability reports, and non-financial information disclosure services, and that the accountants' family members do not violate independence requirements, and considering AQI indicator information, it confirms that the accountants and their firms have auditing experience and training hours comparable to industry averages. The evaluation results for the most recent year were discussed and approved by the Audit Committee on 5 March 2024, and were subsequently reported to and approved by the board of directors on the same date.

Note 1: Evaluation on the independence of CPAs

Evaluation item	<u>Evaluation Results</u>	<u>Compliance with independence</u>
1. Whether the accountant Direct or indirect material financial interests between the CPAs and the Company?	No	Yes
2. Whether the accountant Financing or endorsements with the Company's Directors?	No	Yes
3. Whether the accountant Close business relations with the Company?	No	Yes
4. Are CPAs or members in the audit team in positions that could seriously impact the audit during these two years?	No	Yes
5 Whether the accountant. Provide Non-audit services that may directly impact auditing tasks?	No	Yes
6. Whether the accountant Serve as an agent in between to issue stocks and other securities?	No	Yes
7. Whether the accountant Serve as the Company's defense counsel or represent the Company in mediating conflicts with third parties?	No	Yes
8. Whether the accountant Are family members or relatives of the Company's Directors, Supervisors, or other individuals in positions that could seriously impact the audit?	No	Yes
9. Does the board of directors regularly refer to Audit Quality Indicators (AQIs) to evaluate the independence and suitability of the certified public accountants?	Yes	Yes

4.4 Composition, responsibilities, and operation of the Remuneration Committee

4.4.1 Remuneration Committee members

14 April 2025

Identity	Name	Condition	Professional Qualification & Work Experience	Independence	Number of independent directorship held in other public companies
Independent Director (convener)	LIN, YEN-TING		She is currently head of Plan-Wise International Corporation and the deputy director of Taichung City Industrial Association Labor Law Committee. He has more than five years of work experience in business, finance and company operation and has ability to make business judgement, crisis management, operation management and decision-making.	Comply with the provisions of Regulation Governing the Appointment and Exercise of Powers by Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, including but not limited to the person, spouse, relatives within the second degree who do not serve as directors, supervisors, employed or its affiliated companies.:	-
Independent Director	TSOU, YEN-CHUNG		He is currently head of Sun Young CPAs Firm and has more than five years of work experience in business, finance and company operation and has ability to make business judgement, crisis, management, accounting, finance analysis and decision-making.	Person or employee, not holding the number of shares of the Company; not serving as director, supervisor or employee of a company that has a specific relationship with the Company: not providing business, legal, financial, accounting for the Company or related companies in last two years for received amount of remuneration	2
Independent Director	LI, SHIH-JEN		He is currently the chairman of Taxo Pharmaceutical CO., LTD, Transwell Biotech Co., Ltd. and has more than five years of work experience in business, finance and company operation, and he has business judgement, crisis management, international market outlook and decision-making skills		3

Note: None of the directors of the Company has any circumstances related to Article 30 of Company Law.

4.4.2 Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee is composed of three members.
- (2) The term of office for current members runs from 9 August 2022 through 14 June 2025.

The Company convened a total of 2

(A) meetings of the Remuneration Committee over the past fiscal year. The attendance was as follows:

Title	Name	Meetings Attended Personally (B)	Meetings Attended by Proxy	Personal Attendance Rate (B/A)	Remarks
Convener	LIN, YEN-TING	2	0	100%	-
Member	LI-SHIH-JEN	2	0	100%	-
Member	TSOU, YEN-CHUNG	2	0	100%	-

Other disclosures:

1. If the board does not adopt or amend the suggestions of the Remuneration committee, it shall state the date, term, proposal content, resolution results of the board of directors and the Company's response to the Remuneration Committee (such as the remuneration approved by the board of directors is better than the suggestions of the Remuneration committee, should explain the discrepancy and its reasons): None.
2. Should a committee member oppose or retain their opinion regarding any decision made by the Remuneration Committee and their opinion has been recorded or submitted in a written statement, the committee meeting date, session, content of the resolution, opinions of all members, and the response to the opinions shall be recorded.
3. Remuneration Committee functions and powers:
 - (1) Set the remuneration of directors.
 - (2) Set the remuneration of Chairman, vice president, chief executive officer, and general manager (managers).
 - (3) Other cases referred to by the board of directors for deliberation.

The proposals and results of the meeting and the Company's response to members' opinions

Date and Term	Proposal details and follow-ups
<p>The 5th Remuneration Committee The 6th Meeting (30 January 2024)</p>	<ol style="list-style-type: none"> 1. Settle remuneration for managers in 2023. Resolution: Unanimously approved. 2. The salary of managers will be increased from 1 January 2024. Resolution: Unanimously approved. 3. Review of 2024 remuneration for managers. Resolution: Unanimously approved. 4. Review of the board performance bonus for the general manager for 2023. Resolution: Unanimously approved The Company's response to the Remuneration Committee's opinion: Not applicable.
<p>The 5th Remuneration Committee The 7th Meeting (6 August 2024)</p>	<ol style="list-style-type: none"> 1. Review of 2023 remuneration for managers. Resolution: Unanimously approved The Company's response to the Remuneration Committee's opinion: Not applicable.
<p>The 5th Remuneration Committee The 8th Meeting (22 January 2025)</p>	<ol style="list-style-type: none"> 1. Settle remuneration for managers in 2024. Resolution: Unanimously approved. 2. The salary of managers will be increased from 1 January 2025. Resolution: Unanimously approved. 3. Review of 2025 remuneration for managers. Resolution: Unanimously approved. 4. Review of the board performance bonus for the general manager for 2024. Resolution: Unanimously approved The Company's response to the Remuneration Committee's opinion: Not applicable.
<p>The 5th Remuneration Committee The 9th Meeting (7 March 2025)</p>	<ol style="list-style-type: none"> 1. Amendment of the "Salary and Compensation Management Regulations." Resolution: Unanimously approved The Company's response to the Remuneration Committee's opinion: Not applicable.

4.4.5 Information on the members of the nomination committee and information on the operation situation: The Company has not established a Nomination Committee, so it is not applicable.

4.4.6 Implementation of Sustainable Development

Items Promoted	Implementation status		Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	
1. Does the Company establish a governance structure to promote sustainable development, and set up dedicated (part-time) position to promote sustainable development, which is authorized by the board of directors to handle senior manager, and the board of directors supervises the situation?	P	<p>In line with the Company's vision and mission for sustainable development, the board of directors agreed on 8 August 2023, to establish the "Sustainable Development Committee" and formulate the "Sustainable Development Committee Charters." The chairman of the board serves as the convener, with the general manager as the vice convener, collaborating with senior executives from various departments to review the Company's operational and governance capabilities and establish medium- to long-term sustainable development plans. The "Sustainable Development Committee" serves as a vertically integrated and horizontally connected cross-departmental communication platform. Its primary function is to identify sustainability issues relevant to the Company's operations and stakeholders, formulate corresponding strategies and work policies, execute annual plans, monitor implementation effectiveness, and ensure that sustainability strategies are integrated into the Company's daily operations.</p> <p>The "Sustainable Development Committee" met on 26 June 2024 and 23 July 2024. The agenda items included: (1) goals and objectives related to sustainability issues, (2) progress and planning of sustainability reports, (3) greenhouse gas inventory and confirmation of execution status. and (4) the implementation status of the risk management policy, as well as the Company's sustainability practices—including the execution of greenhouse gas inventory and the preparation of the sustainability report—were reported to the board of directors on 6 August 2024.</p> <p>The board of directors regularly receives reports from the management team (including sustainability reports) and evaluates the Company's strategies. The board must assess the likelihood of strategy success and regularly review progress, urging adjustments to the management team when necessary.</p>	No deviation.

Items Promoted	Implementation status		Brief Explanation	Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies								
	Yes	No										
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	P		<p>The risk assessment of the Company includes all subsidiary plants and branch office, through a process of significance assessment, the Company identifies four significant issues related to environment, society, and corporate governance.</p> <p>Based on the assessed risks, the following risk management policies or strategies are formulated: (2024)</p> <table border="1"> <thead> <tr> <th>Major Issues</th> <th>Risk Assessment Item</th> <th>Risk Description</th> <th>Countermeasures</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Pollution Control</td> <td> <ul style="list-style-type: none"> ┆ Continuous tightening of air pollution regulations impacts company operations and finances. ┆ Abnormalities in pollution control equipment leading to pollutant emissions. ┆ Difficulty in the disposal of wastewater and waste. </td> <td> <ul style="list-style-type: none"> ┆ Proper operation of environmental protection equipment. ┆ Establishment of emergency response procedures for abnormal conditions. </td> </tr> </tbody> </table>	Major Issues	Risk Assessment Item	Risk Description	Countermeasures	Environment	Pollution Control	<ul style="list-style-type: none"> ┆ Continuous tightening of air pollution regulations impacts company operations and finances. ┆ Abnormalities in pollution control equipment leading to pollutant emissions. ┆ Difficulty in the disposal of wastewater and waste. 	<ul style="list-style-type: none"> ┆ Proper operation of environmental protection equipment. ┆ Establishment of emergency response procedures for abnormal conditions. 	No deviation.
Major Issues	Risk Assessment Item	Risk Description	Countermeasures									
Environment	Pollution Control	<ul style="list-style-type: none"> ┆ Continuous tightening of air pollution regulations impacts company operations and finances. ┆ Abnormalities in pollution control equipment leading to pollutant emissions. ┆ Difficulty in the disposal of wastewater and waste. 	<ul style="list-style-type: none"> ┆ Proper operation of environmental protection equipment. ┆ Establishment of emergency response procedures for abnormal conditions. 									

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<ul style="list-style-type: none"> Pollution resulting in public complaints and petitions. 	<ul style="list-style-type: none"> Process improvements to increase raw material recycling rates and reduce waste generation. Research and development of in-house treatment technologies to reduce outsourced waste disposal; proper waste disposal through licensed contractors.

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
				<ul style="list-style-type: none"> Building good community relations and effective communication channels with neighboring residents.
			Disasters and Accidents <ul style="list-style-type: none"> Chemical spills. 	<ul style="list-style-type: none"> Regular inspection and maintenance of equipment and pipelines. Periodic disaster and fire drills, along with inspections of emergency response equipment, to enhance employees' hazard awareness and emergency response capabilities.

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
				<p>I Installation of essential firefighting and alarm systems, as well as preventive equipment. Specific areas are equipped with leak detectors, automatic door control systems, exhaust ventilation systems, spill containment dikes, emergency response equipment, and Safety Data Sheets.</p>

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>Climate Risks</p> <ul style="list-style-type: none"> Increase in the number of typhoons, floods, and droughts. Rising sea levels. Increase in energy consumption due to rising temperatures. Changes in power generation mix leading to increased electricity costs. Carbon taxes. <ul style="list-style-type: none"> Installation of flood prevention pumps, drainage and water barrier facilities, and regular flood emergency response drills. Signing of water supply contracts, construction of water storage facilities, and reuse of rainwater and cooling water. Regular cleaning and maintenance of refrigeration equipment to 	

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
				<p>maintain efficiency, insulation of equipment pipelines, and replacement of chillers and circulation pumps with newer, energy-saving models.</p> <ul style="list-style-type: none"> l Increasing solvent recovery rates to reduce raw material procurement. l Conducting greenhouse gas inventories and installing solar photovoltaic systems.

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>Energy Management</p> <p>Electricity shortages and unstable supply.</p> <ul style="list-style-type: none"> I Conducting greenhouse gas inventories and promoting energy-saving and carbon-reduction measures in alignment with government policies. I Installation of emergency power generation equipment. 	

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>Social</p> <p>Occupational Safety</p> <ul style="list-style-type: none"> Fires. Occupational accidents. Potential collapse or leakage accidents in old buildings. Penalties for violations. 	<ul style="list-style-type: none"> Installation of certified fire safety, environmental protection, and occupational safety equipment. Regular emergency response drills, employee participation in safety-related education and training programs, professional certification in occupational safety and health, and control of

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
				<p>ignition sources entering the premises.</p> <ul style="list-style-type: none"> ■ Periodic inspections of fire protection systems and building safety, as well as upgrades and maintenance of on-site buildings and equipment. ■ Process safety management measures including nitrogen filling, oxygen monitoring, temperature control

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
				<p>systems, wire insulation, grounding operations, anti-static wrist straps, and availability of Safety Data Sheets (SDS).</p> <p>Implementation of occupational safety management systems, employee safety training, health examinations, workplace environment monitoring, and routine inspections to</p>

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies											
	Yes	No	Brief Explanation												
			<table border="1"> <tr> <td></td> <td></td> <td></td> <td> <ul style="list-style-type: none"> prevent occupational accidents. Control of employee working hours through an information system. </td> </tr> <tr> <td rowspan="2">Governance</td> <td>Exchange Rates and Interest Rates</td> <td> <ul style="list-style-type: none"> Fluctuations in exchange rates and interest rates. </td> <td> <ul style="list-style-type: none"> Reducing foreign currency exposure. </td> </tr> <tr> <td>Market Competition</td> <td> <ul style="list-style-type: none"> Soft demand in the post-pandemic era leading to overcapacity and price competition. Patent disputes, counterfeiting, and imitation. </td> <td> <ul style="list-style-type: none"> Adjusting pricing strategies and forming strategic alliances based on market dynamics. </td> </tr> </table>				<ul style="list-style-type: none"> prevent occupational accidents. Control of employee working hours through an information system. 	Governance	Exchange Rates and Interest Rates	<ul style="list-style-type: none"> Fluctuations in exchange rates and interest rates. 	<ul style="list-style-type: none"> Reducing foreign currency exposure. 	Market Competition	<ul style="list-style-type: none"> Soft demand in the post-pandemic era leading to overcapacity and price competition. Patent disputes, counterfeiting, and imitation. 	<ul style="list-style-type: none"> Adjusting pricing strategies and forming strategic alliances based on market dynamics. 	
			<ul style="list-style-type: none"> prevent occupational accidents. Control of employee working hours through an information system. 												
Governance	Exchange Rates and Interest Rates	<ul style="list-style-type: none"> Fluctuations in exchange rates and interest rates. 	<ul style="list-style-type: none"> Reducing foreign currency exposure. 												
	Market Competition	<ul style="list-style-type: none"> Soft demand in the post-pandemic era leading to overcapacity and price competition. Patent disputes, counterfeiting, and imitation. 	<ul style="list-style-type: none"> Adjusting pricing strategies and forming strategic alliances based on market dynamics. 												

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<ul style="list-style-type: none"> Customer demand for products with low carbon footprints. 	<ul style="list-style-type: none"> Controlling costs effectively. Maintaining high quality and stable supply to ensure customer loyalty. Developing innovative and advanced new products, applying for domestic and international patents to protect intellectual property.

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>Information Security</p> <ul style="list-style-type: none"> Leakage of personal or company data. Operational disruptions due to interruptions in information system services. 	<ul style="list-style-type: none"> A dedicated Chief Information Officer and cybersecurity personnel are responsible for implementing information security protection measures. An information security management framework has been established,

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
				with specific management plans developed and implemented in accordance with the Company's information security policies.
			Supply Chain	<ul style="list-style-type: none"> International situations affecting the arrival and supply of raw materials. Cultivating secondary suppliers and diversifying procurement sources across different regions.

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<ul style="list-style-type: none"> ! Coordinating orders, procurement, production, and safety stock through production and sales meetings. 	
			<ul style="list-style-type: none"> ! Compliance with Laws and Regulations ! Prohibition of certain substances. ! Penalty 	<ul style="list-style-type: none"> ! Seeking alternative solvents to replace prohibited substances. ! Enhancing employees' knowledge of regulations and appropriately consulting external experts for advice.

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			<p>Integrity Risks</p> <ul style="list-style-type: none"> ▪ Fraudulent activities. 	<ul style="list-style-type: none"> ▪ Establishing various regulations and procedures, and conducting regular educational outreach and training. ▪ Establishing convenient channels for reporting and filing complaints. ▪ Internal auditing and employee self-assessment.

Items Promoted	Implementation status		Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	
<p>(3) Does the Company assess the present and future risks and opportunities climate change poses on the Company?</p> <p>(4) Does the Company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?</p>	<p>P</p> <p>P</p>	<p>reduction design for the dehydrated reflux tank; enhancement of N2 blow-off acid removal efficiency to shorten process time; heat recovery from the distillation tower for preheating of feedstock; purification of wastewater for reuse as raw material.</p> <p>(3) The company has established the Sustainable Development Committee as the highest governing body for climate change management, with the chairman serving as its chairperson. Annually, the committee reviews climate change objectives and strategies, manages climate change risks and opportunities, assesses implementation status, discusses future plans, and regularly reports to the board of directors.</p> <p>In accordance with the framework recommended by the Financial Stability Committee, the Company evaluates climate change risks and opportunities. The latest climate risk assessment was completed by the end of 2024, focusing on the following five major risks: increased greenhouse gas emission prices, products and services replaced by low-carbon technologies, increased costs of transitioning to a low-carbon economy, rising average temperatures due to climate anomalies, and increased raw material costs.</p> <p>To mitigate these risks, the Company simultaneously identifies feasible opportunities and formulates response measures. For mitigation of climate change, the Company focuses on developing projects such as green operations and energy management, while for adaptation to climate change, it focuses on building sustainable operational capabilities and strengthening infrastructure.</p>	<p>No deviation.</p>

Items Promoted	Implementation status			Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies																								
	Yes	No	Brief Explanation																									
			<p>The explanation of the Company's climate change risk and opportunity analysis has been disclosed in the appendix (Appendix VII) of the annual report and in the Company's sustainability report.</p> <p>(4) The total greenhouse gas emissions, water consumption, and waste generated by the Company over the past two years are summarized as follows (the disclosed information pertains to the Company only and does not include data from subsidiaries).</p> <p>4.1 Greenhouse gas emissions</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Unit</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Scope 1 Emissions</td> <td>TonCO2e</td> <td>8,972</td> <td>17,911</td> </tr> <tr> <td>Scope 2 Emissions</td> <td>TonCO2e</td> <td>16,787</td> <td>17,969</td> </tr> <tr> <td>Total Emissions</td> <td>TonCO2e</td> <td>25,759</td> <td>35,880</td> </tr> <tr> <td>Emission Intensity (Total Emissions / Production Volume)</td> <td>TonCO2e/ Ton</td> <td>1.7</td> <td>2.3</td> </tr> <tr> <td>Production Volume (metric tons)</td> <td>Ton</td> <td>15,122</td> <td>15,098</td> </tr> </tbody> </table>	Item	Unit	2023	2024	Scope 1 Emissions	TonCO2e	8,972	17,911	Scope 2 Emissions	TonCO2e	16,787	17,969	Total Emissions	TonCO2e	25,759	35,880	Emission Intensity (Total Emissions / Production Volume)	TonCO2e/ Ton	1.7	2.3	Production Volume (metric tons)	Ton	15,122	15,098	No deviation.
Item	Unit	2023	2024																									
Scope 1 Emissions	TonCO2e	8,972	17,911																									
Scope 2 Emissions	TonCO2e	16,787	17,969																									
Total Emissions	TonCO2e	25,759	35,880																									
Emission Intensity (Total Emissions / Production Volume)	TonCO2e/ Ton	1.7	2.3																									
Production Volume (metric tons)	Ton	15,122	15,098																									

Items Promoted	Implementation status		Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies																					
	Yes	No																						
		<p>4.2 Total water consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption (thousand M³)</th> <th>Recycling rate (%)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>203.14</td> <td>13.21</td> </tr> <tr> <td>2024</td> <td>219.45</td> <td>3.23</td> </tr> </tbody> </table> <p>The Company's current water source is tap water, primarily used for manufacturing processes, cooling towers, and domestic purposes. The Company recycles process water after treatment for reuse and collects condensate from steam usage into a condensate recovery tank for further utilization. In 2023, the volume of recycled water was 26.84 thousand m³, accounting for 13.21% of the total annual water consumption. In 2024, the recycled and reused water volume was 7.11 thousand m³, representing 3.23% of the total annual water consumption.</p> <p>4.3 Total waste weight</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous Waste (metric tons)</th> <th>Non-Hazardous Waste (metric tons)</th> <th>Total (metric tons)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>83.42</td> <td>1,538.54</td> <td>1,621.96</td> </tr> <tr> <td>2024</td> <td>62.29</td> <td>2,399.72</td> <td>2,462.01</td> </tr> </tbody> </table> <p>4.4 The Company is committed to reducing the environmental impact of its operations by implementing company-wide energy-saving and carbon-reduction initiatives, setting sustainability targets, and executing specific energy-saving and carbon-reduction measures, including:</p>	Year	Total water consumption (thousand M ³)	Recycling rate (%)	2023	203.14	13.21	2024	219.45	3.23	Year	Hazardous Waste (metric tons)	Non-Hazardous Waste (metric tons)	Total (metric tons)	2023	83.42	1,538.54	1,621.96	2024	62.29	2,399.72	2,462.01	
Year	Total water consumption (thousand M ³)	Recycling rate (%)																						
2023	203.14	13.21																						
2024	219.45	3.23																						
Year	Hazardous Waste (metric tons)	Non-Hazardous Waste (metric tons)	Total (metric tons)																					
2023	83.42	1,538.54	1,621.96																					
2024	62.29	2,399.72	2,462.01																					

Items Promoted	Implementation status		Brief Explanation	Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
			<ul style="list-style-type: none"> ■ Reducing paper usage by digitizing purchase orders, procurement documents, inventory receipts, and salary slips. The internal platform is used for document approval, and salary details are communicated to employees via email. ■ Gradually replacing traditional lighting with LED lights. ■ Replacing old air compressors and upgrading chiller efficiency to enhance equipment performance, thereby achieving energy-saving and carbon-reduction results. <p>The energy-saving and carbon-reduction results for 2024 show a total electricity saving of approximately 117,048 kWh, with a reduction of about 43.85 tons of CO₂e. The energy-saving achievements mainly stem from the optimization of high-energy-consuming equipment, improvements in steam and air compressor system efficiency, and specific upgrades such as the replacement of motors and lighting equipment.</p>	
<p>4. Social Welfare Topic</p> <p>(1) Does the Company set up management policy and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	P	P	<p>(1) The Company complies with the Labor Standards Act and adheres to internationally recognized human rights standards such as the International Labor Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises, and the United Nations Declaration on Human Rights. Relevant human rights protection and labor policies are formulated, management methods are established, and employee rights are safeguarded, with details published on the Company's website.</p>	No deviation.

Items Promoted	Implementation status		Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	
(2) Does the Company establish appropriately managed employee welfare measures (including salary, leave, and other benefits), and is its operational performance and achievements reflected in their pay?			(2) Employee welfare measures should include, but are not limited to: employee remuneration, workplace diversity and equality (including but not limited to: the proportion of female employees than 25% and senior executives than 19%), vacation time, various allowances, bonuses, and subsidies. Business performance reflects employee compensation : Article 30 of the Company's Article of Incorporation stipulates that 3% of pre-tax net profits shall be allocated for employee remuneration and no more than 19% for director remuneration. The allocation of performance bonuses and year-end bonuses is linked to the Company's profits and distributed based on performance evaluations. The company has a Staff Welfare Committee, which allocates welfare funds monthly based on one-thousandth of the turnover. In 2024, the Company allocated over NT\$ 2 million, providing various benefits to employees, such as travel subsidies, birthday allowances, marriage allowances, maternity allowances, funeral allowances, and employee children scholarships.
(3) Does the Company provide employees with a safe and healthy work environment and regularly implement safety and health education programs for employees?	P		(3) The company follows the Occupational Safety and Health Act and establishes policies in accordance with the regulations of customers and relevant groups, respecting the requirements of relevant stakeholders for occupational safety and health, and building a healthy and happy workplace. Implement three-in-one safety education and training regularly at least once a year, cooperate with the Environmental Protection Bureau and the Fire Bureau to conduct ad-hoc drills and hold an annual employee health check. The company conducts annual health

Items Promoted	Implementation status		Brief Explanation	Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
(4) Does the Company establish an effective competency development career training program for employees?	P		<p>check-ups for employees, with additional check-up items for those engaged in specialized tasks. This initiative encourages employees to manage their health proactively and allows for the analysis of any abnormal health trends among staff. For related instructions, please refer to Chapter 5.4 Friendly Working Environment in the Company's sustainable development report.</p> <p>(4) The company nurtures talent through three dimensions: basic skills, professional skills, and management skills. The training program includes orientation for new employees, general training, direct personnel training, professional/functional training, managerial training, and other courses. In 2024, the total training hours amounted to 6,394.5 hours; total internal training hours reaching 2,915 hours.</p>	
(5) Does the Company comply with relevant regulations and international standards in customer health and safety, customer privacy, marketing and labeling of products and services, and does it establish consumer or customer rights protection policies and complaint procedures?	P		<p>(5) The marketing and labelling of the Company's products must comply with domestic and foreign and regulations on trademarks and patents and international standards. To safeguard customer rights, we have established a "Corrective and Preventive Measures Procedure" to regulate the handling procedures when customer complaints occur, aiming for continuous improvement.</p>	

Items Promoted	Implementation status		Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	
(6) Has the Company established supplier management that requires that suppliers adhere to regulations dealing with such issues as the environment, workplace safety and health, worker rights and, if so, what is the status of implementation?			(5) The company has established a "Supplier Qualification Assessment Procedure" requiring suppliers to adhere to relevant regulations in corporate governance, quality, environment, and social aspects. Suppliers are expected to meet criteria related to environmental protection, human rights, safety, and other selection conditions. This includes evaluating suppliers on environmental health and safety risks, prohibiting child labor, labor management, ensuring no harm to basic human rights, ethical standards, and integrity in operations. The company conducts an annual assessment of suppliers, evaluating aspects such as product quality, environmental hygiene, public safety, human rights, integrity in operations, and social welfare. In 2024, a total of 510 suppliers were assessed, with an average score of A.
5. Does the Company follow international recognized reporting criteria or guides when disclosing non-financial Sustain Development reports? Did it obtain assurance or verification statements from third-party certification bodies for previously disclosed reports?	P		The Company has referred to the Global Reporting Initiative (GRI) Standards 2021 and the "Operation Rules for Preparation and Filing of Sustainability Reports by Listed Companies" issued by the Taiwan Stock Exchange serve as the basis for preparing the sustainability report. Additionally, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework and the industry-specific standards of the Sustainability Accounting Standards Board (SASB), particularly for the chemical industry category, are used as supplements. The disclosed information undergoes verification by a third-party verification unit and is published on the Company's website. Furthermore, it is reported as required on the Market Observation Post System (MOPS) and the Company's website.

Items Promoted	Implementation status		Brief Explanation	Variations (if any) with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
6. If PCSC has drawn up a code for Sustainable Development based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any differences between said code and the Best Practice Principles: No deviation.				
7. Other important information that helps to understand the implementation of sustainable development: Relevant information of the Company is disclosed on the Market Observation Post System.				

(7) Execution Status of Climate-Related Information:

Item	Execution Status
1. Describing the supervision and governance of climate-related risks and opportunities by the	1. Regarding the governance framework for climate change-related risks, the Company places the board of directors as the highest authority for risk management. With the goal of complying with laws and promoting and implementing overall risk management within the Company, the board aims to clearly understand the risks faced in operations, ensure the effectiveness of risk management, and ultimately bear the responsibility for risk management. Under the board, there is a "Sustainability Development Committee," which further establishes a "Risk Management Team" led by the general manager. This team is responsible for executing risk management tasks, including identifying and evaluating operational, financial, information security, legal, human resources, environmental, climate change, and other risks. It regularly reviews risk control reports from various units, tracks execution progress and improvements, and consolidates and reports the results of risk management execution from each unit to the Sustainability Development Committee. The Sustainability Development Committee manages the process of climate-related risks and opportunities and periodically evaluates the effectiveness of related strategies and impacts. It submits the results of risk management execution to the board of directors on a regular basis each year.

board of directors and management.

2. Explain how the identified climate risks and opportunities affect the Company's business, strategies, and finances (short, medium, and long term).

2.

Serial Number	Issue Category	Impact Timing	Potential Financial Impact	Analysis of Current Risks or Opportunities (Potential Impact on the Company)	Response Strategy	Risk/Opportunity Level
1	Transition Risks/Policy and Law	Short-term	Increased Operating Costs	According to the announcement by the Ministry of Environment, starting from 2025, power and gas suppliers, as well as manufacturers with annual emissions exceeding 25,000 metric tons of CO ₂ e, will be subject to carbon fee collection. The Company is currently not included in the first batch of entities subject to the carbon fee.	Continuing to promote energy-saving and carbon-reduction measures, evaluating the replacement of old equipment in factory areas, increasing the recovery rate of process waste heat, and reducing energy consumption.	Low

	2	Transition Risks/Policy and Legal	Medium-term	Increased Operating Costs	The Taiwanese government has declared a 2050 net-zero transition goal, and the proportion of renewable energy and natural gas in the power supply mix is expected to increase in the future, potentially leading to electricity price hikes.	Various factory areas are gradually introducing energy management and monitoring systems to improve electricity efficiency, and assessing the installation of solar power generation to reduce reliance on purchased electricity.	High
	3	Transition Risks/Policy and Legal	Medium-term	Increased Operating Costs	According to the regulations outlined in the sustainability development roadmap for listed companies issued by regulatory authorities, the Company is required to complete carbon inventories by 2026 and undergo external verification by 2028.	In compliance with regulatory requirements, all factory areas are expected to	High

						complete greenhouse gas inventories by the 2026 year, and internal inventory seed personnel are anticipated to be trained with the assistance of external consultants..	
	4	Transition Risks/Market	Medium-term	Increased Operating Costs	The imposition of a carbon tax by the European Union in 2027 may lead to a rise in raw material costs, impacting product competitiveness.	To address this, the Company plans to monitor market changes, establish secure inventory levels, and seek alternative	Medium

						low-cost raw materials based on business conditions. Additionally, efforts will be made to upgrade products and enhance their value proposition.	
	5	Transition Risk/Market	Medium-term	Decreased Product Revenue	The increasing demand from international customers for low-carbon products may lead to higher carbon taxes if products fail to reduce carbon emissions, thereby reducing customer willingness to purchase.	To address this, collaboration with suppliers will be enhanced to gradually complete product carbon footprint assessments and implement	High

						carbon reduction measures. Continuous monitoring of industry developments and customer expectations will also be maintained.	
	6	Physical Risk / Chronic	Medium-term	Increased operating costs	Climate change will lead to higher average temperatures in the future, resulting in increased electricity consumption for chillers and air conditioning units due to increased heat load.	Strengthening the efficiency of equipment and pipeline insulation, and implementing regular cleaning procedures for cooling towers and chiller heat exchangers.	High
	7	Physical Risk/Chronic	Medium Term	Decreased Product Revenue	Under the RCP8.5 scenario, the average duration of drought is projected to be 4 months, leading to water shortages and reduced supply of tap water. This will impact the Company's operational	Internal water conservation measures will	Very High

					production and business revenue.	be implemented to increase process wastewater recycling rates, and an emergency water shortage response plan will be established to ensure the effective execution of relevant mitigation measures.	
	8	Physical Risk / Acute	Medium Term	Decrease in product revenue	An increase in the number of days with extreme rainfall can lead to flooding in the factory area, affecting production.	The factory is equipped with flood prevention and drainage pumps, which are regularly maintained to reduce the	Medium

						probability of flooding caused by heavy rainfall or floods. Every two years, the factory conducts flood contingency drills to enhance staff response capabilities.	
	9	Opportunity/Resource Efficiency	Short-term	Reduce operational costs	Adopting the principles of circular economy, recycling packaging materials and reusing process-generated waste liquids to minimize raw material usage and waste generation, effectively reducing operational costs.	Developing green chemical production technologies, securing patents, and seizing market opportunities; announcing company-wide policies	Very High

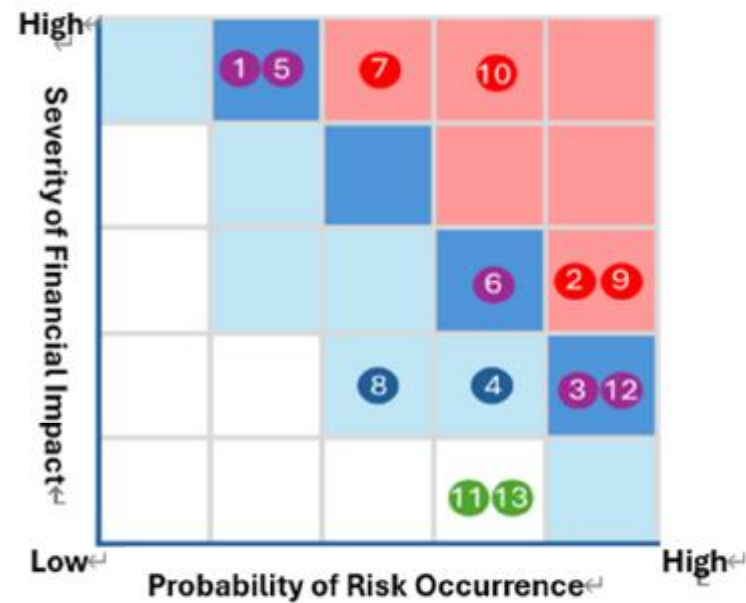
						on reusing packaging materials to enhance reuse rates.	
	10	Opportunity/Product and Service	Short-term	Increase product revenue	Droughts caused by climate change will increase weed growth and pests, significantly impacting crop production systems. More farmers are expected to utilize greenhouses, precision irrigation systems, and pesticides to enhance crop yields, providing an opportunity to increase product revenue in the future.	Strengthen communication with channel partners to understand potential product demands	Very High
	11	Opportunity/Product and Service	Short-term	Increase product revenue	There is a growing international trend towards sustainability and recyclability of products. TPV green environmental protection materials, due to their recyclability and durability, may experience higher demand in the sustainable product market.	Develop patents for material processes and applications, continue to diversify TPV green product specifications, and increase product sales.	Low
	12	Opportunity/Product and Service	Short-term	Increase product revenue	There is a rising demand from customers for green products. Water-based and biodegradable resin products can reduce chemical usage and carbon emissions, potentially attracting more customers in the future.	Master high-quality and high-	High

						efficiency formulations, focus on customization, establish technological barriers, and meet various customer needs.	
13	Opportunity/Product and Service	Medium-term	Increase in product revenue	Opportunity/Product and Service. Medium-term. Increase in product revenue. Considering the product life cycle and carbon emissions along the value chain, we have developed lightweight foaming products to reduce carbon emissions generated in the raw material stage. Additionally, we collaborate with downstream customers to help them reduce carbon emissions generated in the foaming and dyeing processes during production. There is potential to attract more customer demand in the future.		Our approach involves independent research and development with patented technology and providing technical services tailored to customer needs to assist in developing customized products.	Low
<p>Note: Due to the increasing frequency and severity of extreme weather events, shipping may be affected by wind-related disasters, resulting in delayed voyages or reduced shipping schedules. This may lead to increased freight costs. As there is currently no relevant information available to assess the amount of increased freight costs, further evaluation will be conducted once more comprehensive data becomes available in the future.</p>							

3. Describe the financial impact of extreme weather events and transition actions.

3. Using the degree of financial impact and the likelihood of risks and opportunities to assess their impact, risks and opportunities are categorized as follows: 1 to 4 points indicate low risk/opportunity, 5 to 9 points indicate medium risk/opportunity, 10 to 14 points indicate high risk/opportunity, and 15 points or above indicate very high risk/opportunity. The assessment results are as follows:

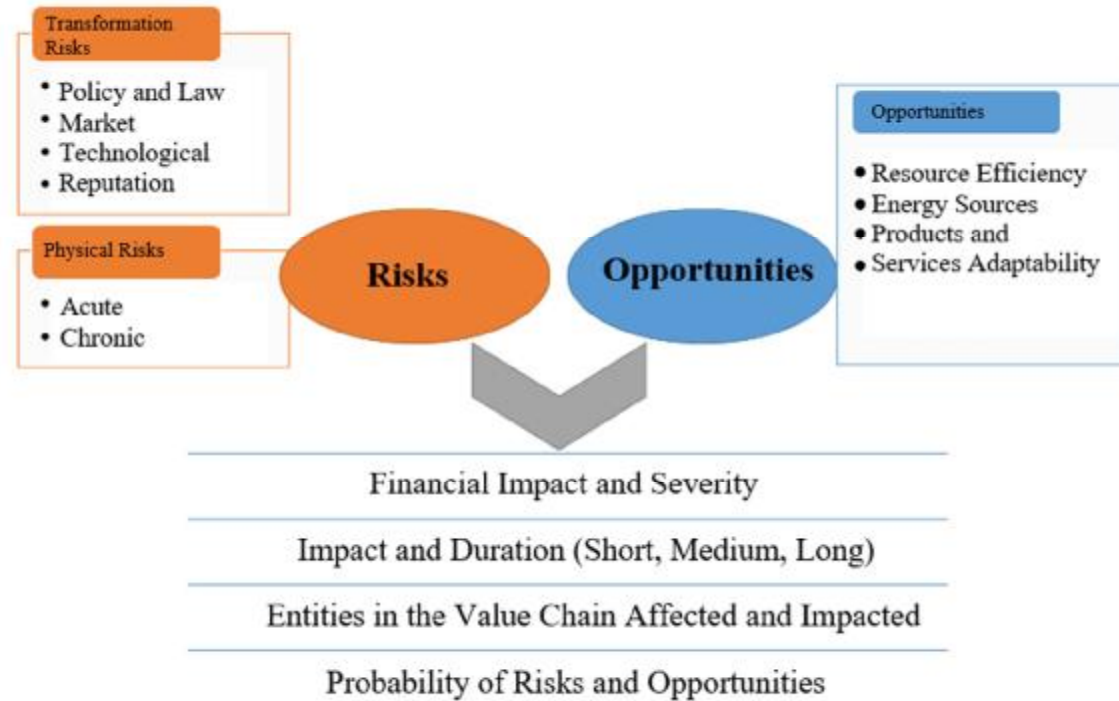
Climate Change Risk and Opportunity Matrix Diagram



- Low Risk/Opportunity - Medium Risk/ Opportunity - High Risk/Opportunity - Very High Risk/ Opportunity

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

4. The company has established a risk management procedure, which includes considerations for environmental and climate change risks within its risk categories. Understanding the nature and characteristics of identified risk events, as well as evaluating their probability and severity, is conducted through a risk matrix assessment. The results of this assessment serve as a reference for prioritizing subsequent risk control measures, aiming to prevent or mitigate potential risk impacts and keep risks within manageable limits to safeguard the interests of stakeholders.



5. When conducting scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and major financial impacts should be explained.

5. Physical risk references the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Science and Technology Center for Disaster Reduction, which estimate the average change rate of the number of days per year with temperatures rising and daily rainfall exceeding 200 millimeters for the period from 2021 to 2040, based on scenarios like RCP 8.5.

Transformation risk scenarios refer to Taiwan's 2050 net-zero emissions pathway and strategies, with carbon tax set as a parameter. The analysis considers the impact on the Company in aspects such as policy and legal, market, technology, reputation, finance, and operations, assuming a carbon tax of NT\$300 per ton.

Note: RCPs represent Representative Concentration Pathways. In the IPCC Fifth Assessment Report, they redefine future scenarios based on pathways of concentration, indicating changes in radiative forcing between 2100 and 1750. RCP2.6 means an increase of 2.6 watts per square meter in radiative forcing by 2100, while RCP4.5, RCP6.0, and RCP8.5 represent increases of 4.5, 6.0, and 8.5 watts per square meter, respectively.

Location	Taoyuan	Taichung	Changhu	Nantou
Assessment Factor				
Temperature increase from 2021 to 2040 (RCP 8.5)	1.6°C	1.5°C	1.5°C	1.5°C
Average change rate of the total number of days per year with daily rainfall exceeding 200 millimeters (RCP 8.5)	64%	52%	128%	44%

Factory Site Assessment Factor	Pingzhen Plant	Dali Plant Dajia Plant	Quanxing Plant	Nangang Plant
Sea Level Rise (RCP 8.5) Unaffected Unaffected Affected)	Unaffected	Unaffected	Unaffected	Unaffected
Areas Below the Tidal Line (With Flooding Risk) (RCP 8.5)	Unaffected	Unaffected	Unaffected	Unaffected
Below 2050 Flood Water Level (RCP 8.5)	Unaffected	Unaffected	Unaffected	Unaffected
Average Drought Duration (RCP 8.5)	4 months	4 months	4 months	4 months

6. If there is a transition plan to address climate-related risks, please describe the content of the plan, as well as the

6. The company closely monitors global climate change trends and international response directions, incorporating this issue into the major topics of corporate sustainable development. Continuous analysis and control are conducted, and the key points of the strategies are briefly outlined as follows. Indicators and goals can be referred to in point eight:

(1) Greenhouse Gas Inventory and Verification: Gradually complete greenhouse gas inventory and third-party verification at all locations in accordance with regulatory requirements.

(2) Energy Efficiency Improvement: Continuously introduce energy management and monitoring systems, replace high-energy-consuming equipment, install steam regulating valves to adjust steam, improve energy efficiency, and reduce energy consumption.

(3) Introduction of Renewable Energy Use: Plan to install roof-mounted solar power generation equipment at the Nangang plant and gradually promote the use of renewable energy.

<p>indicators and goals used to identify and manage physical and transitional risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for pricing should be explained.</p>	<p>(4) Development and Design of Environmentally Friendly Products: In response to the low-carbon transformation trend, the research and development unit considers the carbon emissions throughout the product life cycle and value chain, focusing on emission reduction, waste reduction, safety, and recycled products, helping downstream customers reduce carbon emissions.</p> <p>(5) Supply Chain Collaboration: Utilize corporate influence to assist major suppliers in completing carbon inventory questionnaire surveys and explore future reduction potential.</p> <p>(6) Strengthening Climate Resilience: Regularly maintain flood prevention equipment, establish emergency response SOPs for water use and rainfall, enhance response capabilities; establish a mechanism for maintaining safety inventory levels, conduct regular reviews, and maintain stable supply of raw materials.</p> <p>7. Internal carbon pricing has not been used.</p> <p>8.</p>
--	--

<p>8. If climate-related goals are set, information such as the activities covered, scope of greenhouse gas emissions, planning timeframe, annual progress towards achievement, etc., should be provided. If carbon offsets or Renewable Energy Certificates (RECs) are</p>	Strategies	Future Goals
	Greenhouse Gas Inventory and Verification	Complete greenhouse gas inventory for all offices and production plants in Taiwan by 2025
		Complete greenhouse gas verification for all offices and production plants in Taiwan by 2026
	Enhancing Energy Efficiency	Achieve a 1% increase in energy savings across all production plants by 2025 compared to 2024
		Implement a complete replacement of LED lighting fixtures in office areas
		Implement energy management and monitoring systems in all production plants by 2026
		Achieve a 4.5% fuel oil saving in the light cracking unit at the Nangang plant by 2026
	Introducing Renewable Energy Use	Install solar power generation capacity of 300KW by 2025.
	Environmentally Friendly Product Research and Design	Complete a trial and testing of a 3D printing material amplification by 2025
		Develop and apply environmentally friendly thermoplastic polyurethane and key intermediates in a one-shot process by 2025
		Develop and apply water-based PU suspension and coating formulas with graphene dispersion by 2025
Develop and apply dynamic cross-linking elastomers, foam technology by 2025		
Supply Chain Collaboration	Complete carbon inventory questionnaire surveys for the top ten key suppliers by 2025	

<p>used to achieve these goals, details about the sources and quantities of carbon offsets or RECs exchanged should be explained.</p> <p>9.Greenhouse Gas Inventory and Verification Situation, Reduction Targets, Strategies, and Specific Action Plans (also filled in sections 1-1 and 1-2).</p>	<p>Enhancing Climate Resilience</p>	<p>Establish emergency water shortage response procedures by 2025</p>	
		<p>Reduce boiler water consumption by 10% at the Dali Plant and 5% at the Pingzhen Plant by 2026. Improve steam condensate recovery by 40% at the Nangang Plant by 2026</p>	
		<p>Regularly maintain flood prevention equipment</p>	
		<p>Establish a safety stock mechanism by 2025 and review it periodically</p>	

1-1 Recent Two-Year Company Greenhouse Gas Inventory and Verification Status

1-1-1 Greenhouse Gas Inventory Information: Specify greenhouse gas emissions for the past two years (in metric tons of CO₂e), intensity (in metric tons of CO₂e per million dollars), and data coverage.

Specify greenhouse gas emissions for the past two years (in metric tons of CO₂e), intensity (in metric tons of CO₂e per million dollars), and data coverage.

The company is currently preparing to conduct greenhouse gas inventory starting in 2024, in accordance with the requirements outlined in Article 10 of the Guidelines for the Disclosure of Material Information of Public Issuers and the Sustainability Pathway Map of TWSE and Tpx Listed Companies, with emissions disclosure scheduled for 2025. In March 2025, third-party verification confirmed that the Company's total greenhouse gas emissions for 2024 amounted to 42,873 metric tons of CO₂e, comprising 17,911 metric tons of CO₂e from Scope 1 emissions and 24,962 metric tons of CO₂e from Scope 2 emissions. The emissions intensity for the year was calculated at 18.75 metric tons of CO₂e per NT\$ 1 million in revenue, based on total revenue of NT\$2,287 million. The data encompasses the Company's headquarters and all affiliated production facilities. As 2024 was the first year in which a verified greenhouse gas inventory was conducted, only data for the 2024 reporting year is available.

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions from activities not directly owned or controlled by the company but related to its activities) should be included.

Note 2: Direct emissions and energy indirect emissions data must adhere to the specified schedule under Article 10, Paragraph 2 of the guidelines, while information on other indirect emissions may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO14064-1 published by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emission intensity may be calculated per unit of product/service or revenue, but data should be provided at least in terms of revenue (in million New Taiwan Dollars).

1-1-2 Greenhouse Gas Assurance Information: Provide an explanation of the assurance status for the two most recent years up to the printing date of the annual report, including the scope of assurance, assurance provider, assurance criteria, and assurance opinion.

Provide an explanation of the assurance status for the two most recent years up to the printing date of the annual report, including the scope of assurance, assurance provider, assurance criteria, and assurance opinion.

The company is currently preparing to conduct greenhouse gas inventory starting in 2024, in accordance with the requirements outlined in Article 10 of the Guidelines for the Disclosure of Material Information of Public Issuers and the Sustainability Pathway Map of TWSE and TPEX Listed Companies, with emissions disclosure scheduled for 2025. Therefore, there is currently no assurance information available for greenhouse gas emissions. The verification of the Company's greenhouse gas emissions for 2024 has been completed, covering the headquarters and all affiliated production facilities. The verification was conducted by SGS Taiwan Ltd. in accordance with ISO 14064-3:2019, and the assurance opinion issued was a reasonable level of assurance with an unqualified conclusion.

Note 1: In accordance with the provisions set forth in Article 10, Paragraph 2 of the guidelines, if the company has not obtained complete greenhouse gas assurance opinions by the printing date of the annual report, it should be noted that "complete assurance information will be disclosed in the sustainability report." If the company has not prepared a sustainability report, it should be noted that "complete assurance information will be disclosed on the Taiwan Stock Exchange's website," and complete assurance information should be disclosed in the next annual report.

Note 2: Assurance providers should comply with relevant regulations established by the Taiwan Stock Exchange Corporation and the Taiwan Stock Exchange Market Observation Post Foundation regarding assurance providers for sustainability reports.

Note 3: Disclosure content can refer to the best practice examples provided on the Taiwan Stock Exchange Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Provide details on the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and progress towards achieving reduction targets.

GHG Emissions Base Year and Reduction Targets

The Company has completed its greenhouse gas (GHG) inventory in accordance with the ISO 14064-1 standard, designating 2024 as the base year. In that year, Scope 1 and Scope 2 emissions amounted to 17,911 metric tons CO₂e and 24,962 metric tons CO₂e respectively, with total emissions of 42,873 metric tons CO₂e. The GHG inventory was verified in March 2025. The Company will subsequently proceed with the formulation and refinement of its emission reduction targets.

At present, the Company's Sustainability Development Committee has established initial reduction goals: to reduce Scope 1 and Scope 2 carbon emission intensity by 1% per year relative to the 2024 base year.

GHG Emission Reduction Strategy and Action Plan

The Company has established a greenhouse gas (GHG) reduction strategy that includes the following key initiatives:

1. Increasing the installation capacity of solar photovoltaic (PV) systems.
2. Developing environmentally friendly products.
3. Introducing innovative production processes.
4. Optimizing production scheduling to concentrate operations and reduce energy consumption.
5. Replacing high-energy-consuming production equipment with energy-efficient alternatives.
6. Improving the operational efficiency of fuel-based equipment to reduce fuel consumption.
7. Replacing outdated air conditioning systems with energy-saving units.
8. Replacing energy-intensive lighting systems with energy-efficient lighting solutions.

Note 1: Compliance should be in accordance with the provisions set forth in Article 10, Paragraph 2 of the guidelines.

Note 2: The baseline year should be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, according to the provisions set forth in Article 10, Paragraph 2 of the guidelines, companies with a capitalization of over 10 billion NT dollars should complete the inventory of consolidated financial statements for 2024. Therefore, the baseline year is 2024. If the Company has completed the inventory of consolidated financial statements ahead of schedule, the earlier year may be used as the baseline year. Additionally, the data for the baseline year can be calculated as a single year or as an average of several years.

Note 3: Disclosure content can refer to the best practice examples provided on the Taiwan Stock Exchange Corporate Governance Center website.

8. Compliance with ethical corporate management and measures implemented:

Items Evaluated	Status			Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
<p>1. Establishment of ethical operation policies and programs</p> <p>(1) Does the Company clearly specify the policy, practice of ethical management in the regulations and external files, and does the board of directors, management level actively implement the commitment of ethical management?</p> <p>(2) Does the Company implement prevention measures for the business activities with high risk of dishonest behaviors in each clause of Article 7-2 of “Code of Ethical Management of the Listed and Over-the Counter Companies” or within the other business scope?</p> <p>(3) Does the Company formulate the operation procedure, behavior guidelines, punishments, and compliance policy? Does the Company also periodically review and revise the said programs?</p>	<p>P</p> <p>P</p> <p>P</p>		<p>(1) The Company has formulated the "Code of Integrity Management", and on 8 November 2019, the board of directors passed amendments to certain articles in accordance with the Letter-Tai-Zheng-Zhi-Li-Zi No. 1080008378, enhancing the policy of conducting business with integrity, and the commitment to actively implement the management policy.</p> <p>(2) The Company has formulated related specifications and evaluation mechanisms in the “Code of Integrity Management”, and designated a dedicated unit to be responsible for implementation.</p> <p>(3) The Company has established the “Integrity Management Operating Procedures and Code of Conduct,” which sets forth operating procedures, codes</p>	<p>No deviation.</p>

Items Evaluated	Status			Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			of conduct, disciplinary measures for violations, and a complaint system to demonstrate our commitment to integrity management and prevent unethical behavior.	
<p>2. Implementing ethical corporate management</p> <p>(1) Does the Company evaluate the ethical records of the businesses with which it has dealings and include clear ethical corporate behavior provisions in contracts with such counterparties?</p> <p>(2) Does the Company set up a special unit under the board of directors to promote the integrity management of the enterprise, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonesty and supervision and implementation?</p> <p>(3) Does the Company formulate the policy of preventing conflict of interest, provide the proper statement channel, and carry out the implementation?</p> <p>(4) Has the Company established the effective accounting system, internal control system to implement the ethical management, and are these</p>	<p>P</p> <p>P</p> <p>P</p> <p>P</p>		<p>(1) Before establishing a business relationship, the Company will evaluate the legitimacy of the counterparty to ensure that its business operations are transparent and will not request, provide or accept bribes.</p> <p>(2) The Company has clearly designated a dedicated unit responsible for the formulation and supervision of the integrity management policy and precaution plan, and regularly (once a year) reports the implementation to the management. The execution status of integrity management for 2023 was reported to the board of directors on 7 May 2024.</p> <p>(3) The Company has explicitly stipulated in the "Rules of Procedure for Board of Directors Meetings" that any director who has a personal interest in a matter under discussion shall recuse themselves from deliberation and voting on that particular agenda item. The Company has established the "Code of Conduct for Integrity Management," which clearly outlines policies to prevent conflicts of interest. Additionally, the Company has formulated the "Employee Whistleblower Policy" and the "Whistleblower System Management Measures," allowing stakeholders to directly report any unlawful behavior to the Company.</p> <p>(4) The Company has established an effective accounting system and internal control system. In addition to regular audits by internal auditing office, Ernst &</p>	No deviation.

Items Evaluated	Status			Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
<p>systems regularly checked by the internal audit unit, or by the CPA?</p> <p>(5) Does the Company hold internal and external ethical corporate behavior training regularly?</p>	P		<p>Young also conducts regular financial report and internal control reviews.</p> <p>(5) New employees of the Company receive education and guidance on the "Code of Integrity Management" upon joining. Additionally, on 20 November 2024, existing employees attended an education and training session on the "Code of Conduct for Integrity Management," which included an analysis of the integrity management guidelines for TWSE and TPEX listed companies (purpose and key points of the guidelines).</p>	
<p>3. Status for enforcing whistle-blowing system</p> <p>(1) Does the Company establish a specific whistleblowing and reward system, set up convenient channels, and designate appropriate personnel to handle the investigations, depending on the identity of the person being reported?</p> <p>(2) Does the Company established standard investigation procedures, follow-up measures, and relevant mechanisms to ensure confidentiality?</p> <p>(3) Does the Company adopt protection against possible mistreatment arising from reporting violations?</p>	P		<p>(1) The Company has formulated the "Code of Integrity Management", clearly defining reporting channels and assigning appropriate specialists. Integrate the integrity management policy with employee performance evaluations and human resources policies, establishing a clear system for rewards and penalties.</p> <p>(2) The Company has formulated the "Code of Integrity Management", which clearly stipulates that the identity of the informant and the content of the report shall be kept confidential.</p> <p>(3) The Company ensures confidentiality for employees or whistleblowers who provide suggestions or report any illegal conduct. The designated unit is responsible for keeping the identity of the whistleblower and the content of the report confidential. The whistleblower</p>	No deviation.

Items Evaluated	Status		Brief Explanation	Variations (if any) with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
			policy explicitly stipulates that no improper treatment shall be imposed on the whistleblower.	
4. Enhancing information disclosure Does the Company disclose the content of its Best Practice Principles and its effectiveness on their website and the TWSE market observation post system?	P		The Company has formulated the "Code of Integrity Management" and has been approved by the board of directors. Furthermore, the Company has made relevant disclosures on the Company website and Market Observation Post System.	No deviation.
5. If the Company has established a code of ethical corporate management based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please discuss the specifics of the code and implementation below: The Company will plan and handle different items according to actual management needs.				
6. Other information that facilitate the understanding of Company ethical corporate management practices: for more details, please refer to the Company's official website.				

9. If the Company has established corporate governance principles and related guidelines, the means of accessing this information should be disclosed: The Company has formulated the corporate governance principles and relevant regulations, please refer to SUNKO's company website for further information. The Company should also disclose other significant information which may improve the understanding of its governance and operation:
10. For further relevant information on the Company, please visit SUNKO's company website.

11. Status of implementation of internal control system

- i. Statement of Declaration on Internal Control System

SUNKO INK CO., LTD

Statement of Declaration on Internal Control System

Date: 7 March 2025

The internal control system of this Company in 2023 is hereby stated as follows according to the self-assessment results.

- I. The Company acknowledges that to establish, implement and maintain the internal control system is the responsibility of the Company's board of directors and manger, and this Company has established such system. Its purpose is to provide reasonable assurance for reaching the goals of effective and efficient operation (including making profits, achieving performance and ensuring the safety of assets, etc.), reliable, timely, transparent guidance and conforming to relevant specification, namely relevant laws and regulations, etc.
- II. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned three objectives. Moreover, the effectiveness of the internal control system may be altered as the environment changes and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the "Regulations Governing the Establishment of Internal Control System in Publicly Listed Companies" (hereinafter referred to as "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment;(2) Risk Assessment; (3) Control Activities;(4) Information and Communication; and (5) Monitoring Activities. Each constituent element includes a number of categories. Please refer to "The Regulations" for the aforementioned categories.
- IV. The Company has already adopted the aforementioned internal control system assessment items to evaluate the effectiveness of internal control system design and implementation.
- V. Based on the findings of the evaluation, the Company believes that, on 31 December 2024, it has maintained, in all material respects, an effective internal control system (including the supervision and management toward its subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable regulations.
- VI. This statement of declaration shall be the primary content of the Company's Annual Report and prospectus and shall be made available to the public. Falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was approved by the board on 7 March 2025 where all 7 attending directors hereby stating their consenting opinions.

SUNKO INK CO., LTD

2. If the CPAs are entrusted for review of internal control system, the audit report prepared by the CPAs shall be disclosed: None.

12. From the most recent fiscal year up until the date of publication of the Annual Report, explain any legal penalty against the Company or its internal personnel, or any disciplinary actions by the Company against its personnel for violation of the internal control system, where the result of such penalty could have a material effect on shareholder equity or securities prices, the penalty, material deficiencies, and condition of improvement shall be disclosed: None.

13. Material resolutions adopted by the shareholders' meetings and the board meetings in the most recent fiscal year up to the publication date of this Annual Report:

i. Material resolutions at the board meeting

Date	Term of Meeting	Material Resolutions
30 January 2024	The 18 th Board of Directors The 13 th Meeting	1. Settle remuneration for managers in 2023. 2. The salary of managers will be increased from 1 January 2024 3. Review of 2024 remuneration for managers. 4. Review of the board performance bonus for the general manager for 2023
5 March 2024	The 18 th Board of Directors The 14 th Meeting	1. Independence assessment of certified public accountant and engagement of 2024 financial and tax audits, proposed for discussion. 2. Drafting the general principles for the pre-approval policy for non-assurance services in the Company, proposed for discussion. 3. Review of the 2023 parent company only and consolidated financial reports, proposed for discussion. 4. Review of the Company's 2023 Business Report, proposed for discussion. 5. 2023 earnings appropriation proposal, proposed for discussion.

Date	Term of Meeting	Material Resolutions
		<p>6. 2023 Statement of Declaration on Internal control system, proposed for discussion.</p> <p>7. Amendment of the “Audit Committee Charter” and “Board Meeting Procedures” of the Company, proposed for discussion.</p> <p>8. Amendment of the Company’s authority matrix, proposed for discussion.</p> <p>9. Setting the date, venue and reasons for convening of the 2024 general shareholders’ meeting, proposed for discussion.</p> <p>10. Matters related to the venue and session of the 2024 general shareholders’ meeting., proposed for discussion.</p> <p>11. Renewal of directors’ and managers’ liability insurance, proposed for discussion.</p> <p>12. Application to banks for the loan credit line, proposed for discussion.</p>
7 May 2024	The 18 th Board of Directors The 15 th Meeting	<p>1. The Company’s consolidated financial statements of Q1 for 2024, proposed for discussion.</p> <p>2. Application to banks for the loan credit line, proposed for discussion.</p> <p>3. Amendment of the Company’s “Rules of Procedure for Board of Directors Meetings”, proposed for discussion.</p> <p>4. Amendment of the Company’s “recycling production”, proposed for discussion.</p>
6 August 2024	The 18 th Board of Directors The 16 th Meeting	<p>1. The Company’s consolidated financial statements of Q2 for 2024, proposed for discussion.</p> <p>2. Appointment and remuneration to the Company's R&D Supervisors, proposed for discussion.</p> <p>3. Application to banks for the loan credit line, proposed for discussion.</p> <p>4. Amendment to the Company’s “Measures for the Security and</p>

Date	Term of Meeting	Material Resolutions
		Protection of Personal Data”, proposed for discussion. 5. Amendment to the Company’s “Procedures for Related Party Transactions”, proposed for discussion. 6. Sustainability Report and the Status of Sustainability Development Implementation for 2023.
12 November 2024	The 18 th Board of Directors The 17 th Meeting	1. The Company’s consolidated financial reports of Q3 for 2024, proposed for discussion. 2. Application to banks for the loan credit line, proposed for discussion. 3. Amendment to the Company’s “Corporate Governance Best Practice Principle”, proposed for discussion.
10 December 2024	The 18 th Board of Directors The 18 th Meeting	1. 2025 operating plan, proposed for discussion. 2. 2025 budget, proposed for discussion. 3. 2025 internal audit plan, proposed for discussion. 4. Disposal of equity interests in CHING FENG HOME FASHIONS CO., LTD., proposed for discussion. 5. All employee salary adjustment plan for 2025, proposed for discussion. 6. The amendment of the Regulations Governing the Implementation of Internal Audit, proposed for discussion.

ii. Material resolutions at the 2023 shareholders meeting

Date	Name of Meeting	Material resolutions
12 Jun 2024	2024 general shareholders’ meeting	1. Ratification of 2023 business report and financial reports. Execution status: Resolution passed
		2. Ratification of 2023 loss make-up. Execution status: Execution in accordance with the resolution.

(14) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding material resolutions of the board meeting in the most recent year up to the publication date of this Annual Report: None.

(15) Resignation or dismissal of the Company's key individuals, including the chairman, general manager, and heads of accounting, finance, internal audit and R&D in the most recent fiscal year up to the publication date of this Annual Report: None.

4. Information on certified CPA Professional Fees

Information on Certified CPA Professional Fee						
						Unit: NT\$ (in thousands)
Accounting Firm	Name of CPA	Duration of Audit	Audit Fee	Non-Audit Fee	Total	Remark
Ernst & Young	CHEN, MING HUNG HUANG, TZU-PING	1 January 2025- 31 December 2025	3,290	590	3,880	Non-audit fee includes tax compliance audit NT\$310 thousands and NT\$280 thousands for ESG verification service.

5.1 If the accounting firm was replaced and if the audit fees paid for the fiscal year in which such replacement took place are lower than those for the previous year, the reduction in the amount of audit fees, percentage of reduction and the reason(s) should be disclosed: None.

5.2 If the audit fees paid for the current year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) should be disclosed: None.

5. Information of Changing CPAs: None.

6. The Chairman, President and Financial or Accounting Manager of the Company who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated company: None.

7. Equity transfer or changes in equity pledged by the Company's directors, supervisors, managers or shareholders with shareholding percentage exceeding 10% in the most recent fiscal year up to the publication date of this Annual Report.

7.1 Circumstance of changes in equity of directors, supervisors, managers and major shareholders:

Title	Name	2024		As of 30 April 2025	
		Holding Increase (decrease)	Pledged Holding Increase (decrease)	Holding Increase (decrease)	Pledged Holding Increase (decrease)
Chairman	KT Investment Co., Ltd.	-	-	9,000	-
	Representative of KT Investment Co., Ltd.: HUANG, TING-DI	-	-	-	-
Director	KT Investment Co., Ltd.	-	-	-	-
	Representative of Fulilu Investment Co., Ltd.: HUANG, SHUN-HSIEN	-	-	-	-
Director	Chiaoli Investment Co., Ltd.	-	-	-	-
	Representative of Chiaoli Investment Co., Ltd.: LIN, YU-PING	-	-	(9,000)	-
Director	Chiaoli Investment Co., Ltd.	-	-	-	-
	Representative of Chiaoli Investment Co., Ltd.: HUANG, ZHAO-WEI	-	-	-	-
Independent Director	LI, SHIH-JEN	-	-	-	-
Independent Director	TSOU, YEN-CHUNG	-	-	-	-
Independent Director	LIN, YEN-TING	-	-	-	-
General Manager	CHANG, CHUN-PIN	-	-	-	-

Title	Name	2024		As of 30 April 2025	
		Holding Increase (decrease)	Pledged Holding Increase (decrease)	Holding Increase (decrease)	Pledged Holding Increase (decrease)
Minister of Production	SHEN, CHI-YUNG	-	-	-	-
Minister of Production	HUANG, SHUN-HSIEN	-	-	-	-
Minister of Production	HUANG, ZHAO-WEI	-			
Manager of Management Department	HUNG, TING-YI	-	-	-	-
R&D Department Supervisor	TSOU, CHIOU-PENG (Note 1)	-	-	-	-
R&D Department Supervisor	CHANG, TIEN-CHU (Note 2)	-		10,000	
Finance Office Supervisor	ZHANG, CHU-XING	-	-	-	-
Accounting Office Manager	WANG, SHENG-HUI	-	-	-	-

Note 1: R&D Department Supervisor TSOU, CHIOU-PENG resigned on 31 July 2024.

Note 2: R&D Department Supervisor CHANG, TIEN-CHU took office on 1 August 2024.

7.2 Stock transfers or pledge of stock rights to related parties: None.

8 Relationship information, if among the Company's 10 largest shareholders any one is a related party or a spouse and relative within the second degree of kinship of another

Name	Shares held personally		Shares held by spouse or minor children		Shares held by nominee agents		Names of spouse or other relatives within two degrees of consanguinity who are also among SUNKO's top 10 largest shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Macy Investment Co., Ltd.	16,947,191	9.17%	-	-	(Note 1)	-	HUANG, YI-RUNG HUANG, TING-DI LIN, YU-PING WANG, PAO-LING	Director Director Director Supervisor	
Representative of Macy Investment Co., Ltd.: CHIU, CHI-CHIH	-	-	(Note 1)	-	(Note 1)	-	KT Investment Co., Ltd.	Same representative	
KT Investment Co., Ltd.	10,810,010	5.85%	-	-	-	-	HUANG, YI-RUNG HUANG, TING-DI SUNKO INK CO., LTD.	Director Supervisor Director of the Company	
Representative of KT Investment Co., Ltd.: CHIU, CHI-CHIH	-	-	(Note 1)	-	(Note 1)	-	Macy Investment Co., Ltd.	Same representative	
Chiaoli Investment Co., Ltd.	6,503,902	3.52%	-	-	-	-	LIN, YU-PING HUANG, TING-DI SUNKO INK CO.,	Director Director Director of the	

Name	Shares held personally		Shares held by spouse or minor children		Shares held by nominee agents		Names of spouse or other relatives within two degrees of consanguinity who are also among SUNKO's top 10 largest shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
							LTD.	Company	
Representative of Chiaoli Investment Co., Ltd.: KAO, CHING-MEI	-	-	(Note 1)	-	(Note 1)	-	LIN, YU-PING HUANG, TING-DI	Daughter Son-in-law	
HUANG, YI-RUNG	5,988,685	3.24%	1,555,855	0.84%	-	-	Macy Investment Co., Ltd KT Investment Co., Ltd LIN, YU-PING HUANG, TING-DI	Director Director Daughter-in-law Son	
UBS European SE Investment Account under Custody of Citibank	3,988,223	2.16%	(Note 1)	-	(Note 1)		(Note 1)		
LIN, YU-PING	3,137,718	1.70%	3,332	0.00%	-	-	Macy Investment Co., Ltd. Chiaoli Investment Co., Ltd. HUANG, YI-RUNG KAO, CHING-MEI HUANG, TING-DI	Director Director Father-in-law Mother Husband	

Name	Shares held personally		Shares held by spouse or minor children		Shares held by nominee agents		Names of spouse or other relatives within two degrees of consanguinity who are also among SUNKO's top 10 largest shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Barclays Capital SBL/PB Investment Account under the Custody of Citi Bank (Taiwan)	2,782,000	1.50%	(Note 1)	-	(Note 1)	-			
J.P. Morgan Securities LLC, Custodian for Morgan Stanley Investment Account	1,995,800	1.08%	(Note 1)	-	(Note 1)	-			
ZHUANG, HONG-DE	1,888,809	1.02%	(Note1)	-	(Note1)	-	(Note1)		-
TONG, CING-MEI	1,555,855	0.84%	5,988,685	3.24%	(Note1)	-	Macy Investment Co., Ltd. KT Investment Co., Ltd. Chiaoli Investment Co., Ltd.	Director Director Director	

Name	Shares held personally		Shares held by spouse or minor children		Shares held by nominee agents		Names of spouse or other relatives within two degrees of consanguinity who are also among SUNKO's top 10 largest shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
							HUANG, YI-RUNG HUANG, TING-DI LIN, YU-PING	Spouse Mother and Son Mother-in-law	

Note1: The shareholder is not an insider of the Company. Therefore, information about his/ her spouses, minor children, or other persons holding the shares is not available.

9 Number of shares hold for the same reinvestment business by the Company's directors, supervisors, manager and the Company's directly or indirectly controlled business, and combined calculation of the comprehensive shareholding ratio:

Unit: thousand shares; %

Affiliated Enterprise	Investments by SUNKO		Investments of directors, supervisors, managers and directly or indirectly controlled businesses		Combined Investment	
	Shares	%	Shares	%	Shares	%
Sunko Biotech Company, Ltd.	1,674	22.32%	-	-	1,674	22.32%
CHEN CHI TECHNOLOGY CO., LTD.	1,640	41.00%	-	-	1,640	41.00%
Kuo Ching Development Corp.	200	100.00%	-	-	200	100.00%

III. CAPITAL OVERVIEW

1 Source of Capital

1.1 Capital and shares

1.1.1 Shares issued

Units: NT\$; Shares

Year/ Month	Issuance price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets other than Cash	Other
1989/09	10.0	19,900,000	199,000,000	19,900,000	199,000,000	Capital Increase by Cash of 30,000,000 Capital Increase by Retained Earnings of 39,000,000	None	
1991/12	10.0	22,885,000	228,850,000	22,885,000	228,850,000	Capital Increase by Retained Earnings of 29,850,000	None	Note 1
1992/11	10.0	30,208,200	302,082,000	30,208,200	302,082,000	Capital Increase by Retained Earnings of 73,232,000	None	Note 2
1993/12	10.0	35,343,594	353,435,940	35,343,594	353,435,940	Capital Increase by Retained Earnings of 51,353,940	None	Note 3
1994/10	10.0	42,000,000	420,000,000	42,000,000	420,000,000	Capital Increase by Cash of 20,617,390 Capital Increase by Retained Earnings of 45,946,670	None	Note 4
1995/06	10.0	46,200,000	462,000,000	46,200,000	462,000,000	Capital Increase by Retained Earnings of 42,000,000	None	Note 5
1996/03	10.0	73,900,000	739,000,000	53,130,000	531,300,000	Capital Increase by Retained Earnings of 69,300,000	None	Note 6
1997/07	10.0	73,900,000	739,000,000	71,062,600	710,626,000	Capital Increase by Cash of 115,570,000 Capital Increase by Retained Earnings of 63,756,000	None	Note 7
1998/06	10.0	150,000,000	1,500,000,000	95,934,510	959,345,100	Capital Increase by Retained Earnings of 106,593,900 Capital Increase by Capital surplus of 142,125,200	None	Note 8
2007/08	7.6	150,000,000	1,500,000,000	125,934,510	1,259,345,100	Private placement of 300,000,000	None	Note 9
2009/10	10.0	150,000,000	1,500,000,000	73,676,977	736,769,770	Capital reduction to cover losses of 522,575,330	None	Note 10
2012/11	6.0	150,000,000	1,500,000,000	78,676,977	786,769,770	Private placement of 50,000,000	None	Note 11
2012/12	5.95	150,000,000	1,500,000,000	83,676,977	836,769,770	Private placement of 50,000,000	None	Note 12
2016/04	10.0	250,000,000	2,500,000,000	222,347,344	2,223,473,440	Increase by issuance of new shares due to merger of 1,438,903,670 Reduction due to merger of 52,200,000	None	Note 13
2020/12	10.0	250,000,000	2,500,000,000	188,995,242	1,889,952,420	Capital reduction of 333,521,020.	None	Note 14
2022/02	10.0	250,000,000	2,500,000,000	184,884,092	1,848,840,920	Treasury shares were canceled 41,111,500 accordingly due to capital reduction.	None	Note 15

Note:

- (1) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (80) Tai-Cai-Cheng (1) No. 03297 on 27 November 1991.
- (2) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (81) Tai-Cai-Cheng (1) No. 02945 on 13 November 1992.
- (3) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (82) Tai-Cai-Cheng (1) No. 44324 on 1 December 1993.
- (4) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (83) Tai-Cai-Cheng (1) No. 32308 on 30 July 1994.
- (5) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (84) Tai-Cai-Cheng (1) No. 37871 on 29 June 1995.
- (6) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (85) Tai-Cai-Cheng (1) No. 18743 on 7 March 1996.
- (7) The Financial Supervisory Commission approved a capital increase by Retained Earnings of 63,756,000 and capital increase by cash of 115,570,000 on 28 July 1997. (Letter Tai-Cai-Cheng (1) No. 51554)
- (8) Approved by the Securities and Futures Commission, Ministry of Finance with Letter (87) Tai-Cai-Cheng (1) No. 51527 on 15 June 1998.
- (9) 30,000,000 privately placed ordinary shares, with a face value of NT\$10, issued at a discount of NT\$7.6 per share.
- (10) The Financial Supervisory Commission of the Executive Yuan approved a capital reduction of NT\$522,575,330 by Letter Jin-Guan-Cheng-FA-Zi No. 0980043460 on 18 September 2009. On 23 October 2009, the Ministry of Economic Affairs approved on the application for capital reduction and the registration of changes to the Articles of Association by Letter Jing-Shou-Shang-Zi No. 09801239000.
- (11) 5,000,000 privately placed ordinary shares, with a face value of NT\$10, issued at a discount of NT\$6 per share. On 15 November 2012, the Ministry of Economic Affairs approved on the application for the registration of changes in the issuance of new shares by Letter Jing-Shou-Shang-Zi No. 10101236030.
- (12) 5,000,000 privately placed ordinary shares, with a face value of NT\$10, issued at a discount of NT\$5.95 per share. On 24 December 2012, the Ministry of Economic Affairs approved on the application for the registration of changes in the issuance of new shares by Letter Jing-Shou-Shang-Zi No. 10101260990.
- (13) Approved by the Financial Supervisory Commission on 4 March 2016 (Letter Jin-Guan-Cheng-FA-Zi No. 1050005429) on the issue of 143,890,367 ordinary shares with a face value of NT\$ 10 due to the merger, and was approved for the registration of changes by Letter Jing-Shou-Shang-Zi No. 10501066910.
- (14) Approved by the Financial Supervisory Commission on 15 December 2020 (Letter Jin-Guan-Cheng-FA-Zi No. 1090376896), and was approved for the application for capital reduction and registration of changes by Letter Jing-Shou-Shang-Zi No. 10901243830.
- (15) Approved by the Department of Commerce of the Ministry of Economic Affairs Commission on 7 February 2022 (Letter JING-SHOU-SHANG-ZI No. 11101015590), and was approved for the application for that treasury shares were canceled accordingly due to capital reduction in accordance with the shareholding ratio.

14 April 2025

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Non-Issued Shares	Total	
Common Stock	Public: 165,715,572 Private: 19,168,520	65,115,908	250,000,000	-

Note: The Company does not issue any preferred stock.

Information related to the Declaration Policy

Class of Securities	Estimated shares of issuance		Issued Shares		Objective and estimated gains of the issued shares	Estimated issuance date of the non-issued shares	Remarks
	Total Shares	Amount	Shares	Price			
-	-	-	-	-	-	-	-

2 Shareholder structure

14 April 2025

Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Individuals	Total
Quantity						
Number of Shareholders	0	9	223	60,549	78	60,859
Shares Held	0	586,331	36,965,245	135,163,872	12,168,644	184,884,092
Holding Percentage	0	0.32%	19.99%	73.11%	6.58%	100.00%

As of 13 April 2025, the Company did not have any equity holdings from China.

- 3 List of Major shareholders: List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

14 April 2025

Shareholders	Shares	Number of Shares Held	Holding Percentage
Macy Investment Co., Ltd.		16,947,191	9.17%
KT Investment Co., Ltd.		10,810,010	5.85%
Chiaoli Investment Co., Ltd.		6,503,902	3.52%
HUANG, YI-RUNG		5,988,685	3.24%
UBS European SE Investment Account under Custody of Citibank		3,988,223	2.16%
LIN, YU-PING		3,137,718	1.70%
Barclays Capital SBL/PB Investment Account under the Custody of Citi Bank (Taiwan)		2,782,000	1.50%
J.P. Morgan Securities LLC, Custodian for Morgan Stanley Investment Account		1,995,800	1.08%
ZHUANG, HONG-DE		1,888,809	1.02%
TONG, CING-MEI		1,555,855	0.84%

4 Dividend policy and implementation status

4.1 The Company's dividend policy is determined by the board of directors based on the Company's operational performance, capital expenditures, financial planning, and changes in the overall economic environment, while also taking into account the best interests of shareholders. Unless otherwise determined due to special circumstances, the distribution of after-tax earnings for the fiscal year shall, in principle, not be less than 20%.

4.1 Dividend policy as outlined in the Company's Articles of Incorporation

The general final accounts shall be distributed according to the following order in case of surplus:

- (1) Income tax obligation
- (2) Offsetting accumulated deficits, if any
- (3) Set aside 10% as legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply.
- (4) Set aside or reserve special reserve in accordance with law and regulations.
- (5) In combining the balance with the accumulated undistributed surplus of the previous period, the Board shall prepare a proposal for earnings distribution and submit it to the shareholders' meeting for a resolution distributing dividends to shareholders.

To adhere to the principle of sustainable operation, the Board of Directors shall, pursuant to the Company Act and the Company's Articles of Incorporation, make the dividend distribution proposal (including cash and share bonus) annually prior to the shareholders' meeting based on the Company's operation, financials and capital planning. At least 20% of the dividends must be paid in the form of cash.

4.3 Dividend distribution for the current year:

The board of directors of the Company resolved on 7 March 2025, due to a net loss after tax in the amount of NT\$182,575,986 for 2024, there were no distributable earnings. To reinforce operating funds, it is proposed not to distribute dividends.

5 The impacts of issuing stock grants in this shareholder's meeting on the Company's operational performance and earnings per share: None.

6 Employee compensation and directors' and supervisors' remuneration

6.1 The amount or scope of the remuneration of employees, directors and supervisors stated in the Articles of Incorporation: According to the Articles of Incorporation, in case of surplus, at least 3% of profit of the current year shall be appropriated as employees' compensation, and no higher than 1% of profit of the current year shall be appropriated as remuneration to board directors. However, the accumulated deficits, if any, shall first be made up for. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributed to employees in the form of stock or cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

6.2 The accounting treatment when there is a discrepancy between the calculation basis of the amount of compensation for employees, directors and supervisors, and the calculation basis of the number of shares for employee remuneration distributed by stocks and the actual distribution amount in the current period:

Based on earnings as of 31 December 2024 and for the year then ended, the Company appropriated amounts of the employees' remuneration and directors' remuneration at 3% and 1% of earnings for due to the net loss in 2024, employees' remuneration and directors' remuneration were not recognized.

6.3 Remuneration distribution approved by the board of directors:

The Company incurred after-tax losses in 2024, therefore, no recognition was made for employees' remuneration and directors' remuneration, and thus, no related information regarding distribution is available.

6.4 Status of actual distribution of remuneration of employees, directors and supervisors of the previous year (including the number, amount and share price of shares distributed), any discrepancies with the recognized remuneration of employees, directors and supervisors, and detailed description of amount, reason and treatment of discrepancy:

Due to operating losses incurred in 2024 and 2023, the Company did not accrue employee or director remuneration.

2. Status of Corporate Bonds: None.

3. Status of Preferred Stocks: None.

4. Status of Global Depositary Receipts: None.

5. Status of Employee Stock Options: None.

6. Restriction on new employee shares: None.

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

8. Financing Plans and Implementation: None.

IV. OPERATION HIGHLIGHTS

1 Business Activities

1.1 Business Scope

1.1.1 Main Businesses

- (1) Active Pharmaceutical Ingredients of Agrochemicals
- (2) Rubber and polymer additives
- (3) Cosmetic raw materials
- (4) Elastomer (TPV), and Elastomer (TPU)
- (5) Synthetic resin, primer, adhesive, hardening agent, accelerant
- (6) Other chemicals

1.1.2 Major Product Lines and the breakdowns

Unit: NT\$ (in thousands)

Items/Year	For the years ended 31December			
	2023		2024	
	Amount	%	Amount	%
Fine chemicals	1,598,747	73.14	1,570,268	68.67
Agrochemicals	326,228	14.93	423,844	18.54
Elastomer	180,344	8.25	204,196	8.93
Resin	70,118	3.21	80,311	3.51
Others	10,234	0.47	8,101	0.35
Total	2,185,671	100.00	2,286,720	100.00

1.1.3 Current Products and New Products Planned

Category	Product Name	New Products Planned
Fine Chemicals	Antioxidant	Increasing the derivative products with existing products.
	Curing Agent	
	Non-halogenated Flame Retardant	
	Electronic Chemicals	
	Nucleating Agent	
Polymer	TPU	Inert elastomer Vibration-absorptive material New polyolefin elastomer
	TPV	
	Polyol	
	PU products	

1.2 Industry Overview

1.2.1 The present and the future

- (1) Chemical industry is the cornerstone of consumer products and technology industry. It can be divided into two broad categories which include commodity chemicals and fine chemicals. Fine chemicals are complex substances that are produced in batches, lesser volumes and at a higher unit price. Prone to variations from different composition, the products have diverse characteristics. As the chemicals are significantly smaller in scale of production, the cost only accounts for an insignificant portion in the total product costs. Considering the fine chemicals' low ratio in the end-use costs, the users don't usually take risks changing their suppliers. As a result, fine chemicals customer loyalty is greater than that of commodity chemicals.

	Output	Composition	Application	Life Cycle	Added Value
Commodity Chemicals	High	Simple	Wide	Long	Low
Fine Chemicals	low	Complex	Narrow	Short	High

Source: 2020 Petrochemical and Specialty Chemical Industry Yearbook

Widely used in the industry, fine chemicals are a class of specialized products used for various purposes. Therefore, it is ambiguous to state what defines fine chemicals. polymer additives, adhesives, and coatings are the three categories in which fine chemicals are mainly used. Take our products for example: antioxidant, nucleating agent and non-halogenated flame retardants lie in the “polymer additives” category, while curing agent and electronic chemicals are found with applications such as golf ball core, printed circuit board, etc.

- (2) Polymers maintains a certain hardness in room temperature and can be softened and reshaped after heating. Thanks to its excellent physical properties, polymer is gradually replacing the easily-broken rubber and PVC that’s prohibited in phases. Some areas where this chemical is used include: pipe material, membrane, footwear materials, textile, medical devices and adhesives.

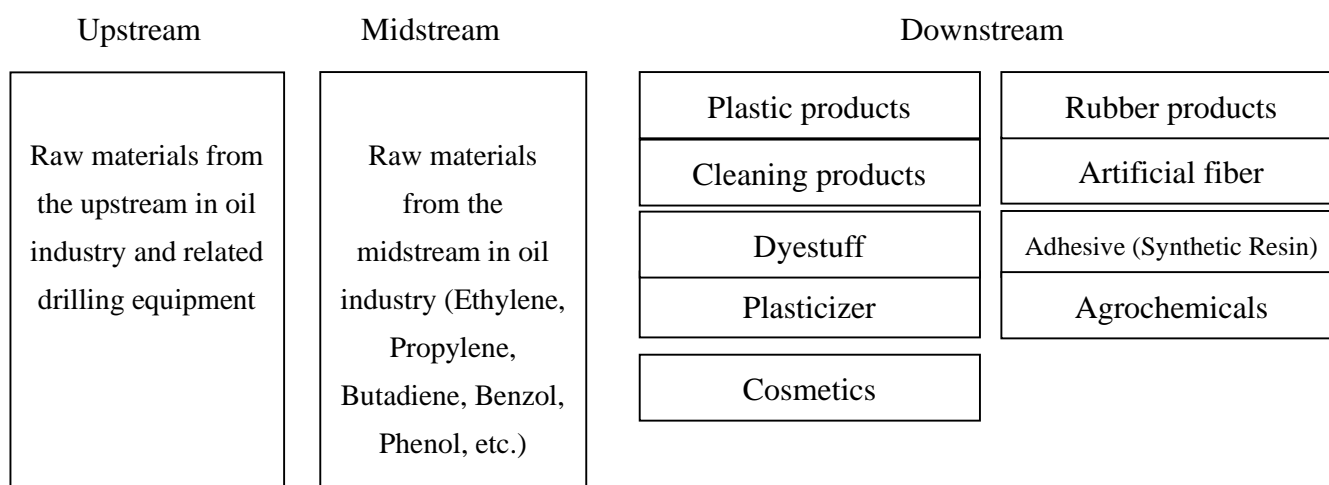
Polymer is faced with the fluctuating raw material costs and environmental protection policies as its challenges. As the upstream raw material is trending toward self-manufacturing, we can reduce our costs. Moreover, the downstream processing market gradually switched from China to Southeast Asia and other regions. Due to the competitive market and the price war on general products, the industry is shifting towards functional or customized products, as well as eco-friendly products, such as expanded elastomer. This development is beneficial to market segmentation and helps maintain profit.

- (3) Agrochemicals are particularly important as the population grows and the demand for food increases. According to statistics from the Food and Agriculture Organization of the UN, if every country around the globe fails to exercise plant protection, 60% of the crops will not be harvested, which may immediately cause global famine. Under the future development of the international division of labor and supply chain integration, the Company benefits from its deep OEM relationships with world-class manufacturers in this industry.
- (4) Other technical developments such as flame retardants used in PCB: restricted by the EU regulations, phosphorus flame retardants are relatively low in toxicity. Therefore, they will extensively replace brominated flame retardants and become the key selling item in the future.

1.2.2 Correlation with upstream, midstream, and downstream of the industry

Taiwan's petrochemical industry develops in a reverse integration manner. First, the downstream processing industry is established, and then the petrochemical processing raw materials imported from abroad form a midstream system. Finally, a naphtha cracking plant is built to supply petrochemical basic raw materials to form a complete upstream, midstream, and downstream petrochemical system.

The upstream of the petrochemical and plastic rubber industry chain includes: crude oil, naphtha, gasoline, diesel, kerosene, fuel oil, and lubricants refined from crude oil, and related mining and drilling equipment. The midstream is the basic petrochemical raw materials produced by the cracking of upstream raw materials, such as ethylene, propylene, butadiene, benzene, phenol, etc., as well as plastics, rubber, and man-made fibers made from the above raw materials through chemical reactions such as polymerization, esterification and alkylation. These materials are roughly divided into general-purpose and special-purpose chemicals according to their use. As for downstream, application varies from all kinds of daily necessities made of plastic, rubber, man-made fibers to other chemical raw materials, such as plastic products, rubber products, detergents, man-made fibers, dyes, adhesives, plasticizers, pesticides and cosmetics. The Company's main products are fine chemicals, thermoplastic elastomers and agrochemicals, which are in the mid and downstream of the industry. The correlation among upper, middle, and downstream are listed as follows:



1.2.3 Trends in product development and competition

(1) Fine chemicals – plastic additives

Trends in product development:

The major companies in the industry are BASF from Germany, SI Group from the United States, Songwon from South Korea, Adeka from Japan, Rianlon, Everspring Chemical, and Chang Chun Group from China. Although the additive market is huge, numerous manufacturers in China and India have entered the market, and international giants have continued to consolidate upstream and downstream resources through mergers and acquisitions. Additionally, the reliance on imported key raw materials makes domestic enterprises vulnerable to international situations and fluctuations in crude oil prices. In addition to competing with international giants, domestic companies also face the problem of oversupply of some general-purpose products. Therefore, developing high-tech and high-specification special efficient antioxidants is the key to maintaining better profits.

The increasing global awareness of environmental and health issues has led to related

regulations that restrict plastic additives that are harmful to the environment and human health. In the future, the industry development trend will mainly focus on developing green and eco-friendly products, additives for biodegradable plastics, and additives for recycled plastic materials.

(2) Polymer products

The polymer industry has many competitors for thermoplastic polyurethane (TPU) and thermoplastic elastomers (TPE), including well-known companies such as BASF, Covestro, Huntsman, Lubrizol, and Wanhua Chemical from China. International giants have already consolidated upstream key materials such as MDI and polyol, and small and medium-sized companies do not have an advantage in raw material costs. TPU can adjust the formula to produce finished products of different specifications according to the different physical property requirements of customers. As customer demands are not the same and the technical resources of each manufacturer are also different, few companies can meet all customers' requirements alone. This results in the proliferation of small and medium-sized companies, with lower-level technical items often being oversupplied. In the future, developing high-value-added products through differentiation and customization will be necessary to avoid price competition. The current industry development trend is mainly focused on developing environmentally friendly products that are highly functional and recyclable.

(3) Agrochemicals

The demand for plant and environmental protection products is less affected by economic conditions due to the global shortage of food and the need for disease vector control. However, the long-term demand for plant and environmental protection products will gradually decrease due to the policies advocating environmental friendliness and pesticide reduction in various countries. The development of new plant protection products requires considerable technical expertise and funding. If a company wants to sell new products directly on the market, it must first obtain pesticide licenses from the pesticide regulatory authorities of each country, which can take several years to obtain. Therefore, most companies engaging in new product development and marketing are international industry leaders. Our company mainly cooperates with international industry leaders to provide professional pesticide formulation contract manufacturing services.

1.3 The Overview of Technology and R&D

1.3.1 Research and development expenses

R&D expense in 2024: NT\$45,872 thousand.

R&D expense as of 31 March 2025: NT\$11,027 thousand.

1.3.2 Successfully developed technologies and products in 2024

- (1) Development and manufacturing process of 5G phosphorus-containing flame retardants
- (2) Development of crosslinking auxiliary agents and plastic compatibilizers (K-CURE 1709、K-CURE 1716)
- (3) Low moisture absorption and easy dyeing new TPV (KP800 series)
- (4) Development of TPU two-component self-coiling composite fiber
- (5) Patent: Thermoplastic polyurethane self-coiling composite fiber and fabric

1.4 Short-term and Long-term Business Development Plan

1.4.1 Short-term Plan

- (1) Strengthen the cooperation with international manufacturers and increase the market share.
- (2) New Phosphorus-containing flame retardant:

This new flame retardant provides excellent heat resistance primarily for circuit boards used in electronic products. With the increasing heat resistance demands for substrates in next-generation high-end electronic devices such as servers and network communication equipment, traditional phosphorus-based flame retardants can no longer meet these requirements. Sunko has independently developed a novel flame retardant synthesized by bonding functional groups based on the DOPO chemical structure (9,10-dihydro-9-oxa-10-phosphaphenanthrene-10-oxide) with superior flame-retardant performance compared to DOPO.

Triazine-based UV absorber:

UV-blocking chemicals such as Oxybenzone and Octocrylene have been listed by the European Union to be banned in the future. Currently, Triazine-based UV absorbers are not included in the banned substances list and remain in high market demand with relatively high pricing. However, few manufacturers possess the capacity for mass production. Sunko has independently developed a new and more environmentally friendly production process compared to traditional methods. This new process uses a different reaction approach that resolves key bottlenecks such as excessive wastewater generation and the need for multiple reaction equipment, thereby enabling cost-effective mass production.

Polymeric materials:

The conventional mass markets for pipe and film are characterized by oversupply and intense competition, resulting in generally lower market prices. In response, Sunko focuses on differentiated development by collaborating with downstream partners to create specialized materials that command better pricing. Key application areas include: supercritical foamed TPU shoe soles, TPU/TPV textile surfaces, TPU materials for 3D printing, TPU shock-absorbing materials, and puncture-resistant PU coatings.

BMI materials:

Bismaleimide (BMI) resin is one of the key raw materials used in copper-clad laminates and is known for its excellent physical properties. However, conventional BMI resins typically exhibit low toughness and are prone to brittleness. Sunko collaborates closely with clients to develop customized modified BMI resins to enhance performance and meet specific application needs.

- (3) Enhancing processes to improve quality and meet market demand.

1.4.2 Long-term Plan

(1) Key trends and strategies on industrial transformation

Under such shortcomings as strict environmental regulations, limited natural resources, and increasing environmental costs, high-emission industries gradually lost their positions in the competitive market. To successfully navigate this changing landscape, chemical industry will need to develop toward low-pollution and high-value-added products

(2) Research and development and technical services

- a. Self-develop and form patent applications
- b. Provide technical services to meet customer demands
- c. Assist customers in developing customized products and grab the preemptive opportunities in the market

(3) Diversification Strategies

Well utilize the Company's background in chemical manufacturing, patents, and certifications to develop chemical products or upstream and downstream applications in other related fields. Seek out businesses that are chemical-related and supported by the government

(4) "Save Energy, Save Earth"

In response to the "Save Energy, Save Earth" campaign, our future manufacturing process design will take action to promote energy saving, decarbonization, recycle and reuse.

2 Market and Sales Overview

2.1 Market Analysis

2.1.1 Sales region of Main Products

Unit: NT\$ (in thousands)

Region \ Year		For the years ended 31 December			
		2023		2024	
		Amount	%	Amount	%
Domestic sales		1,447,821	66.24	1,401,049	61.64
Export	The U.S.	254,526	11.64	263,069	11.30
	Asia	198,431	9.08	159,741	6.82
	Europe	138,110	6.32	325,903	14.25
	Other countries	146,783	6.72	136,958	5.99
	Subtotal	737,850	33.76	885,671	38.36
Total		2,185,671	100.00	2,286,720	100.00

2.1.2 Market supply and demand and market growth in the future

Items	Description
Fine chemicals	1. The specialty chemicals industry is primarily influenced by the petrochemical sector and global economic trends, particularly the Chinese market. In addition, due to the ongoing Russia-Ukraine and Israel-Palestine conflicts, global oil prices remain volatile at elevated levels, driving up the prices of specialty chemical products. According to estimates from the Petrochemical and Specialty Chemical Industry Yearbook, the petrochemical industry has likely reached the bottom of its downturn and is showing signs of recovery. With global consumer demand gradually rebounding, the production value of specialty chemicals is expected to grow by more than 3% in the near future.
Polymer Products	TPU and TPV products have a wide range of applications and are closely related to people's livelihood and industry. They are widely used in pipe, film, footwear, textile, medical, adhesive and other fields. In recent years, due to the rising environmental awareness and the fact that polymer products can be melted and recycled, do not release harmful substances, and have natural degradation characteristics, the overall market demand is expected to steadily grow.
Agrochemicals	Due to the global trend of reducing pesticide uses, and the small domestic market size for pesticides, Sunko mainly cooperates with foreign companies to produce various pesticide raw materials through strategic partnerships for export. We also maintain a small-scale production of pesticide raw materials to meet the demand of the domestic market.

2.1.3 Sales Volume Forecast and Related Information

For additional details, please refer to Page 5.

2.1.4 Competitive niches, favorable and unfavorable factors for long-term growth and countermeasures

(a) Competitive niches and favorable factors

- ① Varied product specifications are conducive to risk diversification and broaden the market.
- ② Considering cost reduction, major foreign manufacturers seek out OEM factories with high productivity. The Company has abundant experiences in chemicals synthesis and leads an excellent R&D team. We keep improving and optimizing our manufacturing process to make our products more competitive in the market. Moreover, our R&D team is able to provide what the international manufacturers need.

- ③ Master the high-quality and highly-effective formulation, set up our technical threshold to customize our products and meet our clients' needs.
 - ④ As for the polymer applications in the market, we keep developing light-weight and high-rebound products such as expanded polymer composite. The increasing demand, advanced production techniques, and our marketing strategies help increasing our market share.
 - ⑤ Agricultural development relies on agrochemicals to ensure the amount harvested. The Company has experience and know-hows on agrochemicals manufacturing.
- (b) Unfavorable factors and Countermeasures
- ① Affected by the global economy, the amount and price of raw materials that rely heavily on importing is not easy to control.
Countermeasures: Develop secondary supplier to reduce the risk. Also, the sales and procurement departments need to maintain close communication to ensure stable raw material costs.
 - ② The price rivalry to gain customer preference among entities at the same level/
Horizontal competition in price
Countermeasures: Maintain the high quality of products to avoid price wars with inferior products; Strengthen the cooperative relationship with major international manufacturers; Optimize processes to save energy, reduce waste, and lower costs, and develop new products or derivatives.
 - ③ High competition of polymer material is a problem that needs to be overcome.
Countermeasures: Develop patents on manufacturing process and applications; Develop unique materials; Cooperate with downstream customers to develop various customized products to increase customer loyalty.
 - ④ Both domestic and foreign regulations on environmental protection are becoming stricter.
Countermeasures: Research new methods of waste treatment to reduce waste treatment costs and methods for waste recycling.

2.2 Important Applications and Manufacturing Processes of Main Products

2.2.1 Important Applications of Major Products

Items	Description
Fine chemicals	<p>(1) Antioxidants: The specifications of the antioxidant produced by the Company are mainly used in various plastic products, which can slow down the oxidation of plastic products. The antioxidants are widely used in areas such as: polyolefins (such as polyethylene, polypropylene) and olefin copolymers, polycarbonate, PS resin, PVC, engineering plastics, rubber and petroleum products, ABS resin and other polymer materials. It can also be used in adhesives, natural or synthetic adhesive resins.</p> <p>(2) Flame Retardant: It is mainly used in CCL and PCB as a means of improving the heat resistance and flame retardancy of the boards. Due to the restrictions imposed by EU regulations, substrate materials must be halogen-free and have improved heat resistance and stability to meet process requirements. These products have low toxicity, good processability, and good compatibility with resins.</p> <p>(3) Electronic Chemicals: It is used as a reducing agent for printed circuit boards.</p> <p>(4) Nucleating Agent: Mainly added to PP to enhance its transparency and rigidity, and its end products are used in food containers and packaging films.</p>
Polymer	TPUs and TPVs are high-performance elastomer. Due to the rising awareness

Products	<p>of global environmental protection, PVC has been gradually banned in the European and American market. Instead, polymer becomes the substitute for PVC. Polymer has characteristics of wear resistance, with high mechanical strength and durability, tensile property, excellent performance against repetitive stress and decent cold resistance. Some areas where this chemical is used include: footwear material market, sporting goods market, medical devices, conveyor belt material, pipe material, roller material, fiber, and membrane.</p> <p>Primer: used in synthetic leather of PVC and PU series for surface treatment purposes.</p> <p>Crosslinker: For synthetic leather lamination application. The physical property of PU resin is used in application of additives and coatings.</p> <p>Polycoat: Synthetic leather of coating materials for manufacturing purses, leather shoes, furniture, and clothes.</p>
Agrochemicals	<p>The products are non-hormonal and contact herbicides. This quick-active chemical behaves inactivated in the soil and affects insignificantly to the roots of crops. Herbicides include Lannate and Furadan, etc. They're mainly used to deal with pests such as nephotettix cincticeps uhler, nilaparvata lugens, sorghum aphid, corn leaf aphid, etc.</p>

2.2.2 Manufacturing Process of main products

(1) Fine chemicals

Antioxidants:

Raw Material → Reaction → Neutralization → Crystallization → Filtration → Dry → End Product

Flame Retardant:

Raw Material → Reaction → Filtration → Dry → End Product

Electronic Chemicals:

Raw Material → Reaction → Filtration → Washing → Curing → End Product

Nucleating Agent:

Raw Material → Reaction → Purification → Filtration → Dry → End Product

(2) Polymer Products

Thermoplastic Elastomers (TPU)

Raw Material → Polymerization → Pelletization → Ripening → End Product

Thermoplastic Elastomers (TPV)

Raw Material → Synthesis → Dry → Extrusion → End Product

(3) Agrochemicals

Raw Material → Reaction → Crystallization → Filtration → Dry → End Product

(4) Other Products

Crosslinking Agent:

Raw Material → Reaction → Titration → End Product

Primer:

Raw Material → Stir and heat → Reaction → Grinding → Filtration → End Product

Polycoat:

Raw Material → Stir and heat → Prepolymerization → Polymerization → Viscosity adjustment → End Product

2.2.3 Supply Status of Main Materials

- a. Adipic acid (AA): Mainly purchased from Japan, South Korea, and China.
- b. Toluene (TOL): 100% purchased from dealers.
- c. Dimethylformamide (DMF): 100% purchased from dealers.
- d. Methyl Ethyl Ketone (MEK): 100% purchased from dealers.
- e. Butylene glycol (1.4 BG): 100% domestically purchased.
- f. Ethylene Glycol (EG): 100% purchased from traders.
- g. Isocyanate (MDI): Mainly purchased from Japan, South Korea, and China.
- h. Phosphorus trichloride: Mainly purchased from Europe and India.
- i. 2,4 di-tert-butyl phenol: 100% domestically purchased.
- j. Potassium borohydride (KBH): 100% purchased from China.

2.2.4 Names of customers who contributed to more than 10% of total purchase (or sales) amount in one of the most recent two years and the corresponding purchase (or sales) amounts and percentages, as well as reasons for their changes (if applicable):

(1) List of major customers

Unit: NT\$ (in thousands)

		For the years ended 31 December							2025, as of the end of previous quarter			
		2023			2024							
Item	Name	Amount	As a percentage of net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales (%)	Relationship with issuer
1	Client A	137,315	6.28	None	Client A	318,393	13.92	None	Client A	72,030	14.27	None
2	Client B	176,208	8.06	None	Client B	169,388	7.41	None	Client B	51,526	10.20	None
3	Client C	125,417	5.74	None	Client C	160,003	7.00	None	Client C	21,849	4.33	None
	Others	1,746,731	77.46	-	Others	1,638,936	71.67	-	Others	359,505	71.20	-
	Net sales	2,185,671	100.00	-	Net sales	2,286,720	100.00	-	Net sales	504,910	100.00	-

Reasons for changes:

Client A:

The increased demand from the Brazilian market for Client A's products led to a rise in sales revenue.

Client B:

Due to intense price competition among international peers, the unit selling price for Client B's products came under pressure, resulting in a decline in the Company's sales revenue to Client B.

Client C:

Due to an increase in demand, our sales volume to Client C increased.

2. List of major suppliers

Unit: NT\$ (in thousands)

Item	2023				2024				2025, as of the end of previous quarter			
	Name	Amount	As a percentage of net purchase (%)	Relationship with issuer	Name	Amount	As a percentage of net purchase (%)	Relationship with issuer	Name	Amount	As a percentage of net purchase (%)	Relationship with issuer
1	10243	193,228	18.60	None	10243	186,747	16.00	None	10243	16,823	7.87	None
2	10012	39,701	3.82	None	10012	76,172	6.52	None	10012	-	-	None
3	Others	805,877	77.58	-	Others	904,679	77.48	-	Others	196,826	92.13	-
	Net purchase	1,038,806	100.00	-	Net purchase	1,167,598	100.00	-	Net purchase	213,649	100.00	-

Reasons for changes:

Procurement from Supplier 10243 decreased due to a reduction in the production and sales volume of products using that material specification in comparison to 2023, resulting in a decrease in purchase amount compared to 2023.

Procurement from Supplier 10012 increased as the demand for products using that material specification rose, leading to an increase in purchase amount compared to 2023.

3. Employee Information

Of recent two years as of the publication date of this Annual Report, number of employee, average years of service, average age and education distribution ratio.

23 May 2025

Year		2023	2024	Current fiscal year up to 23 May 2025
Number of employees	Direct labor	219	207	193
	Indirect labor	174	165	164
	R&D personnel	29	30	28
	Management and Administrative staff	66	66	65
	Total	488	468	450
Average age		42.29	42.13	43.16
Average years of service		11.03	10.99	12.06
Education distribution ratio	Ph.D.	1.43%	1.71%	1.11
	Masters	5.12%	5.34%	5.34
	Bachelor's degree	53.89%	53.21%	53.11
	Senior high school	30.94%	30.77%	31.11
	Below senior high school	8.61%	8.97%	9.33

※Based on employees actively employed as of the calculation date, excluding those on official leave of absence.

4. Expenditures on Environmental Protection

4.1 For the loss suffered in the most recent year and up to the publication date of this Annual Report due to environmental pollution incidents (including any compensation occurred and any violations of environmental protection regulations found under inspection, specify the disposition dates, disposition reference numbers, the articles and content of regulation violated, and the content of dispositions):
None.

4.2 The estimated amounts and corresponding measures for current and future events, and where it is not reasonably estimable, the explanation of the fact that it cannot be reasonably estimated, are as follows:

Enhancing inspection and patrol procedures are conducted in accordance with the operating permit requirements. The estimated maintenance cost is as follows:

Repairs for the scrubber system malfunction are estimated at approximately NT\$210,000.

5. Labor relations

5.1 The Company's employee benefits for studying, training, pension systems and its implementation status as well as labor agreements and measures for preserving employee rights

Items	Implementations
Employee Benefits Measures	Annual health checks, injury and emergency assistance, children's education scholarships, wedding and funeral subsidies, pregnancy subsidies, festival benefits, birthday cash gifts, staff travel activities; parental leave and paternity leave handled in accordance with the Act Of Gender Equality In Employment.
Personnel Service	New Year's allowance and cash gift.
Emergency Relief and Subsidies	The employee's incident, financial aid approved by the welfare committee, weddings and funerals subsidies, injury and sickness subsidies, employee maternity subsidies.
Training and Continuing education	In addition to new employees' training, employees are selected from time to time to participate in training, and advance study. Hours of 2024 internal training: 2,915.0 hours. Hours of 2024 external training: 6,394.5hours.
Educational Scholarships	Labor education and scholarships for children.
Pension system	In order to ensure employees' livelihood after retirement, pension regulations are established in accordance with the Labor Standards Act and Labor Pension Act. Retirement reserves are allocated on a monthly basis. Also, a retirement reserve supervision committee is set up for the purpose of management, supervision and implementation.
Labor agreement	A labor-management meeting is held every quarter.
Measures to protect employee rights	Through labor-management meeting, both parties are able to communicate with each other and protect the rights and interests of employees.

5.2 Losses suffered in the most recent year and up to the publication date of this Annual Report due to labor disputes (including any violations of the Labor Standards Act found under inspection, specify the disposition dates, disposition reference numbers, the articles and content of regulation violated, and the content of dispositions): None.

5.3 Countermeasures: None.

6 Information Security Management

6.1 State the information security risk management structure, the information security policy, the specific management plan and the resources invested in the security management of the information communication.

In order to protect the security of all information systems and electronic data of the Company, including hardware equipment, operating software, network electronic files, record, etc., from information risk such as destruction, leakage, theft or extortion, this policy is specially formulated.

The Company shall take the following measures:

1. Comply with laws and regulations to formulate relevant information security management rules, and implement appropriate protection measures for the Company's information systems and electronic data to ensure their confidentiality, integrity and legality.
2. Evaluate the impact of various man-made and natural disasters on the Company's information system and disaster recovery plans to ensure the continuous operation of the Company's business.
3. Supervise the Company's employees to implement information security protection work, and enhance employees' awareness of information security.
4. Require employees of the Company and external parties who use or link the Company's information system to strictly abide by the Company's information security related regulations. If there is a violation, it will be handled according to the Company's relevant regulations or contract penalties. Severe cases of violation are punishable by law.

Specific management methods:

1. Firewall: (1) Firewall sets connection rules to block external attack (2) Set up internet access policies to prevent people from linking to harmful URLs.
2. Antivirus software: Use antivirus software, and automatically update the virus pattern to reduce the chance of virus infection.
3. System/file access: The operating system sets the login account, password, and classify access authorization. The password strength should comply with the security rules and be changed regularly.
4. E-mail security control: (1) Automatic email scanning threat protection (2) Set up spam filtering system.
5. Data backup mechanism: (1) Daily backups are set for important information system. (2) Database-offsite backup is set for the Company hosts and database.
6. Strain Recovery Mechanism: Regular system disaster recovery drills are conducted.

6.2 List the losses incurred due to major information security incidents in the most recent year and as of the date publication of the annual report, the possible impact and countermeasures. If it cannot be reasonably estimated, it shall be explained the reason.

In recent years, there has been no financial loss caused by information security incidents.

7. Important contracts: None

V. REVIEW AND ANALYSIS OF FINANCIAL STATUS, FINANCIAL PERFORMANCE, AND RISK MANAGEMENT

1 Analysis of Financial Status

1.1 Consolidated (IFRS)

Unit: NT\$ (in thousands)

Year Item	As of 31 December,		Differences	
	2024	2023	Amount	%
Current assets	1,686,800	1,887,846	(201,046)	(10.65)
Property, plant, equipment	1,379,973	1,477,896	(97,923)	(6.63)
Intangible assets	2,059	2,049	10	0.49
Other assets	347,947	355,875	(7,928)	(2.23)
Total assets	3,416,779	3,723,666	(306,887)	(8.24)
Current liabilities	713,834	771,943	(58,109)	(7.53)
Non-current liabilities	630,616	712,655	(82,039)	(11.51)
Other liabilities	133,679	131,373	2,306	1.76
Total liabilities	1,478,129	1,615,971	(137,842)	(8.53)
Common Stock	1,848,841	1,848,841	-	-
Additional paid-in capital	42,225	42,255	-	-
Retained earnings	35,199	216,041	(180,842)	(83.71)
Other equity	12,355	558	11,797	2,114.16
Treasury stock	-	-	-	-
Non-controlling interest	-	-	-	-
Total equity	1,938,650	2,107,695	(169,045)	(8.02)

1. Analysis of deviation over 20% and amount over NT\$10,000 thousand:

(1) The decrease in retained earnings was mainly due to the net loss for the period.

(2) The increase in other equity was mainly due to the increase in unrealized gains and losses on equity instruments measured at fair value through other comprehensive income, parent.

2. Possible major impacts on the Company's future business: The above deviations had no major impact on SUNKO's financial position and future business.

3. Future responsive measures: Not applicable.

1.2 Parent Only

Unit: NT\$ (in thousands)

Year Item	As of 31 December,		Differences	
	2024	2023	Amount	%
Current Assets	1,685,672	1,885,373	(199,701)	(10.59)
Property, plant, equipment	1,379,973	1,477,896	(97,923)	(6.63)
Intangible assets	2,059	2,049	10	0.49
Other assets	349,035	357,904	(8,869)	(2.48)
Total assets	3,416,739	3,723,222	(306,483)	(8.23)
Current liabilities	713,794	771,499	(57,705)	(7.48)
Non-current liabilities	630,616	712,655	(82,039)	(11.51)
Other liabilities	133,679	131,373	2,306	1.76
Total liabilities	1,478,089	1,615,527	(137,438)	(8.51)
Common stock	1,848,841	1,848,841	-	-
Additional paid-in capital	42,255	42,255	-	-
Retained earnings	35,199	216,041	(180,842)	(83.71)
Other equity	12,355	558	11,797	2,114.16
Treasury stock	-	-	-	-
Total equity	1,938,650	2,107,695	(169,045)	(8.02)

1. Analysis of deviation over 20% and amount over \$10,000 thousand:

(1) The decrease in retained earnings was mainly due to the net loss for the period.

(2) The increase in other equity was mainly due to the increase in unrealized gains and losses on equity instruments measured at fair value through other comprehensive income, parent.

2. Possible major impacts on the Company's future business: The above deviations had no major impact on SUNKO's financial position and future business.

3. Future responsive measures: Not applicable.

2 Analysis of Financial performance

2.1 Analysis of financial performance in the last two years

2.1.1 Consolidated

Unit: EPS expressed in NT\$; others in NT\$ thousands

Item	Year	For the years ended 31 December		Differences	
		2024	2023	Amount	%
Operating Revenues		2,286,720	2,185,671	101,049	4.62
Operating Costs		(2,280,331)	(2,247,941)	32,390	1.44
Gross Profit		6,389	(62,270)	68,659	110.26
Operating Expenses		(189,173)	(197,764)	(8,591)	(4.34)
Other Operating Gains or Losses		-	-	-	-
Operating Loss		(182,784)	(260,034)	(77,520)	(29.71)
Non-operating Income		12,854	12,761	93	0.73
Non-operating Expenses		(15,955)	(48,877)	(32,922)	(67.36)
Income (Loss) before Income Tax		(185,885)	(296,150)	110,265	37.23
Income Tax Benefit (Expense)		3,309	18,183	(14,874)	(81.30)
Net Income (Loss)		(182,576)	(277,967)	95,391	34.32
Other Comprehensive Income (Loss), Net of tax		13,531	6,104	7,427	121.67
Total Comprehensive Income (Loss)		(169,045)	(271,863)	102,818	37.82
Analysis of deviation:					
(1) The increase in gross profit was mainly due to the increase in operating revenue.					
(2) The decrease in operating loss was mainly due to the increase in gross profit.					
(3) The decrease in non-operating expenses was mainly due to the decrease in foreign exchange losses and other losses					
(4) The decrease in income tax benefits was mainly due to the decrease in income tax benefits.					
(5) The increase in other comprehensive income (loss) was mainly due to the increase in unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.					

2.1.2 Parent Only

Unit: NT\$ (in thousands)

Item	Year		For the years ended 31 December		Differences	
	2024	2023	Amount	%		
Operating Revenues	2,286,720	2,185,670	101,050	4.62		
Operating Costs	(2,280,331)	(2,247,942)	32,389	1.44		
Gross Profit	6,389	(62,272)	68,661	110.26		
Operating Expenses	(188,074)	(195,772)	(7,698)	(3.93)		
Other Operating Gains or Losses	-	-	-	-		
Operating Income (Loss)	(181,685)	(258,044)	(76,359)	(29.59)		
Non-operating Income	12,830	12,626	204	1.62		
Non-operating Expenses	(17,030)	(50,241)	(33,211)	(66.10)		
Income (Loss) before Income Tax	(185,885)	(295,659)	109,774	37.13		
Income Tax Benefit (Expense)	3,309	17,692	(14,383)	(81.30)		
Net Income (Loss)	(182,576)	(277,967)	95,391	34.32		
Other Comprehensive Income (Loss), Net of tax	13,531	6,104	7,427	121.67		
Total Comprehensive Income (Loss)	(169,045)	(271,863)	102,818	37.82		

Analysis of deviation:

- (1) The increase in gross profit was mainly due to the increase in operating revenue.
- (2) The decrease in operating loss was mainly due to the increase in gross profit.
- (3) The decrease in non-operating expenses was mainly due to the decrease in foreign exchange losses and other losses
- (4) The decrease in income tax benefits was mainly due to the decrease in income tax benefits.
- (5) The increase in other comprehensive income (loss) was mainly due to the increase in unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

2.2 Sales Volume Forecast and Related Information

For additional details, please refer to Page 5.

3 Analysis of Cash Flow

3.1 Liquidity analysis

Unit: %

Item	As of 31 December,		Increase or decrease ratio (%)
	2024	2023	
Cash flow ratio	25.40	15.51	63.77
Net cash flow adequacy ratio	85.28	61.41	38.87
Cash reinvestment ratio	3.30	1.82	81.32
Explanation:			
(1) Cash flow ratio: The increase in the cash flow ratio was due to the increase in net cash inflows from operating activities during the current period.			
(2) Net cash flow adequacy ratio: The change in the cash flow ratio was due to the decrease in capital expenditures and inventory increases during the current period.			
(3) Cash reinvestment ratio: The increase was mainly due to the increase in net cash provided by operating activities during the period.			

3.2 Remedial Actions for Liquidity Shortfall: not applicable.

3.3 Cash Flow Liquidity Projection for the coming year

Unit: NT\$ (in thousands)

Cash Balance 2024.12.31 (1)	Projected net cash provided by operating activities throughout 2024 (2)	Projected cash outflow in 2024 (3)	Projected cash surplus (deficit) (1)+(2)-(3)	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
450,917	(21,320)	(167,149)	262,448	-	-
Explanation:					
(1) Operating activities: Net cash inflows as operating activities take place under normal operating condition.					
(2) Investment activities: Net cash outflows from investing activities, primarily for the acquisition of property, plant, and equipment.					
(3) Financing activities: Net cash inflows was mainly due to the decrease in long-term borrowings.					

4 Major Capital Expenditures and Impact on Financial and Business during recent years:

2024 significant capital expenditures are as follows:

Factory	Plan	Impact
Chuansing	Renewable energy by electricity generation project	Regulations require the installation of solar energy system.

5 Reinvestment policies, main reasons for profits/ losses generated thereby, improvement plans, and investment plans for the coming year:

Reinvestments	Policies	Profits/ losses in 2024	Main reasons for profit or loss	Improvement plans	Investment plans for the coming year
KUO CHING DEVELOPMENT CORPORATION.	To expand new business of flame retardants.	(940)	Market oversupply leading to a decline in selling prices.	Development of new flame retardants.	-
Subtotal		(940)			

6 Risk Assessment of the latest year and as of the printing date of the annual report

6.1 Impacts of changes in interest rates, foreign exchange rates and inflation on the Company's profit and loss and the corresponding countermeasures:

6.1.1 Interest Rate

The rates of short-term and long-term borrowings change as the market rate alters, and accordingly, affecting the profits of the Company. When the market rate increases/ decreases in 1%, the income before tax goes up/ down in the amount of ±NT\$949 thousand. The Company maintains a good relationship with bank institutions to obtain better exchange rate quotes.

6.1.2 Exchange Rate

The foreign exchange gain amounted to NT\$12,060 thousand in 2024, mainly due to the fluctuating USD exchange rate. When the rate of NTD to USD fluctuates by 1%, the income before tax goes up/ down in the amount of \$2,552 thousand. Due to the complex circumstances around the globe, the Company may pay up the purchasing expenses with sales revenue in the same functional currency with natural hedge to avert most of the risk and engage in forward contracts to hedge risks to currency exchange fluctuation of its net exposure, and enhance the currency fluctuation risk management, including taking the fluctuating exchange rates into consideration while inquiring and quoting prices and making foreign currency exchange at the appropriate time to minimize the foreign exchange loss.

6.1.3 Inflation:

According to the statistics from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the accumulative average consumer price index was 107.81% in 2024. Therefore, there is no indication of inflation.

6.2 Policies for high-risk, high-leverage investments, capital lending, endorsements, guarantees, and derivatives transaction, main reasons for the profits or losses generated thereby, and the corresponding countermeasures:

6.2.1 The Company did not engage in any high-risk and high-leverage investments, endorsements, or guarantees in 2024.

6.2.2 The Company engaged in derivatives transactions in the total amount of NT\$146,445 thousand,

with a realized gain of NT\$561 thousand in 2024. The Company mainly conducted forward exchange transactions, targeting actual foreign currency revenue as hedging instruments, to avoid currency fluctuation risks generated by exports.

6.3 Future Research and development (R&D) projects and estimated R&D expenditures:

The R&D department mainly works on developing new products and improving the production process to advance the products' quality. The Company estimates to invest NT\$46,543 thousand in the continuous R&D process in 2025.

6.4 Impacts of changes in domestic and foreign important policies and laws on the Company's financial operations, and the corresponding countermeasures:

The Company undertook appropriate measures in accordance with applicable regulations and so far there has not been any significant impact on the Company's financial operation.

6.5 Impacts of industry and technology changes to the Company's financial operations, and the corresponding countermeasures: None.

6.6 Impacts of changes in corporate image on corporate crisis management and the corresponding countermeasures: None.

6.7 Expected benefits and potential risks related to mergers and acquisitions: Not applicable.

6.8 Expected benefits and potential risks of capacity expansion: Not applicable.

6.9 Risks relating to and future countermeasures for the excessive concentration of incoming goods or sales:

6.9.1 Sales: In 2024, our company did not have any major sales customers accounting for more than 10% of our sales, thus avoiding over-reliance on any single customer.

6.9.2 Purchases: The Company's relationships with suppliers remained stable, with most raw materials sourced from two or more suppliers. The highest proportion of purchases from a single supplier in the fiscal year 2024 was 16%. This supplier is a well-known domestic petrochemical plant with which our company has maintained a long-term, close, and stable cooperation, hence posing low risk.

6.10 Impacts, risks arising from, and future countermeasures for major large share transfers or changes in shareholdings by directors, supervisors or major shareholders with shareholding of over 10%: None.

6.11 Effects of, risks relating to and future countermeasures for changes in management rights: None.

6.12 Litigation or non-litigation matters:

For litigations, non-litigations or administrative disputes already judged or currently being judged as to the publication date of this Annual Report, the litigation expense are measured along with the Company's earnings and capital of the past few years. The overall litigation expenses have insignificant impact on the shareholders' interest and the price of the securities.

6.13 Other major risks and future countermeasures:

Cyber Security Risk Assessment:

The three elements of cyber security management are people, processes, and technology. The Company has implemented the following management measures:

People: Annual education and training are provided to enhance job competence and respond to unintentional or intentional cybersecurity incidents.

Processes: The Company has established a sound information internal control process. Internal audits and external audits by accounting firms are conducted annually to check the effectiveness

and reliability of the process.

Technology: The Company uses dual data centers for system service backup. The network is managed centrally, and an integrated threat management firewall, endpoint control mechanism, and enterprise-level antivirus software are deployed.

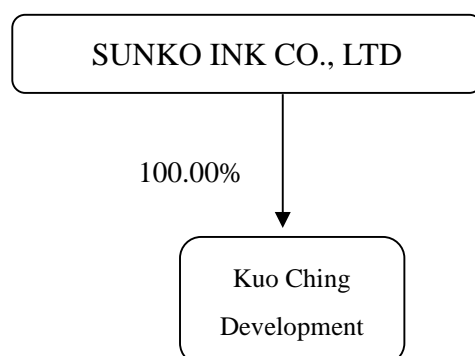
Through the effective operation of the above management measures, the Company's cyber security risks should be under control.

7. Other Material Matters: None.

VI. SPECIAL NOTES

1 Summary of Affiliated Companies

1.1 Organizational chart of the affiliated companies



Note 1: Pursuant to Article 369-2 of the Company Act, the controlling and affiliation relationship is substantially recognized.

1.2 Basic information of affiliated companies

(Unit expressed in thousands)

Company Name	Date of Incorporation	Address	Capital Stock	Business Activities
Kuo Ching Development Corporation	14 July 2021	Taichung, Taiwan	NT\$2,000	Specialized product trade

1.3 Directors, supervisors, and managers of all affiliated companies

Company Name	Title	Name or Representative	Shareholdings (Note1)	
			Shares	%
Kuo Ching Development Corporation	Chairman	HUANG, TING-DI	2,000,000	100.00%

1.4 Operational highlights of affiliated companies

(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit	Net Loss	EPS (NT\$) (After-Tax)
Kuo Ching Development Corporation	2,000	1,655	40	1,615	8,462	(1,099)	(940)	(4.70)

1.5 Consolidated Financial Statements of the affiliated companies:

The financial year of our company for the year 2024 (from January 1, 2024, to December 31, 2024). Pursuant to the Disclosure Guidelines of the Consolidated Operating Report, Financial Statements and Affiliation Report of The Affiliated Companies, the companies that should be incorporated in the consolidated financial statements of affiliated companies are the same as those that should be incorporated in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10. In addition, the related information that must be disclosed in the consolidated financial report of affiliated companies has been fully disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, the Company is not required to prepare the consolidated financial statements of affiliated companies.

1.6 Reports on affiliated companies: None.

- 2 Private placement of securities in 2024 and as of the date of this annual report shall disclose the following information regarding the approval date and amount, basis and rationale for the price determination, method of selection of specific individuals, necessity for conducting a private placement, target investors, qualification criteria, subscription quantity, relationship with the Company, participation in the Company's operations, actual subscription (or conversion) price, difference between the actual subscription (or conversion) price and the reference price, impact on shareholders' equity due to the private placement, utilization of funds from the stock or purchase price until the completion of the fund utilization plan, utilization of funds for the securities issued in the private placement, progress of plan execution, and demonstrated plan benefits: None.
- 3 Other necessary supplementary matters to be included: None.
- 4 Any events in 2024 and as of the publication date of this annual report that had material impacts on shareholders' equity or securities prices as stated in article 36-2-2 of securities and exchange law of taiwan: None.

SUNKO INK CO., LTD



Chairman: HUANG, TING-DI

