



Stock Code: 4711

The Annual Report may be
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<http://mops.twse.com.tw>

Company website:

www.yschem.com.tw

Yong Shun Chemical Co., Ltd.

2024

Annual Report

Printed on April 30, 2025

- I. Spokesperson and deputy spokesperson name, title, telephone number and email address:
- Spokesperson name: Lu, Yung-Shun
Job Title: Assistant Manager of Corporate Governance
TEL: (02)2562-0950 ext. 114
Email: morris.ys@ yongshunchemical.com
Deputy spokesperson name: Chen, Fu-Mei
Title: Finance Manager
TEL: (02)2562-0950 ext. 119
Email: joyce.ys@yongshunchemical.com
- II. Addresses and telephone numbers of headquarters, branches, plants:
- Address of headquarters and plant: No. 681, Haishan Rd., Kengkou Vil., Luzhu Dist., Taoyuan City
TEL: (03) 324-1227
Address of Taipei Branch: 11F., No. 168, Songjiang Rd., Taipei City
TEL: (02) 2562-0950
- III. Name, address, website and telephone number of the stock transfer agency:
- Name: Yuanta Securities
Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
Website: <http://www.yuanta.com.tw>
TEL: (02) 2586-3117
- IV. Name of the CPA certifying the financial statements in the most recent fiscal year and the name, address, website and telephone number of the accounting firm:
- CPAs: Kuo, Nai-Hua, Weng, Po-Jen
Accounting firm name: Deloitte Taiwan
Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City
Website: <http://www.deloitte.com.tw>
TEL: (02) 2725-9988
- V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None
- VI. Company Website: <http://www.yschem.com.tw>

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One. Report to the Shareholders

Dear Shareholders,

We wish you all safety and health, and thank you for your support and encouragement over the past 60 years.

In 2024, the global economy faced slow recovery due to high inflation, geopolitical tensions, and the impacts of war, with the petrochemical industry encountering multiple challenges. China's overcapacity continued to flood the market with products, exacerbating global oversupply. This led to downward pressure on petrochemical product prices and created a difficult market environment. In this challenging environment, Yong Shun Chemical's consolidated operating revenue and net profit after tax for 2024 were NT\$763,392 thousand and NT\$5,814 thousand, respectively, a slight decrease from the consolidated operating revenue of NT\$768,731 thousand in 2023.

In response to various challenges, Yong Shun Chemical, as domestic demand began to strengthen, encouraged its sales team to actively engage with clients. This effort led to a quarter-on-quarter improvement starting in Q2, successfully overcoming the impact of lost orders in Q3 of the previous year, which were due to aggressive pricing by Chinese suppliers attempting to capture market share. In parallel, we have actively invested in new product development. In the third quarter, we successfully developed an environmentally friendly, halogen-free vinyl flame-retardant marine resin, which has already undergone international certification. As domestic fire safety standards continue to improve, this flame-retardant resin will be increasingly used in the shipbuilding industry, construction materials, public transportation sectors, and even public art, providing significant support for the Company's overall business revenue growth.

In 2025, the United States' decision to impose comprehensive tariffs on allies and China, along with global competition and market changes, will continue to drive our efforts to integrate internal resources, actively expand markets, deploy key materials, and develop high-value-added products. With the global supply chain restructuring, we will focus on the research and development of high-temperature resistant, impact-resistant, and recyclable plastic products, striving to balance quality and value. Faced with future uncertainties and a challenging environment, the Company will brainstorm to identify the right policies and effective methods, swiftly adjusting its pace of development to address the impact posed by the changes in the overall market.

The Company's operational decisions will develop toward the following three directions:

(I) Adjusting Product Structure, Deploying Key Materials, and Developing High-Value-Added Products

The product structure will emphasize new applications, new functions, green energy, low-carbon and environmentally friendly solutions, emerging industries, and high added value. We will closely monitor changes in U.S. policies and promptly adjust our product strategies to minimize their impact on the Company. Timely adjustments will be made to product development strategies to mitigate price pressures caused by fluctuations in raw materials and finished products.

(II) Proactively Seek and Strengthen Order Acquisition in Overseas Markets

In March 2025, the United States imposed an additional 10% tariff on China, raising the total tax rate on Chinese goods to between 20% and 35%. Recently, there has been an increase in inquiries from exporters and domestic and foreign customers, and the shift in orders will continue to occur. The major factories that previously relocated from China to Southeast Asian countries have gradually become established. Following this trend, their component and parts satellite plants are also successively setting up operations. Consequently, a supply chain for basic consumer goods production has taken shape, and the production and development in Southeast Asian countries are currently becoming increasingly vibrant. The Company will continue to strengthen its efforts to explore and participate in regional economic growth, ensuring a competitive edge and achieving its operational goals.

(III) Sustainability

The Company continues to develop an energy regeneration and circular production framework. The installed solar power generation system is smoothly integrated into the production process, and the Company consistently receives "Renewable Energy Certificates" each month, contributing to increased revenue. Efforts are ongoing to optimize production equipment through vertical integration of production lines, continuously reviewing production processes to shorten delivery times, refining raw material structures to reduce production costs, and enhancing overall operational performance. Additionally, employee care is a key focus for Yong Shun Chemical. Clear indicators have been set up with respect to the selection, employment, retention, and cultivation of talents. Meanwhile, strict standards are also in place with respect to employees' health and safety. Through the efforts spent in achieving these goals, the Company may retain needed and reliable talents to help the Company move towards sustainable operations.

Finally, Yong Shun Chemical, since its establishment sixty years ago, has adhered to integrity and focus. As the global petrochemical industry stands at a critical juncture of transformation, we will continue to strive for innovative research and development and flexible market adjustments to embrace the challenges ahead. Yong Shun Chemical's products possess significant breadth, depth, and sophistication, satisfying diverse needs and providing more effective and innovative solutions as we continuously pursue excellence in the synthetic resin market. The management team will uphold our sixty-year-old philosophy of "Perpetual Purity, Quality First, Customer First, Sustainable Operations," leading all colleagues in united efforts to achieve our goals. We would like to express our sincere gratitude to all shareholders, customers, suppliers, and partners for your support and trust. We will continue to enhance the Company's value with steady operations and innovative strategies, giving back to you for your long-term companionship. We wish you good health, happiness, and peace for you and your family!

I wish every shareholder

Good health and all the best

Chairman Tsai, Ching-Fang

I. 2024 Business Report

In 2024, the global economy faced considerable headwinds from high inflation, geopolitical tensions, and ongoing wars. China's continued export of oversupplied industrial products further intensified challenges, putting pressure on economic growth across nations. The global economic recovery remained sluggish, while rising geopolitical risks further dampened demand for petrochemical products, creating a difficult market environment. China's ongoing expansion of petrochemical production capacity has worsened global oversupply, leading to downward pressure on prices. At the same time, increasing environmental awareness and the gradual implementation of the global plastics treaty have brought alternative materials into focus. However, these alternatives continue to face challenges in terms of production costs and scalability.

Despite these external challenges, Yong Shun Chemical's 2024 revenue rebounded steadily starting in the second quarter, driven by recovering domestic demand and the proactive efforts of our sales team to engage closely with clients. This marked a turnaround from the third quarter of 2023, which was negatively impacted by aggressive price-cutting from Chinese suppliers. In parallel, we have actively invested in new product development. In the third quarter, we successfully developed an environmentally friendly, halogen-free vinyl flame-retardant marine resin, which is currently undergoing international certification. With evolving standards in domestic fire safety regulations, demand for flame-retardant resins has continued to grow, particularly in the shipbuilding, construction, public transportation, and even public art sectors. Recognizing that different industries have unique specifications for flame-retardant resins, we are working closely with downstream customers to obtain relevant certifications.

(I) Business Plan Implementation Result

In 2024, the Company reported consolidated revenue of NT\$763,392 thousand, representing a slight decrease of 0.7% compared to NT\$768,731 thousand in 2023. Consolidated net income after tax for 2024 was NT\$5,814 thousand, down 68.36% from NT\$18,378 thousand in 2023. Earnings per share on a consolidated basis were NT\$0.10, representing a decline of 66.67% compared to NT\$0.30 in 2023.

(II) Budget Implementation Status

The Company did not disclose financial forecasts in 2024.

(III) Financial Income, Expenditure, and Profitability Analysis

1. Revenue and Expenditure

Unit: NT\$ thousands

Item\Year	2024	2023
Net Income (loss) Before Tax	12,478	23,762
Net Cash Inflow (outflow) From Operating Activities	38,859	71,636
Net Cash Inflows (outflows) From Investing Activities	-24,624	-35,632
Net Cash Inflow (outflow) From Financing Activities	-16,648	-9,440
Net Increase (decrease) in Cash and Cash Equivalents	-2,413	26,564
Beginning Balance of Cash and Cash Equivalents	364,631	338,067
Ending Balance of Cash and Cash Equivalents	362,218	364,631

2. Profitability Analysis

Item/Year		2024	2023
Liability to Asset Ratio		18.46%	17.12%
Ratio of Long-term Funds to Property, Plants, and Equipment		298.53%	305.60%
Current Ratio		492.64%	589.27%
Quick Ratio		349.06%	423.30%
Return on Assets		0.55%	1.54%
Return on Equity		0.56%	1.74%
Ratio of Actual Paid-in Capital (%)	Operating Income	1.03%	3.21%
	Pre-tax Profit	2.04%	3.89%
Net Profit Rate		0.76%	2.39%
Earnings per Share (Loss)		NT\$ 0.10	NT\$ 0.30

(IV) R&D Overview

1. Development of unsaturated resin with high reactivity, heat resistance and impact strength.
2. Development of alkyd resins for high-performance coatings with environmentally friendly water-based formulations and improved weather resistance.
3. Development of applications of various grades of FRP finished products.
4. Development of various grades of hot melt rubber and shoe rubber products related to environmental protection.
5. Development in renewable energy and biodegradable products.

II. Summary of the 2025 Business Plan

The Company primarily manufactures alkyd resins, unsaturated polyester resins, acrylonitrile butadiene styrenes and related downstream derivatives. In addition, it is actively engaged in the development of other high-performance synthetic resin products. As part of its 2025 business plan, the Company will continue optimizing its product portfolio with a focus on product applications. Efforts will be directed toward accelerating the commercialization of new products and business ventures in order to capture greater market value. Due to U.S.-China trade war, the Chinese factories have tapped into emerging markets including Northeast Asia, Southeast Asia and India, with active development for better competitive advantages. Yong Shun Chemical continues to cultivate non-China markets, seeking other potential market opportunities to achieve more comprehensive business growth, with more diversified product mix. The management will focus on improving brand value and growth momentum to achieve business goals.

(I) Business Policy

1. Establish an effective procurement system and raw material inventory system to ensure timely access to information, enabling greater flexibility in sales operations and responsiveness to market changes.
2. The product portfolio will be strategically aligned toward biodegradable, compostable materials, emerging industries, high value-added applications, and recyclable solutions, in order to avoid falling into low-margin price competition within the industry and to pursue blue ocean market opportunities.
3. Future R&D efforts will focus on potential sectors such as green energy, solvent-free, high-strength, and recyclable materials. Leveraging local R&D capabilities and an agile team, the Company intends to accelerate product development cycles and respond swiftly to customer demands.
4. Market Structure: Explore markets in Northeast Asia, Southeast Asia, and India with high population density and domestic demand, in order to reduce dependence on the Chinese market for more comprehensive business growth.

(II) Expected Sales Volume and Basis

The projected sales volumes for the Company's main products in 2025 are as follows:

Main Products	Unit	Projected Sales Volume in 2025
Unsaturated Polyester Resin	Metric Ton	3,120
Polyester Polyol Resin	Metric Ton	7,500
Acid Resistant Coating	Metric Ton	720
Chemical Tank	Unit	20
Hot Melt Adhesive and Shoe Adhesive Related Products	Metric Ton	1,201

(III) Important Production and Marketing Policies

1. Improve sales channel strategy and deployment in the distribution channels, and enhance after-sales service.
2. Broaden the customer base and maintain strong client relationships to increase market share.
3. Leverage marketing intelligence to improve sales forecasting and mitigate risks.
4. Continuously develop new products and key raw materials to secure a competitive advantage.
5. Evaluate automation solutions for labor-intensive production processes.
6. Optimize production management to ensure on-time delivery and uphold the Company's reputation.
7. Explore potential market opportunities and diversify the product portfolio.
8. Prevent increases in production defect rates through rigorous quality control to meet customer expectations for product quality.
9. Implement solar photovoltaic systems to promote green energy production, energy conservation, and carbon reduction.

III. The Impact of the External Competitive Environment, the Regulatory Environment, and the Overall Business Environment on the Development Strategy of the Company in the Future

Over the past 60 years since its founding, the Company has upheld the principles of integrity and steadfastly focused on its core business operations. In the face of intense global competition and rapidly changing markets, Yong Shun Chemical has adhered to a clear business philosophy while leveraging internal resource integration and strategic planning. The Company continues to expand both domestic and international markets, secure key raw materials, develop new products, invest in research and development, and enhance product functionalities to broaden their application scope. In response to the U.S.-led restructuring of global supply chains, we will strengthen the development of high value-added plastic products, such as heat-resistant, impact-resistant, and recyclable plastics, to enhance our competitiveness. We remain focused on enhancing product value rather than engaging in unnecessary price competition and are committed to maintaining high-quality production processes. Additionally, in alignment with government policies on energy conservation and carbon reduction, the Company will continue to install solar power generation systems to produce green electricity for internal use. Energy management practices are implemented in daily operations to achieve sustainability goals. In terms of new product development, the Company is committed to creating environmentally friendly products as part of its corporate social responsibility and to contributing to environmental sustainability.

As the global plastics industry undergoes a critical phase of transformation, Yong Shun Chemical must proactively adjust its strategies, closely monitor changes in global supply chains, and drive innovation to meet the dual challenges of the market and environmental sustainability. The height, breadth and depth of Yong Shun Chemical's products meet market demands, providing customers with innovative products of high efficiency, in the aim to achieve excellent performance in the global synthetic resin market.

Chairman: Tsai Ching-Fang

Manager: Lin, Cheng-Chien

Head of Accounting: Chen, Fu-Mei

Two. Corporate Governance Report

I. Information on Directors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and Heads of Divisions and Branch Units

(I) Directors:

1. Information of Directors

April 21, 2025

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of First Election	Shareholding at Time of Election		Current Shareholding		Current Shareholding of Spouses and Minor Children		Shareholding in the Name of Others		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and Other Companies	Other Officers, Directors or Supervisors with Spousal Relationships or within Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Tsai, Ching-Fang	Male (75 and above) and more)	2022.06.09	3	1998.05.27	3,492,490	5.72%	3,492,490	5.72%	2,340,235	3.83%	None	None	College of Business and Management, Tamkang University	Chairman of the Company Director, Sun Yang Global Co. Ltd.	Director	Tsai, Chi-Lung	Relative within second degree of kinship	-
Director	Taiwan	Tsai, Chi-Lung	Male (75 and above) and more)	2022.06.09	3	2022.06.09	1,432,527	2.35%	1,432,527	2.35%	None	None	None	None	Taipei Kainan High School Director, Ji-Liang Construction Co., Ltd.	Supervisor, Sun Yang Global Co., Ltd.	Chairman	Tsai, Ching-Fang	Relative within second degree of kinship	-
Director	Taiwan	Lin, Cheng-Chien	Male (66~75 years old)	2022.06.09	3	2022.06.09	4,205,821	6.88%	4,205,821	6.89%	1,800,621	2.95%	None	None	Doctoral degree awarded in Edinburgh	General Manager of the Company	Director	Lin, Tsyr-Huan	Relative within second degree of kinship	-
Director	Taiwan	Lin, Tsyr-Huan	Female (66~75 years old)	2022.06.09	3	1998.05.27	6,057,327	9.92%	6,305,327	10.33%	None	None	None	None	Department of Wood Utilization, University of Washington	Assistant General Manager of the Company Chairman, NaturalTEL Communication Co., Ltd. Chairman, Sun Yang Global Co. Ltd.	Director	Lin, Cheng-Chien	Relative within second degree of kinship	-
Director	Taiwan	Lin, Jih-Cheng	Male (66~75 years old)	2022.06.09	3	2022.06.09	27,810	0.05%	27,810	0.05%	None	None	None	None	Department of Diplomacy, National Chengchi University	Person in charge, Cheng Ming Land Administration Agency	None	None	None	-
Director	Taiwan	Lin Wu, Fang-Mei	Female (66~75 years old)	2022.06.09	3	2004.06.10	91,080	0.15%	91,080	0.15%	None	None	None	None	Datong Commercial High School	Director, Sun Yang Global Co. Ltd.	None	None	None	-
Independent Director	Taiwan	Cheng, Chit-Man	Male (66~75 years old)	2022.06.09	3	2016.6.13	0	0%	0	0%	None	None	None	None	J.D., University of Wisconsin-Madison Campus	CEO, Think Tank, U.S.A.	None	None	None	-
Independent Director	Taiwan	Chin, Chang-Ming	Male (56~65 years old)	2022.06.09	3	2016.6.13	0	0%	0	0%	None	None	None	None	EMBA, National Taiwan University	Host Accountant, KENWILLCPA UNITED CPAS FIRM Independent Director, Taiwan Sanyo Electric Co., Ltd.	None	None	None	-

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of First Election	Shareholding at Time of Election		Current Shareholding		Current Shareholding of Spouses and Minor Children		Shareholding in the Name of Others		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and Other Companies	Other Officers, Directors or Supervisors with Spousal Relationships or within Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Taiwan	Chou, Man-Chin	Male (66~75 years old)	2022.06.09	3	2019.6.12	0	0%	0	0%	None	None	None	None	Wei Cheng CPAs Firm, National Chung Hsing University	Associate, KENWILLCPA UNITED CPAS FIRM	None	None	None	-

2. Directors acting as representatives of corporate shareholders: None.

3. Professional qualifications and independence of directors

Name (Note 1)	Criteria	Professional qualifications and experience			State of independence (Note 3)												Number of other public companies in which the individual concurrently serves as independent director
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Passed the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Required work experience in commerce, law, finance, accounting or others required by the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman: Tsai, Ching-Fang				v	v					v	v	v	v		v	v	None
Director: Tsai, Chi-Lung				v	v				v	v	v	v	v		v	v	None
Director: Lin, Cheng-Chien				v						v	v	v	v		v	v	None
Director: Lin, Tsyr-Huan				v						v	v	v	v		v	v	None
Director: Lin, Jih-Cheng			v	v	v		v	v	v	v	v	v	v	v	v	v	None
Director: Lin Wu, Fang-Mei				v	v		v	v	v	v	v	v	v	v	v	v	None
Independent Director: Cheng, Chit-Man	v		v	v	v	v	v	v	v	v	v	v	v	v	v	v	None
Independent Director: Chin, Chang-Ming			v	v	v	v	v	v	v	v	v	v	v	v	v	v	1
Independent Director: Chou, Man-Chin			v	v	v	v	v	v	v	v	v	v	v	v	v	v	None

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified, while also stating whether they meet the circumstances provided in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether they, their spouses, or second-degree relatives serve as a director, supervisor or employee in the company or affiliates; the proportion of shares held by the independent director themselves, their spouses or relatives within second degree of kinship (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the company has a specific relationship (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of remuneration received for commercial, legal, financial and accounting services provided to the company or its affiliates in the past two years.

Note 3: Please mark the box with “v” if the director met the following conditions during active duty and two years prior to the date elected.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager under (1) or any of the persons under (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (6) Not a director, supervisor, or employee of another company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor or employee of another company or institution in which the chairperson, general manager or personnel with equivalent position are the same person or have a spousal relationship (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution in a business or financial relationship with the Company (the same does not apply. However, in case the specific company or institution holds more than 20% but less than 50% of the company's total issued shares. The person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional, owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provided commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider received cumulative compensation exceeding NT\$500,000 in the most recent two fiscal years, or a spouse thereof. However, this restriction does not apply to a member of the Compensation Committee, Public Tender Offer Review Committee, or Special Committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship of another director.
- (11) Does not meet any of the conditions stated in Article 30 of the Company Act.
- (12) Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act

4. Diversity and Independence of the Board of Directors

(1) The Company's current board diversity policy and its implementation are as follows:

In accordance with relevant regulations, the composition of the Company's Board of Directors emphasizes gender equality and ensures that members possess the necessary knowledge, skills, and qualifications to effectively perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors possess the following capabilities:

- I. Ability to make operational judgments.
- II. Business management capability.
- III. Leadership and decision-making capability.
- IV. Knowledge of the industry.
- V. Global market perspective.

VI. Accounting and financial expertise.

VII. Crisis management capability.

The Company held a shareholders' meeting on June 9, 2022 to re-elect the members of the 20th session of the Board. The strong lineup of directors not only supervises the management team on behalf of shareholders, but also assists the Company in the evaluation and judgment of major decisions. All of the Company's directors are nominated in accordance with the "Procedures for Election of Directors," approved by the Board of Directors, and then submitted to the shareholders' meetings for election.

The Company emphasizes the diversity of the composition of the Board of Directors, including different ages, genders, industry experience, professional knowledge, and capabilities. Members of the Board of Directors have extensive experience and expertise in the fields of finance, law, accounting, information technology, commerce, and management. In terms of independent directors, the Company's 20th term of independent directors has professional knowledge and rich practical experience in law and accounting, and can greatly improve the Company's implementation of risk management, internal control, and internal audit. Independent directors are independent and forward-looking, and give full play to their supporting and supervisory functions to continue to promote the long-term development of the Company's strategic operations.

The Company has established an Audit Committee and a Remuneration Committee, both of which are chaired by independent directors. Independent directors actively participate in the Company's operations through various functional committees, ensuring effective corporate governance and safeguarding public interest. The 20th Board of Directors consists of 9 directors (including 3 independent directors) who possess the abilities of leadership and decision-making, business management, and international market outlook, as well as rich industry experience and professionalism. Directors with rich industry experience are Chairman Tsai, Ching-Fang; Director Tsai, Chi-Lung; Director Lin, Tsyr-Huan, and Director Lin Wu, Fang-Mei. Director Lin, Cheng-Chien served Academia Sinica for many years and made many contributions to cloud and AI information technology. Director Lin, Jih-Cheng is a professional land administration agent with extensive experience in land development, construction and investment in the building field. Independent Directors Cheng, Chit-Man is a practicing lawyer with professional legal ability and rich practical experience. Independent directors Chin, Chang-Ming and Chou, Man-Chin have practical experience as accountants and have rich practical experience in finance and banking, administration and management.

Specific implementation objectives of the Company's Board composition diversity policy:

1. There shall be at least 2 directors of each gender.
2. The Board members shall include 3 independent directors.
3. 2 Managers serve as the director concurrently.
4. The Board members shall consist of 3 members with business management expertise, Four members with financial accounting expertise, and two other members with other specific expertise.

All members of the 20th Board of Directors of the Company are natives. The average age of directors is 66-75 years old. There is 1 director aged 56-65, 6 directors aged 66-75, and 2 directors are over the age of 75. The composition of the Board also emphasizes gender equality. Among the 6 non-independent directors, 2 are women (accounting for 33.33%), which is in line with the principle of gender diversity of the Board. Overall, the current Board of Directors includes 2 women, accounting for 22.22% of the board members. The Company has planned to appoint an additional female director during the comprehensive board election in June 2025, which will achieve the goal of having at least one-third of the board seats occupied by each gender. The Company remains committed to furthering gender diversity in the composition of its Board of Directors.

The implementation of the diversity policy for all members of the Board:

Diversity item Director name	Basic conditions and values					Professional knowledge and skills									
	Gender	Age			Nationality	Concurrently an employee of the Company	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make decisions	Knowledge and ability of risk management
		56 to 65	66 to 75	Over 75											
Director: Tsai, Ching-Fang	Male			v	Taiwan		v	v	v	v	v	v	v	v	v
Director: Tsai, Chi-Lung	Male			v	Taiwan		v	v	v	v	v	v	v	v	v
Director: Lin, Cheng-Chien	Male		v		Taiwan	v	v	v	v	v	v	v	v	v	v
Director: Lin, Tsyr-Huan	Female		v		Taiwan	v	v	v	v	v	v	v	v	v	v
Director: Lin, Jih-Cheng	Male		v		Taiwan		v		v	v		v	v	v	v
Director: Lin Wu, Fang-Mei	Female		v		Taiwan		v	v	v	v	v	v	v	v	v
Independent Director: Cheng, Chit-Man	Male		v		Taiwan		v		v	v		v	v	v	v
Independent Director: Chin, Chang-Ming	Male	v			Taiwan		v	v	v	v		v	v	v	v
Independent Director: Chou, Man-Chin	Male		v		Taiwan		v	v	v	v		v	v	v	v

(2) Independence of the Board of Directors

The Company's Board of Directors consists of nine members, including three independent directors, accounting for 33.33% of the Board; the Board possesses the independence to perform duties.

No members of the Board are related as defined in Paragraph 3 of Article 26-3 of the Securities and Exchange Act.

Paragraph 3 of Article 26-3 of the Securities and Exchange Act: Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of the Company's directors:

- I. Spouse.
- II. A relative within the second degree of kinship.

(II) Information on General Manager, Assistant General Managers, Deputy Assistant General Managers, and Heads of Divisions and Branch Units:

April 21, 2025

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouses and Minor Children		Shareholding in the Name of Others		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in Other Companies	In a spousal relationship or familial relationship within the second degree of kinship with a manager			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Taiwan	Lin, Cheng-Chien	Male	2020.08	4,205,821	6.89%	1,800,621	2.95%	None	None	Doctoral degree awarded in Edinburgh	None	Assistant General Manager	Lin, Tsyr-Huan	Relative within second degree of kinship	-
Assistant General Manager	Taiwan	Lin, Tsyr-Huan	Female	1993.10	6,305,327	10.33%	None	None	None	None	Department of Wood Utilization, University of Washington	Chairman of Natural TEL Communication Co., Ltd./Chairwoman of Sun Yang	General Manager	Lin, Cheng-Chien	Relative within second degree of kinship	-
Finance Manager	Taiwan	Chen, Fu-Mei	Female	2004.03	763	0.00%	None	None	None	None	Dept. of Accounting, Soochow University	None	None	None	None	-
Sales Manager	Taiwan	Lin, Chin-Shu	Male	2010.04	63,487	0.10%	20,740	0.03%	None	None	Dept. of International Trade, College of Business and Management, Tamkang University	None	None	None	None	-
Plant Director	Taiwan	Hsu, Chin-Cheng	Male	2021.07	0	0.00%	254	0.00%	None	None	Dept. of International Business, Kainan University (Currently Enrolled)	None	None	None	None	-
Vice Plant Director	Taiwan	Lin, Chen-Feng	Male	2022.05	0	0.00%	0	0.00%	None	None	Taichung Industrial High School	None	None	None	None	-
Vice Plant Director	Taiwan	Lin, Yao-Shui	Male	2024.04	0	0.00%	6,000	0.01%	None	None	Dept. of Chemical Engineering, Vanung University	None	None	None	None	-
Vice Plant Director	Taiwan	Chang, Chun-Hung	Male	2024.06	0	0.00%	0	0.00%	None	None	Dept. of Chemical Engineering (Master's Program), Chung Yuan Christian University	None	None	None	None	-

(III) Chairman and CEO or Equivalent Position Held by the Same Person: The Company's Chairman and CEO are not the same person.

II. Remuneration Paid to Directors, Supervisors, General Manager, and Assistant General Managers in the Most Recent Year

(I) Remuneration to general directors and independent directors

December 31, 2024; Unit: NT\$ thousands

Title	Name	Remuneration to directors								Total sum of A, B, C and D and their proportion to profit after tax (Note 6)	Remuneration received as concurrent employee								Total sum of A, B, C, D, E, F and G and their proportion to profit after tax (Note 6)		Remuneration received from investees other than subsidiaries or the parent company	
		Remuneration (A) (Note 1)		Pension (B)		Remuneration to directors (C) (Note 2)		Expenses for services rendered (D) (Note 3)			Salaries, bonuses and special allowances (E) (Note 4)		Pension (F)		Remuneration to employees (G) (Note 5)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company		All companies included in the financial statements
Amount in cash	Amount in stock															Amount in cash	Amount in stock					
Director	Tsai, Ching-Fang	None	None	None	None	162	162	150	150	312 5.37%	312 5.37%	7,169	7,169	None	None	5	None	5	None	7,486 128.76%	7,486 128.76%	None
Director	Tsai, Chi-Lung																					
Director	Lin, Cheng-Chien																					
Director	Lin, Tsyr-Huan																					
Director	Lin, Jih-Cheng																					
Director	Lin Wu, Fang-Mei																					
Independent Director	Cheng, Chit-Man	360	360	None	None	81	81	90	90	531 9.13%	531 9.13%	None	None	None	None	None	None	None	None	531 9.13%	531 9.13%	None
Independent Director	Chin, Chang-Ming																					
Independent Director	Chou, Man-Chin																					

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

When directors (including independent directors) perform their duties in the Company, regardless of the Company's operating profit or loss, the company may pay remuneration. The Board of Directors is authorized to negotiate their remuneration on the basis of their participation in the Company's operations and the value of their contributions, not exceeding the highest salary standard set by the Company's salary assessment regulations. When there is a surplus, in accordance with Article 34 of the Articles of Incorporation, no more than 4% shall be allocated as remuneration to directors and supervisors. However, if the Company still has a cumulative loss (including adjustment of the undistributed retained earnings amount) from previous years and makes a profit in the current year, it shall first make up for the loss, and then appropriate from the balance the remuneration to directors and supervisors to be distributed in cash according to the proportion in the preceding paragraph. The distribution shall be implemented by the resolution of the Board of Directors with the presence of more than two-thirds of the directors and the approval of more than half of the directors present, and the resolution shall be reported to the shareholders' meeting.

2. In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (e.g., serving as a non-employee consultant of the parent company/companies in the financial statements/investment businesses): None.

Range of Remuneration Table

Range of remuneration paid to each director	Director name			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Below NT\$1,000,000	Tsai, Ching-Fang; Tsai, Chi-Lung; Lin, Cheng-Chien; Lin, Tsyr-Huan; Lin, Jih-Cheng; Lin Wu, Fang-Mei; Cheng, Chit-Man; Chin, Chang-Ming; Chou, Man-Chin	Tsai, Ching-Fang; Tsai, Chi-Lung; Lin, Cheng-Chien; Lin, Tsyr-Huan; Lin, Jih-Cheng; Lin Wu, Fang-Mei; Cheng, Chit-Man; Chin, Chang-Ming; Chou, Man-Chin	Tsai, Chi-Lung; Lin, Jih-Cheng; Lin Wu, Fang-Mei; Cheng, Chit-Man; Chin, Chang-Ming; Chou, Man-Chin	Tsai, Chi-Lung; Lin, Jih-Cheng; Lin Wu, Fang-Mei; Cheng, Chit-Man; Chin, Chang-Ming; Chou, Man-Chin
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	None	None	None	None
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	None	None	Tsai, Ching-Fang; Lin, Cheng-Chien; Lin, Tsyr-Huan	Tsai, Ching-Fang; Lin, Cheng-Chien; Lin, Tsyr-Huan
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	None	None	None	None
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	None	None	None	None
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	None	None	None	None
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	None	None	None	None
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	None	None	None	None
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	9	9	9	9

Note 1: Refers to the remuneration of directors in 2024 (including directors' salary, job bonus, severance payment, various bonuses, incentives, etc.).

Note 2: This is the amount of remuneration to directors from the motion for earnings distribution approved by the Board of Directors prior to the shareholders' meeting in 2024.

Note 3: Refers to a director's relevant business execution expenses in 2024 (including transportation fees, special expenses, various allowances, dormitory, vehicle allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver; however it is not to be included in the remuneration.

Note 4: Refers to the salary, job bonus, severance payment, various bonuses, incentive payments, transportation fees, special expenses, various allowances, dormitory, vehicle allocation and other in-kind provisions received in 2024 by directors who also serve as employees (including also serving as General Manager, Assistant General Manager, other manager and employee). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver; however it is not to be included in the remuneration.

Note 5: Refers to employee remuneration received in 2024 (including shares and cash) by directors who also serve as employees (including concurrently serving as general manager, assistant general manager, other managers and employees). The amount of employee remuneration from the motion for earnings distribution approved by the Board of Directors prior to the shareholders' meeting in the most recent fiscal year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached Table 1-3 shall be filled in.

Note 6: The net income refers to 2024 income after tax.

(II) Remuneration to supervisors: On June 9, 2022, it was resolved in the shareholders' meeting that an Audit Committee composed of all independent directors was to be set up to replace supervisors.

(III) Remuneration to the General Manager and Assistant General Managers as of December 31, 2024; Unit: NT\$ thousands

Title	Name	Salary (A)		Pension (B)		Bonuses and special allowances (C)		Remuneration to employees (D)				Total sum of A, B, C and D and their proportion to profit after tax (%)		Remuneration received from investees other than subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Lin, Cheng-Chien	3,310	3,310	None	None	1,169	1,169	5	None	5	None	4,489 77.21%	4,489 77.21%	None
Assistant General Manager	Lin, Tsyr-Huan													None

Range of Remuneration Table

Range of remuneration paid to each general manager and assistant general manager of the Company	Name of the general manager and assistant general manager	
	The Company	All companies included in the financial statements
Below NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	None	None
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Lin, Cheng-Chien; Lin, Tsyr-Huan	Lin, Cheng-Chien; Lin, Tsyr-Huan
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	None	None
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	None	None
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	None	None
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	None	None
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	None	None
Over NT\$100,000,000	None	None
Total	2	2

Note 1: Refer to the salaries, duty allowances and severance pay of the General Manager and Assistant General Managers in 2024.

Note 2: Fill in the amount of various bonuses, incentives, travel allowances, special expenses, various subsidies, in-kind benefits such as accommodation and vehicles and other rewards for the General Manager and Assistant General Managers in 2024. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver; however it is not to be included in the remuneration.

Note 3: Refers to the amount of employee remuneration (including shares and cash) approved by the Board of Directors for distribution to the general manager and assistant general managers in 2024. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached Table 1-3 shall be filled in.

Note 4: The net income refers to 2024 net profit after tax.

(IV) Names of Managers Responsible for Employee Remuneration Distribution and the Distribution Details
December 31, 2024; Unit: NT\$ thousands

Managers	Title	Name (Note 1)	Amount in stock	Amount in cash	Total	Percentage of total amount to profit after tax (%)
	General Manager	Lin, Cheng-Chien	-	2	2	0.03%
	Assistant General Manager	Lin, Tsyr-Huan	-	2	2	0.03%
	Finance Manager	Chen, Fu-Mei	-	2	2	0.03%
	Sales Manager	Lin, Chin-Shu	-	2	2	0.03%
	Plant Director	Hsu, Chin-Cheng	-	2	2	0.03%
	Vice Plant Director	Lin, Chen-Feng	-	2	2	0.03%
	Vice Plant Director	Lin, Yao-Shui	-	2	2	0.03%
	Vice Plant Director	Chang, Chun-Hung	-	1	1	0.015%

Note 1: Names and titles shall be disclosed separately, whereas the amount of remuneration may be disclosed in aggregate.

Note 2: Refers to the amount of employee remuneration (including shares and cash) from earnings distribution approved by the Board of Directors for distribution to the managers during the most recent fiscal year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year. Profit after tax refers to profit after tax in the most recent fiscal year. If IFRSs have been adopted, profit after tax refers to the profit after tax on the parent company only or individual financial statements.

Note 3: The scope of managers is defined on the basis of Letter Tai-Cai-Zheng-(III)-Zi No. 0920001301 dated March 27, 2003, which is specified below:

- (1) General Manager and positions of equivalent rank
- (2) Assistant General Manager and positions of equivalent rank
- (3) Deputy Assistant General Manager and positions of equivalent rank
- (4) Head of the Finance Department
- (5) Head of the Accounting Department
- (6) Persons who manage company affairs and are authorized to affix the signature on behalf of the company

Note 4: For directors, general managers and assistant general managers who receive employee remuneration (including shares and cash), details have been disclosed in this Table in addition to Table 1-2.

(V) Remuneration paid in the most recent two years by the Company and all companies included in the consolidated financial statements to the Company's directors, General Managers, and Assistant General Managers as a percentage of net income, and an explanation of the policies and standards and portfolio, the procedure for determining remuneration, and its association with operating performance and future risks.

Unit: NT\$ thousands

2024				2023			
The Company		All companies included in the financial statements		The Company		All companies included in the financial statements	
Total remuneration of directors, General Managers and Assistant General Managers	Percentage of net profit after tax	Total remuneration of directors, General Managers and Assistant General Managers	Percentage of net profit after tax	Total remuneration of directors, General Managers and Assistant General Managers	Percentage of net profit after tax	Total remuneration of directors, General Managers and Assistant General Managers	Percentage of net profit after tax
8,017	137.89%	8,017	137.89%	10,922	59.43%	10,922	59.43%

1. Except for the remuneration paid to directors, General Managers and Assistant General Managers by the Company in the consolidated financial statements, the consolidated company has not paid remuneration, so the analysis is the same as the Company's analysis.
2. The remuneration paid to directors, General Managers, and Assistant General Managers by the Company in 2024 decreased from that in 2023. The difference was mainly due to the net profit after tax in 2024.
3. The remuneration policy for directors, General Managers and Assistant General Managers is as follows:

When directors perform their duties in the Company, regardless of the Company's operating profit or loss, the Company may pay remuneration, and the remuneration authorizes the Board of Directors to negotiate on the basis of their participation in the Company's operations and the value of their contributions, not exceeding the highest salary standard set by the Company's salary assessment regulations.

When there is a surplus, in accordance with Article 34 of the Articles of Incorporation, the Company shall first set aside 1% to 3% as remuneration to employees and no more than 4% as remuneration to directors and supervisors. However, if the Company still has a cumulative loss (including adjustment of the undistributed earnings amount) and makes a profit in the current year, it should first make up for the loss, and then appropriate from the balance the directors' remuneration in cash according to the proportion in the preceding paragraph, and the employees' remuneration is to be distributed in stock or cash. The distribution shall be implemented by the resolution of the Board meeting with the presence of more than two-thirds of the directors and the approval by more than half of the directors present, and the resolution shall be reported to the shareholders' meeting.

The appointment of the general manager shall be submitted by the chairperson to the Board of Directors for a majority approval; the same procedure applies for the dismissal. The other managers shall be appointed according to the Company's HR regulations; the same procedure applies for their dismissal. Manager remuneration shall be handled in accordance with Article 29 of the Company Act and the Company's salary payment regulations.

4. The Company has formulated the "Manager Remuneration Standards," where managers are assessed based on their job performance, academic qualifications, and work attitude, among other factors. The results are documented in a "Performance Appraisal Form," which is then used to determine the compensation for managers.
5. Remuneration to directors is determined subject to the Articles of Incorporation and the performance evaluation report of the Board of Directors.
6. Although the total remuneration for directors, the general manager, and vice general managers in 2024 represents a relatively high proportion of net profit after tax, the total remuneration is considered reasonable compared to industry standards. Therefore, it has no significant impact on the Company's operational performance or future risks.

III. Corporate Governance Operations:

(I) State of Board of Directors operations:

1. State of Board of Directors operations

The Board held 5 meetings in 2024 (A). The attendance of directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Remarks
Chairman	Tsai, Ching-Fang	0	0	0%	Re-elected on June 9, 2022
Director	Tsai, Chi-Lung	5	0	100%	Newly appointed on June 9, 2022
Director	Lin, Cheng-Chien	5	0	100%	Newly appointed on June 9, 2022
Director	Lin, Tsyr-Huan	5	0	100%	Re-elected on June 9, 2022
Director	Lin, Jih-Cheng	5	0	100%	Newly appointed on June 9, 2022
Director	Lin Wu, Fang-Mei	5	0	100%	Re-elected on June 9, 2022
Independent Director	Cheng, Chit-Man	5	0	100%	Re-elected on June 9, 2022
Independent Director	Chin, Chang-Ming	5	0	100%	Re-elected on June 9, 2022
Independent Director	Chou, Man-Chin	5	0	100%	Re-elected on June 9, 2022

Other information required:

- I. Matters listed in Article 14-3 of the Securities and Exchange Act and other resolutions adopted by the Board of Directors' meetings with records or stated in writing of independent director expresses an objection or reservation, should state the date, session, the topic discussed, all independent directors' opinion and how the company has responded to such opinions: The independent directors did not express any objections to any matters.
- II. Recusal of the directors from motions involving their interest, specify the name of the director, the content of the motion, the reason for recusal, and the participation in voting: None.
- III. The TWSE/TPEX listed company shall disclose the evaluation cycle and period, scope, method and content of the self-evaluation (or peer evaluation) of the Board of Directors. Please refer to 2. The Board of Directors' evaluation on the implementation.
- IV. The objective of strengthening the functions of the board of directors in the current year and the most recent year (e.g., the establishment of an audit committee, and the improvement of information transparency, etc.) and the evaluation of the implementation: The Company has established the "Rules of Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Regularly convene board meetings, record the whole process by audio for evidence, and produce meeting minutes. The Company also publishes important resolutions on the Company's website to enhance information transparency. For details, please refer to the Company's website at www.yschem.com.tw/Company News/Corporate Governance Section/8. Internal Regulations/Regulations of Procedure for Board of Directors Meetings and Corporate Governance Section/2. Board of Directors/ (2) Important resolutions of the board of directors. We have also set up an Audit Committee and Remuneration Committee to help the Board of Directors fulfill its monitoring duties.

Note 1: If a director resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) is calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.

Note 2: If there was a reelection of the directors before the end of the year, the new and former directors and supervisors must be stated in the Remarks field, and indicate if a director is old, new, or reelected, as well as the reelection date. The actual attendance rate (%) is calculated based on the number of meetings attended during a director's tenure.

Note 3: (1) The term of office of the original directors and supervisors of the Company was expired on June 11, 2022. The annual general meeting of the Company held a full re-election of directors (including independent directors) on June 9, 2022 to elect 9 directors (including three independent directors), who shall hold the term for three years from June 9, 2022 to June 8, 2025, and may be eligible for re-election.

(2) The Company has established the Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act and the Order of the Financial Supervisory Commission Jin-Guan-Zheng-Fa-Zi No. 10703452331. Therefore, the Company no longer appointed supervisors in accordance with the law. After the election of independent directors, all independent directors shall form the Audit Committee to replace supervisors.

2. Evaluation on the implementation by the Board of Directors and functional committees

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Evaluation results
Once a year	2024.01.01~2024.12.31	Performance evaluation of the Board of Directors	Internal self-evaluation of the Board of Directors	1. Participation in the operation of the Company 2. Quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of the directors 5. Internal control	The measurement results covered 5 major aspects, meeting corporate governance requirements.
Once a year	2024.01.01~2024.12.31	Performance evaluation of individual Board members	Self-evaluation of Board members	1. Grasp of the goals and missions of the Company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management of internal relationships and communication 5. The director's professionalism and continuing education 6. Internal control	The measurement results covered 6 major aspects, meeting corporate governance requirements.
Once a year	2024.01.01~2024.12.31	Performance evaluation on the Remuneration Committee	Internal self-evaluation by the Remuneration Committee	1. Participation in the operation of the Company 2. Remuneration Committee's awareness of responsibilities 3. Quality of the Remuneration Committee's decision making 4. Composition and election of the Remuneration Committee 5. Internal control	The measurement results covered 5 major aspects, meeting corporate governance requirements.
Once a year	2024.01.01~2024.12.31	Performance evaluation on the Audit Committee	Internal self-evaluation by the Audit Committee	1. Participation in the operation of the Company 2. Audit Committee's awareness of responsibilities 3. Quality of the Audit Committee's decision making 4. Composition and election of the Audit Committee 5. Internal control	The measurement results covered 5 major aspects, meeting corporate governance requirements.

(II) Information on the state of the Audit Committee's operations:

- The Audit Committee of the Company consists of 3 members served by all Independent Directors.
- Term of office of the current Committee members: from June 21, 2022 to June 8, 2025. The Audit Committee had 5 meetings (A) in 2024. The attendance of the members is as follows:

Title	Name	Number of attendances in person (B)	Attendance by proxy	Actual attendance ratio (%) (B/A) (Note 1 and Note 2)	Remarks
Convener	Chou, Man-Chin	5	0	100%	Inaugurated on June 21, 2022 (re-elected as an independent director for the 2nd term)
Member	Chin, Chang-Ming	5	0	100%	Inaugurated on June 21, 2022 (re-elected as an independent director for the 3rd term)
Member	Cheng, Chit-Man	5	0	100%	Inaugurated on June 21, 2022 (re-elected as an independent director for the 3rd term)

Other information required:

- For audit committee meetings that meet any of the following descriptions, state the date and session of the audit committee meeting held, the topic discussed, and how the company has handled the audit committee's opinions.
(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

(II) Other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.		
Date	Summary of Important Contents	Resolution Adopted
2024. 03.11	1. The Company's 2023 business report, financial statements and consolidated financial statements. 2. The Company's 2023 earnings distribution proposal. 3. The Company's 2023 statement of internal control system. 4. Proposal to amend the Company's "Regulations Governing the Board Performance Evaluation." 5. Proposal to amend the Company's "Regulations for Board of Directors Meetings."	Approved by resolution Approved by resolution Approved by resolution Approved by resolution
2024. 05.06	1. The Company's consolidated financial statements for Q1 2024. 2. Establishment of the Company's "Operational Guidelines for Financial and Business Transactions Between Related Parties." 3. Pre-approval of non-assurance services provided by the Company's external auditing firm. 4. Appointment and compensation of the Company's external auditor for 2024.	Approved by resolution Approved by resolution Approved by resolution Resolutions submitted to the Board of Directors
2024. 06.14	1. Determination of the ex-dividend date and payment date of the 2023 cash dividend.	Approved by resolution
2024. 08.12	1. The Company's consolidated financial statements for Q2 2024. 2. Assessment on the independence of the Company's independent auditors.	Approved by resolution Approved by resolution
2024. 11.11	1. The Company's consolidated financial statements for Q3 2024. 2. The Company's 2025 annual internal audit plan. 3. Approved the change of CPAs to Weng, Po-Jen and Kuo, Nai-Hua for the Company's financial statements since Q4 2024. 4. Appointment and compensation of the Company's external auditor for 2025. 5. Establishment of the internal control system for "Sustainability Information Management." 6. Amendment to the Company's "Regulations Governing Review on Pre-Approval of Non-Assurance Service Provided by CPAs." 7. The Company's participation in the capital increase of its subsidiary, Sun Yang Global Co., Ltd.	Approved by resolution Approved by resolution Approved by resolution Approved by resolution Approved by resolution Resolutions submitted to the Board of Directors
II. Recusal of recusal from interest-conflicting motions by independent directors: None.		
III. Communication between independent directors and the chief internal auditing officer and CPAs (including the material matters, methods and results of communication on the Company's financial and business status, etc.): The Company's internal audit unit provides audit reports to the Board of Directors and management for review on a regular basis, and delivers them to each independent director for review in accordance with the regulations, as a means to implement the monitoring mechanism of the Audit Committee. The implementation of the internal control system is continuously tracked. When the Company convenes a board meeting, the attending independent directors are able to communicate and discuss any opinions they have. If a significant violation is found or the Company is likely to suffer material damage, the relevant personnel must immediately prepare a report to be submitted to the independent directors. Meanwhile, the independent directors communicated with the independent directors regarding the key audit matters of the Company's 2024 parent company only financial statements and consolidated financial statements.		
IV. Summary of the key work in 2024: 1. Approved the 2023 business report, financial statements and consolidated financial statements, earnings distribution proposal, evaluation of the effectiveness of the internal control system and issuance of the statement of internal control system, and determination of the ex-dividend date and payment date of the 2023 cash dividend. 2. Approved the establishment of the Company's "Regulations Governing the Board Performance Evaluation," "Regulations for Board of Directors Meetings," "Sustainability Information Management," and "Regulations Governing Review on Pre-Approval of Non-Assurance Service Provided by CPAs." 3. The Company's appointment and compensation of the external auditor, as well as the assessment of the auditor's independence and suitability. 4. Passed the annual audit plan for 2025. 5. Participation in the capital increase of its subsidiary, Sun Yang Global Co., Ltd.		

Note 1: If a particular independent director resigned from office prior to the end of the fiscal year, specify the date of resignation in the field provided. The actual attendance rate (%) shall be calculated on the basis of the number of sessions held during the term of office as a member of the Audit Committee and the number of meetings actually attended by that member.

Note 2: If there was a reelection of the independent directors before the end of the year, the new and former independent directors must be stated in the Remarks field, and indicate if an independent director is former, new, or reelected, as well as the reelection date. The actual attendance rate (%) shall be calculated on the basis of the number of sessions held during the term of office as a member of the Audit Committee and the number of meetings actually attended by that member.

(III) State of corporate governance operations and any difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference

Evaluation Item	State of Operations			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for such difference
	Yes	No	Summary	
I. Has the company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?		v	Although the Company has not established its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," it has gradually established or revised relevant internal regulations and procedures to align with the spirit of the governance best practice principles.	Subject to the Company's development needs and laws & regulations.
II. Equity structure and shareholders' equity				
(I) Has the company formulated internal operating procedures to handle shareholders' proposals, doubts, disputes, and litigation matters and have the procedures been implemented accordingly?	v		(I) The Company has established internal control procedures for "Shareholder Services Operations" and has appointed a spokesperson and deputy spokesperson. Shareholder-related matters are entrusted to a professional shareholder services agency for handling. Any shareholder suggestions, concerns, disputes, or litigation matters will be managed by designated personnel. If legal issues arise, they will be referred to the Company's legal advisors for resolution.	(I) No significant difference.
(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of its major shareholders?	v		(II) The shareholders of the Company are mainly natural persons, and most of them are the original shareholders. Yuanta Shareholder Service Agency Dept. is appointed to deal with the Company's shareholder services. Each month, the Company has dedicated personnel in charge of understanding the transfer of shares of directors and major shareholders, collecting information and reporting to Yuanta Shareholder Service Agency Dept. to enable it to disclose the information in accordance with the regulations. The Company also possesses a list of the major shareholders and a list of the ultimate controllers of our major shareholders.	(II) No significant difference.
(III) Has the company established and implemented risk control and firewall mechanisms between itself and affiliates?	v		(III) The management duties between the assets of the Company and affiliates are clearly and independently divided. The Company has established the Regulations Governing the Supervision of Subsidiaries and implemented the same accordingly. There have been no non-arm's length transactions. The Company has also established an internal control system to regulate such matters.	(III) No difference.
(IV) Has the company set up internal regulations to prohibit internal personnel from utilizing undisclosed information to trade securities?	v		(IV) The Company has formulated the "Procedures for Handling Material Inside Information" and continues to organize the promotion for prohibition of insiders from using non-public information for trading marketable securities to further prevent insider trading regularly each year.	(IV) No difference.
III. Composition and duties of the Board of Directors				
(I) Has the board formulated a diversity policy and specific management objectives, and have they been implemented?	v		(I) The Company's Board of Directors consists of 9 directors (including 3 independent directors), who shall hold the term of office for 3 years. Directors are elected based on the scale of the Company's business development and practical operation needs and by taking into account the overall allocation of the Board of Directors. The Board members consist of experts in business management practices and information & communications, attorneys-at-law and practicing CPAs and land administration agents who hold the knowledge, experience, skills and literacy required by their job duties. All members of the Board are the R.O.C. nationals, with an average age of over 50 years old. There are 2 female Board members, accounting for 22.22% of all members, and 3 independent	(I) No significant difference.

Evaluation Item	State of Operations			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference
	Yes	No	Summary	
(II) Apart from the remuneration committee and audit committee, has the company voluntarily established other functional committees?		v	(II) The Company has established the Remuneration Committee and Audit Committee pursuant to laws, but has not yet set up other functional committees.	(II) Subject to the Company's development needs and laws & regulations.
(III) Has the company established regulations governing the board performance evaluation and its evaluation methods, and does the company conduct a performance evaluation each year, submit the performance evaluation results to the Board of Directors and use them as a reference in determining the remuneration of individual directors, and a nomination for reappointment?	v		(III) The Company has established Regulations Governing the Board Performance Evaluation and its evaluation methods, and submits the performance evaluation results to the Board of Directors and uses them as a reference in determining the remuneration of individual directors, and a nomination for reappointment.	(III) No difference.
(IV) Does the company regularly assess the independence of its CPAs?	v		(IV) The Company conducts an annual evaluation of the suitability and independence of its external auditor. This evaluation is based on the Audit Quality Indicators (AQI) report provided by the external auditor, which covers five key areas and 13 indicators. The assessment confirms the audit quality of the external auditor and the associated audit firm. The most recent evaluation was presented to the Audit Committee and the Board of Directors for review on August 12, 2024. (Please refer to Page 37)	(IV) No difference.
IV. Whether the company appoints competent and appropriate corporate governance personnel, and appoints a chief corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to, providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in compliance laws, handling matters related to the Board of Directors and Shareholders' Meetings in accordance with the law, and preparing minutes of the Board of Directors and Shareholders' meetings)?	v		The Company has appointed one chief corporate governance officer to be responsible for the corporate governance-related affairs (including, providing directors with the information needed to perform their duties, convening board meetings and shareholders' meetings under laws, completing company registration and registration of changes, preparing board meeting and shareholders' meeting minutes, helping directors in their appointment, continuing education and compliance with laws, etc).	No difference.
V. Has the company established channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the company, and does the company properly respond to the concerns of the stakeholders on issues related to corporate social responsibility?	v		The Company's website has established a "Stakeholder Section" and a contact email address to address important corporate social responsibility issues raised by stakeholders. The Company's website includes content on the "Operating Procedures for Transactions of the Group, Specific Companies and Related Parties," as well as a section dedicated to corporate social responsibility, where the Company's implementation of these practices is disclosed.	No difference.
VI. Does the company engage a professional stock transfer agency to handle affairs related to shareholders' meetings?	v		The Company has engaged the Shareholder Service Agency Department of YuanTa Securities to deal with the Company's shareholder services.	No difference.
VII. Information Disclosure				

Evaluation Item	State of Operations			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference
	Yes	No	Summary	
(I) Does the company have a website set up where its financial business and corporate governance information is disclosed?	v		(I) The Company has set up a website to introduce the Company's business overview and related business, and disclosed a variety of financial and business information accessible by shareholders and the public on the Market Observation Post System (MOPS) as required by the competent authority.	(I) No difference.
(II) Has the company adopted other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information of the company, implementing a spokesperson system, and uploading the proceedings of investors conferences on its website, etc.)?	v		(II) The Company has set up dedicated personnel responsible for information collection and disclosure and has implemented a spokesperson system. The annual investor conferences and audio recordings are made available on the Company's website for reference, ensuring that information that may impact shareholder rights and stakeholder decision-making is disclosed in a timely and appropriate manner.	(II) No difference.
(III) Has the Company published and reported its annual financial statements within two months after the end of a fiscal year, and published and reported its financial statements for the first, second, and third quarters, as well as its operating status for each month before the specified deadline?	v		(III) The Company publishes and reports its annual financial statements before the specified deadline (within 3 months) in accordance with the provisions stipulated in Article 36 of the Securities and Exchange Act. Moreover, we publish and report our financial statements for the first, second, and third quarters as well as our operating status for each month before the specified deadline. For the disclosure of the above information, please visit the Market Observation Post System (MOPS) and the Company's website.	
VIII. Is there any other important information that is helpful in understanding the corporate governance operation of the company (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, continuing education of the directors and supervisors, implementation of the risk management policy and risk measurement criteria, implementation of customer policy, and the purchase of liability insurance for directors and supervisors by the company)?	v		<p>Relevant information has been disclosed and is available for viewing on the "Company News" page of the Company's website.</p> <p>(I) Employee Rights: The Company's work rules and internal regulations are in compliance with the Labor Standards Act and relevant laws and regulations.</p> <p>(II) Employee Care: In addition to regularly distributing year-end bonuses, the Company organizes occasional employee trips. Furthermore, in the event of weddings, funerals, or illness in an employee's family, the Company and its Welfare Committee provide gifts or condolences in accordance with internal regulations. In addition, to protect employee rights, the Company has established a union that holds regular general meetings, and every year, the Company commissions a specialized medical clinic to conduct health checks for employees. The Company has also set up the Employee Welfare Committee and contributed to the welfare fund and employee pension in accordance with the laws. Relevant employee benefit measures and a retirement system are detailed in the employees' "Work Rules" and can be found on the Company website. For the continuing education and training of employees, please refer to Page 53.</p> <p>(III) Investor Relations: The Company has appointed a spokesperson and deputy spokesperson. Investors with any concerns may contact them for assistance.</p> <p>(IV) Supplier Relations: The Company has maintained a harmonious and fair relationship with suppliers for over 60 years.</p> <p>(V) Stakeholder Rights: The relationships and rights of stakeholders are managed in accordance with relevant laws and regulations.</p> <p>(VI) Directors and Supervisors Continuing Education: The Company organizes two continuing education programs for directors annually (each lasting three hours). Professional courses taken by them have been uploaded onto the MOPS.</p> <p>(VII) Implementation of risk management policy and risk measurement criteria: According to the nature of the business, the Company's management of various operational risks is</p>	No significant difference.

Evaluation Item	State of Operations			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons for such difference
	Yes	No	Summary	
			<p>handled by relevant management units. The Audit Office evaluates existing or potential risks of various operations to formulate a risk-oriented annual audit plan. The implementation and management units for risks are as follows:</p> <p>General Manager's Office: Following the demands of the general manager, the General Manager's Officer is responsible for management decision planning and evaluating investment benefits to reduce management and investment risks.</p> <p>Manufacturing Division: Responsible for production, manufacturing, equipment repair and maintenance, work rules, and labor safety and health management to reduce production risks.</p> <p>Sales Department: Responsible for marketing planning, product promotion, and mastering market information and trends to reduce business and operational risks.</p> <p>Procurement Department: Responsible for understanding raw material information and price changes to reduce material disruption risks.</p> <p>Information Department: Responsible for information security control and maintenance to reduce information security risks.</p> <p>Finance Department: Responsible for financial scheduling and utilization and establishing a hedging mechanism to reduce financial risks.</p> <p>(VIII) Customer Policy Implementation: The Company's rights and obligations with customers are generally handled according to the terms specified in the orders, maintaining smooth communication channels with customers.</p> <p>(IX) Director Liability Insurance: The Company has purchased liability insurance for all directors and managers, with coverage of US\$1,000,000.</p> <p>(X) The Company has formulated the "Procedures for Handling Material Inside Information" to establish the Company's internal material information handling process and disclosure mechanism. By doing this, the Company ensures the consistency and accuracy of the information it releases to the public. Each year, the Company also promotes these Procedures to directors, managers and all employees. The procedures have been disclosed on the Company's website (Company News/Corporate Governance Section/8. Internal Regulations/Procedures for Handling Material Inside Information) for reference by the employees and related parties.</p>	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center in the most recent year, and propose priorities for enhancement matters and measures for any issues that are to be improved:</p> <p>According to the results of the 10th annual corporate governance evaluation released by the Corporate Governance Center, the Company is ranked within the 36%~50% range for OTC-listed companies, and within the 21%~40% range for industries with a market capitalization under NT\$5 billion. The Company will continue to focus on addressing areas that have not yet scored, and will continuously assess and plan improvements based on the Company's development needs and legal requirements.</p>				

(IV) Composition and operation of the Remuneration Committee:

1. Information on Remuneration Committee members:

Identity (Note 1)	Criteria Name	Professional qualifications and experience			State of independence (Note 2)										Number of other public companies in which the individual concurrently serves as a member of the Remuneration Committee	Remarks
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Passed the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Required work experience in commerce, law, finance, accounting or others required by the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Cheng, Chit-Man	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	-
Independent Director	Chin, Chang-Ming		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Chou, Man-Chin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	-

Note 1: For "Identity", please fill in director, independent director or other.

Note 2: Please mark the box with "✓" if the members met the following conditions during active duty and two years prior to the date elected.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager under (1) or any of the persons under (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (6) Not a director, supervisor, or employee of another company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor or employee of another company or institution in which the chairperson, general manager or personnel with equivalent position are the same person or have a spousal relationship (this restriction does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or institution in a business or financial relationship with the company (the same does not apply, however, in cases the specific company or institution holds more than 20% but less than 50% of the company's total issued shares, and the person is an independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional, owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provided commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider received cumulative compensation exceeding NT\$500,000 in the most recent two fiscal years, or a spouse thereof. However, this restriction does not apply to a member of the Compensation Committee, Public Tender Offer Review Committee, or Special Committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Does not meet any of the conditions stated in Article 30 of the Company Act.

2. Information on the state of Remuneration Committee operations

- I. The Remuneration Committee of the Company consists of 3 members served by all Independent Directors.
- II. Term of office of the current Committee members: from June 21, 2022 to June 8, 2025. The Remuneration Committee had 3 meetings (A) in the most recent fiscal year (2024). The attendance of the members is as follows:

Title	Name	Number of attendances (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Remarks
Convener	Chou, Man-Chin	3	0	100%	Re-elected on June 21, 2022
Member	Chin, Chang-Ming	3	0	100%	Re-elected on June 21, 2022
Member	Cheng, Chit-Man	3	0	100%	Re-elected on June 21, 2022

Other information required:

- I. If the Board of Directors declined to adopt or modified a recommendation from the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the discrepancy and its reason).
- II. For the resolutions of the remuneration committee, if a member expressed any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified.
- III. Information on periodical reviews of the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the remuneration of the directors, and managers.
- IV. Discussed topics and resolutions adopted by the Remuneration Committee

Date	Summary of Important Contents	Resolution Adopted
2024.03.11	1. The distribution of the directors' and employees' remuneration for 2023. 2. The Company's Q4 2023 managerial officers' performance appraisal. 3. The Company's adjustment of the remuneration to managers in 2024. 4. Discussion of the Company's 2023 "Performance Evaluation on the Board of Directors and Functional Committees."	Approved by resolution Approved by resolution Approved by resolution Approved by resolution
2024.05.06	1. The Company's Q1 2024 managerial officers' performance appraisal.	Approved by resolution
2024.11.11	1. The Company's Q2 and Q3 2024 managerial officers' performance appraisal. 2. The Company's year-end bonus for managers in 2024.	Approved by resolution Approved by resolution

Note 1: If a particular member of the Remuneration Committee resigned from office prior to the end of the fiscal year, specify the date of resignation in the field provided. The actual attendance rate (%) shall be calculated on the basis of the number of sessions held during the term of office as a member of the Remuneration Committee and the number of meetings actually attended by that member.

Note 2: If there was a reelection of the Remuneration Committee before the end of the year, the new and former members of the Remuneration Committee must be stated in the Remarks field, and indicate if such member is old, new, or reelected, as well as the reelection date. The actual attendance rate (%) shall be calculated on the basis of the number of sessions held during the term of office as a member of the Remuneration Committee and the number of meetings actually attended by that member.

(V) Implementation of sustainable development and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof, and climate-related information:

1. Deviation and reasons thereof

Promotion Item	Implementation State			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such difference
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development which is authorized by the Board of Directors to be handled by senior management and supervised by the Board of Directors?	v		<p>1. Sustainability development is overseen by the head of the Finance Department, who is responsible for convening sustainability meetings and assisting the external professional companies appointed by the Company in collecting data from various departments. The sustainability report is prepared in accordance with the SASB standards and is accompanied by an assurance report issued by the auditor.</p> <p>2. The sustainability report is issued annually and submitted to the Board of Directors for approval. The most recent approval date was August 12, 2024.</p> <p>3. Yong Shun Chemical values corporate governance and has continuously improved its governance practices through various means, including strengthening the board's functions, enhancing information transparency, and strengthening stakeholder engagement, achieving the goal of sustainability.</p>	No significant difference.
II. Has the Company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operations in accordance with the materiality principle and established a relevant risk management policy or strategy?	v		By taking into account the guidelines of topics listed in the Global Reporting Initiative (GRI), we collect stakeholders' concerns and conduct a risk assessment of the Company's operations, environment, labor-management and corporate governance issues. We also formulate risk management strategies and disclose them on the Company's website and the sustainability report.	No significant difference.
III. Environmental issues				
(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	v		(I) In accordance with the relevant regulations, we have set up dedicated environmental protection personnel to implement environmental management systems for the inspection of exhaust emissions and the operating environment and detecting organic gas leaks at the planning stage of the production process. This allows us to thoroughly grasp the safety status of the machinery and equipment as well as the operating environment. Furthermore, air pollution prevention measures have been added and inspections are conducted according to the operating permit standards.	(I) No significant difference.
(II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials that have a low impact on the environment?	v		(II) The Company has purchased heat recovery-related equipment to reduce energy use and carbon dioxide emissions. Additionally, the Company continues to recycle certain packaging materials for reuse, minimizing environmental impact. In addition, the Board of Directors approved the investment in solar panels for self-use electricity generation, which was successfully connected to the Taipower grid in 2024 for normal	(II) No significant difference.

Promotion Item	Implementation State			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such difference												
	Yes	No	Summary													
(III) Does the company assess the present and future potential risk and opportunities of climate change and adopt countermeasures related to climate issues?	v		operation. This initiative aligns with the government's green energy policy to reduce carbon emissions by 20% by 2030. (III) The Company continues to assess and monitor possible risks and opportunities climate change may bring in the future through raw material management and energy management. At present, the Company strives to reduce carbon and use solar power generation in response to climate change. Please refer to Page 28 of the 2023 Sustainability Report on the Company website.	(III) No significant difference.												
(IV) Has the company prepared statistics on greenhouse gas emissions, water consumption and total volume of waste for the past two years, and formulated policies for saving energy and reducing carbon, greenhouse gas, water use, or other waste management?	v		(IV) In accordance with the regulations, we keep statistics of wastewater, waste gas and waste treatment annually. Our aim is to achieve the goals of energy conservation, carbon reduction, greenhouse gas, waste consumption and waste reduction through the improvement of processes and replacement of energy-consuming burners. In a bid to monitor exhaust emissions, we have also installed differential pressure gauges in exhaust scrubber towers, exhaust condenser thermometers, and condenser gas flow meters, further preventing exhaust leaks. Please refer to Page 37 of the 2023 Sustainability Report on the Company website. <table><tr><td></td><td>2023</td><td>2022</td></tr><tr><td>GHG Emissions</td><td>3,086/KL</td><td>3,699/KL</td></tr><tr><td>Water Consumption</td><td>9,373/tons</td><td>10,360/tons</td></tr><tr><td>Total weight of waste</td><td>60/tons</td><td>51/tons</td></tr></table>		2023	2022	GHG Emissions	3,086/KL	3,699/KL	Water Consumption	9,373/tons	10,360/tons	Total weight of waste	60/tons	51/tons	(IV) No significant difference.
	2023	2022														
GHG Emissions	3,086/KL	3,699/KL														
Water Consumption	9,373/tons	10,360/tons														
Total weight of waste	60/tons	51/tons														
IV. Social Issues																
(I) Does the company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on human rights?	v		(I) We have formulated "Work Rules" in line with the Labor Standards Act, respecting and supporting internationally recognized human rights conventions. The Company prohibits the use of child labor, ensures equal pay for equal work between men and women, prohibits forced labor, and prohibits pregnant female employees from working night shifts. The "Work Rules" can be found on the Company's website.	(I) No significant difference.												
(II) (II) Has the Company established and implemented reasonable measures for employee benefits (including remuneration, holidays and other benefits) that appropriately reflect the business performance or achievements in the employee remuneration?	v		(II) We have set up an Employee Welfare Committee, and the “Work Rules” released to employees clearly define welfare measures. Salaries are adjusted after negotiation with the labor union according to the previous year's operating results. At present, April 1 is set as the fixed salary adjustment date. Performance-based revenue bonuses are distributed every month. We also pay annual remuneration and year-end bonuses to employees depending on the business performance.	(II) No significant difference.												

Promotion Item	Implementation State			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such difference
	Yes	No	Summary	
(III) Has the company provided employees with a safe and healthy work environment and regularly provided safety and health education to employees?	v		(III) The Company has established and distributed the "Code of Practice for Safety and Health" to employees. The environmental inspection is conducted once every April and October. The education and training on safety and health and hazardous substances is performed every June and December. The Company engages a specialized clinic to perform health checkups for employees and workers performing special operations at the end of each year. In 2024, no major incidents occurred. The factory premise holds two regular fire drills each year.	(III) No significant difference.
(IV) Has the company established an effective career development training program for its employees?	v		(IV) The Company encourages employees to continue their education and training and implements them in accordance with relevant laws and regulations on labor safety and health. If relevant regulations are obtained, they will be awarded bonuses according to their grades, so as to establish effective career capacity development training. In 2024, a total of 2,196 hours of employee training were conducted.	(IV) No significant difference.
(V) Does the company comply with laws and international standards with respect to customer health, safety and privacy, marketing and labeling in all products and services offered, and has the company implemented consumer protection policies and complaint procedures?	v		(V) Yong Shun Chemical has been selling products for 60 years, gaining strong customer loyalty. The Company places great emphasis on product quality and safety, while also prioritizing consumer rights and satisfaction. The Company's website discloses various management policies and provides contact information, offering direct assistance to customers for inquiries and issue resolution.	(V) No significant difference.
(VI) Has the company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or labor human rights issues, and does the company track suppliers' performance on a regular basis?	v		(VI) A supplier management process has been established in the Company's ISO 9001, requiring suppliers to provide product quality and material safety information to ensure environmental protection. At the same time, we promote the development of sustainability to suppliers by issuing supplier CSR pledges, requiring major suppliers not to pollute the local environment, harm the health of laborers or violate labor rights during the production process of raw materials. This has received the support and recognition of major suppliers.	(VI) No significant difference.
V. Has the company prepared a sustainability report or a report on non-financial information with reference to internationally accepted standards or guidelines? Are these reports supported by the assurance or opinion of a third-party verification entity?	v		The Company has prepared its sustainability report in accordance with the GRI Standards published by the Global Reporting Initiative (GRI). It discloses the Company's non-financial information along with a GRI indicator index for reference. Additionally, the Company has engaged a third-party verification entity to provide assurance on the report. Please refer to Page 79 of the 2023 Sustainability Report on the Company website.	No significant difference.
VI. If the company has formulated its own Sustainable Development Best-Practice Principles in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles:				

Promotion Item	Implementation State			Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons for such difference
	Yes	No	Summary	
In terms of the actual management, we do our utmost to implement the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”. Furthermore, we have formulated various norms including the “Work Rules and Safety and Health Work Rules” and the “Supplier Management Procedures”, and we regularly conduct promotion and inspection activities; therefore, there are no differences from the spirit of the Principles.				
VII. Other important information to help understand the promotion of sustainable development implementation:				
(I) We adhere to the concept of sustainable management and take product responsibility seriously as we believe that products are a company’s corporate image. It goes against the Company’s spirit of sustainable management if there is a risk concerning the health and safety of users or consumers. The Company conducts improvements and safety assessments on its products throughout all stages of production, including concept development, research and development, certification, manufacturing, storage, and distribution. The goal is to ensure that the products meet their intended functions while minimizing any potential risks to the safety of users or consumers.				
(II) At the same time, we proactively engage in social responsibility and social welfare activities, hoping to give back to society. Our specific social welfare actions are as follows:				
1.Sponsored the Yuanfu Temple celebration event in Kengkou Vil., Luzhu District, Taoyuan City.				
2.Sponsored the Lantern Festival activity held by Taoyuan City Coastal Leisure Association.				
3.Sponsored the Kengkou Village Airport Noise Compensation Management Committee in Luzhu District, Taoyuan City.				
4.Sponsored by Kengzikou Environmental Volunteer Association in Kengkou Vil., Luzhu District, Taoyuan City.				
5.Sponsored the Chengsheng Temple Fair in Luzhu District, Taoyuan City.				
6.Sponsored Kengkou Community Development Association in Kengkou Vil., Luzhu District, Taoyuan City.				
7.Sponsored the 60th Anniversary School Celebration of Hai-Hu Elementary School in Kengkou Village, Luzhu District, Taoyuan City.				
8.Sponsored the Double Ninth Festival for the elderly event in Kengkou Village, Luzhu District, Taoyuan City.				
9.Sponsored the Chengsheng Temple Pilgrimage in Luzhu District, Taoyuan City.				
10.Sponsored the Chengsheng Prayer Ceremony in Luzhu District, Taoyuan City.				
11.Sponsored the neighborhood watch team of Kengkou Vil., Luzhu District, Taoyuan City.				
12.Sponsored Kengkou Community Development Association in Kengkou Vil., Luzhu District, Taoyuan City.				
Total donations and sponsorships for the year 2024 amounted to NT\$196,000.				
(III) At Yong Shun, we respect the basic human rights of employees. In addition to specifying the protection of human rights in the "Work Rules" and the "Measures for Sexual Harassment Prevention", we also stand firm on prohibiting child labor and do not discriminate or treat job applicants or employees any differently based on their race, gender or age. Moreover, by having the labor union, Employee Welfare Committee and Sexual Harassment Prevention Committee in place, we continue to maintain a harmonious labor-management relationship.				
(IV) The solar power generation system installed on the roof of the Company's Yonggu plant operated smoothly in 2024. Throughout the year, it continuously generated green energy to power the plant's production processes. By the end of December 2024, the Company had obtained 363 renewable energy certificates, which were subsequently sold.				
(V) The Company's energy saving or green energy investment: Purchased NT\$10,000,000 of TSMC's green bonds - P12 TSMC 2B (B618DH) from Mega Bills Finance Corp.				

2. Climate-related information:

Item	Implementation State
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	Yong Shun Chemical's products are primarily derived from acid alcohol reactions, with raw materials such as adipic acid (AA), ethylene glycol (EG), propylene glycol (PG), and butanediol (1.4BG). Climate change-related discussions and management are conducted by the ESG committee members, and climate change-related issues are decided by the Chairperson of the Committee.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (for short-, medium-, and long-term).	
3. Describe the financial impact of extreme climate events and transformation actions.	

(VI) Implementation of Integrity in Operations and Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for such differences

Evaluation Item	State of Operations			Measures for Ethical Management Implemented by Listed Companies
	Yes	No	Summary	
I. Establishment of the ethical corporate management policy and action plans				
(I) Has the company established an ethical corporate management policy approved by the Board of Directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the Board of Directors and the senior management to proactively implement the management policy?		v	(I) The Company has established the "Regulations for Board of Directors Meetings" and "Work Rules and Safety and Health Work Rules" in the spirit of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," in order to enable both of the management and labors to be committed to establishing the corporate and professional ethics and require directors and managers to lead by example, abide by the principle of good faith, and establish the corporate culture of honesty and devotion.	(I) This will be handled in the future according to the development needs of the Company and regulations.
(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that have a higher risk of involving unethical acts, and established prevention programs covering at least the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?		v	(II) Although the Company has not explicitly defined a scheme to prevent dishonest behavior, it has established a "Whistleblowing Policy" and other regulations with behavioral guidelines, penalties for violations, and channels for appeals, all of which are effectively implemented. Please refer to the Company's website.	(II) This will be handled in the future according to the development needs of the Company and regulations.
(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and have these been implemented, and has the program been regularly reviewed and amended?		v	(III) Although the Company has not yet set forth the prevention programs, preventive measures are provided in various regulations and the internal control system for business activities that have a higher risk involving unethical acts.	(III) This will be handled in the future according to the development needs of the Company and regulations.
II. Implementation of ethical corporate management				
(I) Has the company evaluated the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements entered into with business partners?		v	(I) The Company has been established for nearly 60 years. Although the Company's trading counterparts do not sign contracts with specific ethical management clauses, but the Company will re-evaluate the sales level of customers' credit standing every year. Most of the trading counterparts have good ethical management records and have interacted with the Company for a long term. As our management philosophy is integrity, transparency and responsibility, we continue to make an effort to promote policies based on ethical corporate management, further creating a sustainable management environment.	(I) This will be handled in the future according to the development needs of the Company and regulations.
(II) Has the company set up a dedicated (concurrent) unit to promote ethical corporate management under the Board of Directors, and has such unit reported to the Board of Directors its execution in terms of ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis (at least once a year)?		v	(II) The Company has not yet set up a dedicated (or part-time) unit under the Board of Directors to promote corporate ethical management. However, if there are any violations of ethical management, the Company will instruct relevant personnel to report to the Board of Directors.	(II) This will be handled in the future according to the development needs of the Company and regulations.
(III) Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicts of interest?		v	(III) The Company's "Regulations for Board of Directors Meetings" expressly state that if a director or their representative has an interest in a motion at the Board meeting, they must explain the important contents of their interest at	(III) This will be handled in the future according to the development needs

Evaluation Item	State of Operations			Measures for Ethical Management Implemented by Listed Companies
	Yes	No	Summary	
<p>(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and proposed relevant audit plans according to the assessment results of the risks of unethical conducts, and reviewed the compliance of the prevention of unethical conducts, or entrusted an accountant to carry out the review?</p> <p>(V) Does the company organize internal or external training on a regular basis to maintain ethical management?</p>	v		<p>that Board meeting. Where there is a risk of a conflict of interest in the director or their representative that may harm the Company's interests, they may not join in the discussion or vote and shall recuse themselves from the discussion or voting and may not exercise their voting rights on behalf of another director. Meanwhile, there is a stakeholder section on the Company's website to provide an appropriate channel of expression.</p> <p>(IV) The Company complies with the internal control system, continues to implement it effectively, implements internal control self-inspection, strengthens auditing and reporting to the Board of Directors, and implements the functions of directors to achieve the purpose of attention and supervision.</p> <p>(V) In line with the spirit of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", we provide education and training on ethical management on a regular basis, including material internal information handling and prevention of insider trading. In doing so, we implement the concepts of ethical management.</p>	<p>of the Company and regulations.</p> <p>(IV) No significant difference.</p> <p>(V) No significant difference.</p>
<p>III. State of operations of the company's reporting system</p> <p>(I) Has the company set up a specific reporting and incentive system, and established a channel to facilitate grievances and assigned dedicated personnel to receive grievances?</p> <p>(II) Has the company implemented any standard operating procedures and subsequent measures after carrying out an investigation, as well as confidentiality measures for handling grievances filed?</p> <p>(III) Has the company taken appropriate measures to protect whistleblowers from improper treatment as a result of whistleblowing?</p>	v		<p>(I) The Company's "Work Rules" clearly define the reward system, and there is a report mailbox available for internal and external personnel in Article 4 of the Whistleblowing Management Regulations on the Company's website. So far, no whistle-blowing has occurred.</p> <p>(II) The relevant operating procedures are detailed in Article 6 of the Company's Whistleblowing Management Regulations, and the relevant confidentiality mechanisms are detailed in Article 7 of the same Regulations.</p> <p>(III) Article 7 of the Company's Whistleblowing Management Regulations expressly state that the Company will protect whistleblowers from improper treatment after their whistleblowing, and a whistle-blowing mailbox has been set up. So far, no whistle-blowing has occurred.</p>	<p>(I) No significant difference.</p> <p>(II) No significant difference.</p> <p>(III) No significant difference.</p>
<p>IV. Strengthening of information disclosure</p> <p>Has the company disclosed the content of its ethical corporate management best-practice principles and the results of promotion on its official website and MOPS?</p>		v	<p>Although we have not yet formulated our own ethical corporate management best-practice principles, internal regulations (e.g., Operating Procedures for Material Internal Information Handling and Prevention of Insider Trading) concerning the disclosure of ethical corporate management are disclosed on the Company's website.</p>	<p>This will be handled in the future according to the development needs of the Company and regulations.</p>
<p>V. If the company has formulated its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles:</p> <p>We have not yet formulated our own ethical corporate management best-practice principles; however, matters in relation to ethical corporate management are regulated in the Company's internal rules; there are no differences from the spirit of the Principles.</p>				
<p>VI. Any other important information that may help understanding the company's performance of ethical corporate management better: (e.g., review of amendments to its Ethical Corporate Management Best-Practice Principles): None.</p>				

(VII) Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance may also be disclosed:

The Company prepares a sustainability report each year, which is verified by a third party, to enhance the understanding and improvement of the state of the Company's corporate governance. Please refer to the Company's website for the sustainability reports.

(VIII) The following shall be disclosed for the company's implementation of the internal control system

1. Statement of Internal Control

Yong Shun Chemical Co., Ltd.

Statement of the Internal Control System

Date: March 10, 2025

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

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.
- II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take immediate remedial actions.
- III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the Regulations are based on the process of management control, dividing the internal control system into five composite factors: 1. Control environment, 2. Risk evaluation, 3. Control operations, 4. Information and communication, and 5. Supervision operations. The composition of each element also includes several items. Please refer to the Regulations for the aforesaid items.
- IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of the design and execution of its own internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2024, including understanding the achievement of the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable laws and regulations, was effective in design and execution, and can reasonably assure the achievement of the aforementioned objectives.
- VI. This Statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falsity or concealment, it shall be liable to the legal liabilities stipulated in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement was passed by the Company's Board of Directors in their meeting held on March 10, 2025. Among the 8 attending directors, 0 had objections, and the remainder all agreed with the contents of the Statement.

Yong Shun Chemical Co., Ltd.

Chairman: Signature

General Manager: Signature

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

(IX) Important resolutions adopted at the shareholders' meeting and Board of Directors meeting in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Important resolutions adopted at the shareholders' meeting:

2024 Annual General Meeting

Time	Summary of contents of important resolutions	Implementation status of resolutions adopted
2024.06.14	<p>1. Report Items</p> <p>(1) The Company's Business Report for 2023.</p> <p>(2) The Audit Committee's review report on the Company's 2023 financial statements.</p> <p>(3) Report on the distribution of the directors' remuneration and employees' remuneration for 2023.</p> <p>(4) Amendment Report of the Company's Regulations for Board of Directors Meetings.</p> <p>2. Ratification Items</p> <p>(1) Recognition of the Company's 2023 financial statements.</p> <p>(2) Ratification of the Company's 2023 earnings distribution proposal.</p> <p>3. Discussions: None.</p> <p>4. Election matters: None.</p> <p>5. Other motions: None.</p>	<p>No shareholder raised any question.</p> <p>No shareholder raised any question.</p> <p>No shareholder raised any question.</p> <p>No shareholder raised any question.</p> <p>No shareholder raised any question.</p> <p>No shareholder raised any question.</p> <p>The cash dividend was originally scheduled to be distributed on July 26, 2024, with the ex-dividend date set for July 8, 2024. However, due to the disruption caused by Typhoon Gaemi, which led to the suspension of operations by financial institutions, the distribution was delayed and completed on July 29, 2024.</p>

2. Important resolutions adopted at the Board meeting

Summary of contents of important resolutions adopted at the Board meeting in 2024

Date	Summary of contents of important resolutions
2024.03.11	<p>1. Ratification of the remuneration to directors and employees for 2023 reviewed by the Company's Remuneration Committee.</p> <p>2. Ratification of the Company's 2023 business report, financial statements and consolidated financial statements.</p> <p>3. Ratification of the Company's 2023 earnings distribution proposal.</p> <p>4. Approved the performance appraisal on managers for Q4 2023 reviewed by the Remuneration Committee.</p> <p>5. Approved the motion for the 2024 adjustments to remuneration to managers reviewed by the Remuneration Committee.</p> <p>6. The Company's 2023 evaluation of the effectiveness of the internal control system and issuance of the statement of internal control system.</p> <p>7. Discussion of the Company's 2023 "Performance Evaluation on the Board of Directors and Functional Committees."</p> <p>8. Determination of the date, venue, and causes of the Company's 2024 annual general meeting.</p> <p>9. Determination of the matters related to acceptance of shareholders' proposals at the Company's 2024 shareholders' meeting.</p> <p>10. Proposal to amend the Company's "Regulations Governing the Board Performance Evaluation."</p> <p>11. Proposal to amend the Company's "Regulations for Board of Directors Meetings."</p> <p>12. Proposal to amend the Company's "Organizational Rules of Audit Committee."</p> <p>13. Discussion of the rollover of the borrowing line from Mega International Commercial Bank, South Taipei Branch.</p>

	14. Discussion of the credit risk limit extension for financial product transactions of Mega International Commercial Bank, South Taipei Branch. 15. Discussion of the rollover of the borrowing line from Hua Nan Commercial Bank, Chengdong Branch.
2024.05.06	1. Ratification of the Company's consolidated financial statements for Q1 2024. 2. Approved the performance appraisal on managers for Q1 2024 reviewed by the Remuneration Committee. 3. Establishment of the Company's "Operational Guidelines for Financial and Business Transactions Between Related Parties." 4. Pre-approval of non-assurance services provided by the Company's external auditing firm. 5. Appointment and compensation of the Company's external auditor for 2024.
2024.06.14	1. Determination of the ex-dividend date and payment date of the 2023 cash dividend. 2. Discussion of the rollover of the borrowing line from Taiwan Business Bank, Songjiang Branch.
2024.08.12	1. Ratification of the Company's consolidated financial statements for Q2 2024. 2. Ratification of the Company's 2023 Sustainability Report. 3. Amendment to the Company's "Procedures for Preparation and Verification of Sustainability Report." 4. Assessment of the independence and competency of the Company's appointed auditors.
2024.11.11	1. The Company's consolidated financial statements for Q3 2024. 2. Ratification of the Company's 2025 budget. 3. The Company's 2025 annual internal audit plan. 4. Approved the performance appraisal on managers for Q2 & Q3 2024 reviewed by the Remuneration Committee. 5. Approved the 2024 year-end bonus to managers reviewed by the Remuneration Committee. 6. Approved the change of CPAs to Weng, Po-Jen and Kuo, Nai-Hua for the Company's financial statements since Q4 2024. 7. Approved the appointment and compensation of the Company's external auditor for 2025. 8. Discussed the rollover of the borrowing line from Taiwan Cooperative Bank, Songjiang Branch. 9. Discussion of the rollover of the borrowing line from Hua Nan Commercial Bank, Chengdong Branch. 10. Establishment of the Company's internal control system for "Sustainability Information Management." 11. Amendment to the Company's "Regulations Governing Review on Pre-Approval of Non-Assurance Service Provided by CPAs." 12. The Company's participation in the capital increase of its subsidiary, Sun Yang Global Co., Ltd.

- (X) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, if a director has a different opinion on a material resolution passed by the Board of Directors, and it is recorded or prepared as a written statement, the main content thereof: The directors had no comments on material resolutions passed by the Board of Directors.

IV. Information on professional fees of attesting CPAs

Information on professional fees of attesting CPAs

Unit: NT\$ thousand

Accounting firm name	CPA name	Audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte Taiwan	Weng, Po-Jen	2024.01.01~ 2024.09.30	2,500	45	2,545	1. In response to the internal job rotation of Deloitte Taiwan, the independent auditors for the financial statements were changed in Q4 2024 from the original Weng, Po-Jen and Hsueh, Chun-Min to Kuo, Nai-Hua and Weng, Po-Jen. 2. Non-audit fees include miscellaneous expenses for preparation of financial statements, etc..
	Hsueh, Chun-Min					
	Kuo, Nai-Hua	2024.10.01~ 2024.12.31				
	Weng, Po-Jen					

Note: Where the company has changed the CPAs or the accounting firm, please indicate the audit periods separately, and explain the reason for the replacement in the Remarks field and disclose the audit and non-audit fees and other information. Non-audit fees should be listed and explain the services.

- (I) If audit fees for the change of accounting firms paid in the year is less than the previous year, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- (II) If the audit fees decreased by 10% or more on a year-to-year basis, the decreased amount, percentage and reason of the audit fees shall be disclosed: None.

V. Information on replacement of CPAs:

In response to the internal job rotation of Deloitte Taiwan, the independent auditors for the financial statements were changed in Q4 2024 from the original Weng Po-Jen and Hsueh, Chun-Min to Kuo, Nai-Hua and Weng, Po-Jen.

VI. The company's chairperson, general manager, or any managers in charge of finance or accounting matters that have in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm: None.

2024 Independent Auditors' Independence and Competency Evaluation Report

1. Evaluation explanation: Pursuant to Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company shall select professional, responsible, and independent auditors to audit the Company's financial position and internal control implementation, and also assess the independence and competency of the independent auditors regularly (at least once per year).
2. CPA Firm and CPA under assessment: Deloitte Taiwan / Kuo,Nai-Hua, CPA and Weng, Po-Jen, CPA of Deloitte & Touche.
3. Evaluation items: Established in reference to the Norm of Professional Ethics for Certified Public Accountant No. 10 "Integrity, Objectivity, and Independence."

Evaluation Item	Evaluation results	Independence compliance
1. Do the CPAs have direct or material indirect financial interest in the Company?	No	Yes
2. Do the CPAs have any financing or guarantee arrangements with the Company or its directors?	No	Yes
3. Do the CPAs have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Do CPAs and members of the audit team serve as directors, managers, or positions that have significant influence on the audit work in the Company currently or in the last 2 years.	No	Yes
5. Do CPAs provide non-audit services to the Company that may directly affect the audit work?	No	Yes
6. Do the CPAs act as brokers for the shares or other securities issued by the Company?	No	Yes
7. Do the CPAs act as the defenders of the Company or coordinate with other third parties on behalf of the Company in the conflicts?	No	Yes
8. Do the CPAs have family relations with the directors, managers or personnel of the Company who have a significant impact on the audits?	No	Yes
9. Whether the Company has not replaced CPAs for seven consecutive years, or whether it has received punishment or anything that undermines its independence.	No	Yes
10. Whether the CPAs have complied with the independence requirements under the Norm of Professional Ethics for Certified Public Accountant No. 10, and the Declaration of Independence issued by the independent auditors has been obtained?	Yes	Yes

4. Evaluation results:
The CPAs appointed for the current fiscal year were not found to have any of the situations described in the independence assessment criteria. It is therefore confirmed that both signing auditors meet the standards of independence and suitability and are qualified to issue reliable financial statements.

VII. Share Transfer and Pledge Changes for Directors, Managers, and Shareholders with Over 10% Ownership as of the Date of Publication of the Annual Report.

(I) Changes in shareholding by directors, managers and major shareholders:

Title	Name	2024		2025 and as of March 31	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Chairman	Tsai, Ching-Fang	0	0	0	0
Director	Tsai, Chi-Lung	0	0	0	0
Director	Lin, Cheng-Chien	0	0	0	0
Director	Lin, Tsyr-Huan	0	0	0	0
Director	Lin, Jih-Cheng	0	0	0	0
Director	Lin Wu, Fang-Mei	0	0	0	0
Independent Director	Cheng, Chit-Man	0	0	0	0
Independent Director	Chin, Chang-Ming	0	0	0	0
Independent Director	Chou, Man-Chin	0	0	0	0
Finance Manager	Chen, Fu-Mei	0	0	0	0
Sales Manager	Lin, Chin-Shu	0	0	0	0
Plant Director	Hsu, Chin-Cheng	0	0	0	0
Vice Plant Director	Lin, Chen-Feng	0	0	0	0
Vice Plant Director	Lin, Yao-Shui	0	0	0	0

Note: Shareholders holding 10% or more of the total shares of the Company should be indicated as major shareholders and listed separately.

(II) Information on counterparties of transfers of equity interests of directors, managers and major shareholders that are related parties: None.

(III) Information on counterparties of transfers of pledge of equity interests of directors, managers and major shareholders that are related parties: None.

VIII. Relationships Among the Top Ten Shareholders

April 21, 2025

Name	Shares Held		Shareholding of Spouses and Minor Children		Shareholding in the Name of Others		Titles or names and relationships between the top ten shareholders that are parties or spouses or relatives within the second degree of kinship of another		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title/ Name	Relationship	
Lin, Tsyr-Huan	6,305,327	10.33%	None	None	None	None	Lin, Tsyr-Hung Lin, Cheng-Chien Lin, Tsyr-Hsi Yu, Hui-Ling	Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Lin, Tsyr-Hung	4,469,367	7.32%	35,499	0.06%	None	None	Lin, Tsyr-Huan Lin, Cheng-Chien Lin, Tsyr-Hsi Yu, Hui-Ling	Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Lin, Tsyr-Hsi	4,457,788	7.30%	None	None	None	None	Lin, Tsyr-Hung Lin, Cheng-Chien Lin, Tsyr-Huan Yu, Hui-Ling	Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Lin, Cheng-Chien	4,205,821	6.89%	1,800,621	2.95%	None	None	Yu, Hui-Ling; Lin, Tsyr-Hung Lin, Tsyr-Huan Lin, Tsyr-Hsi	Spouse Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Tsai, Ching-Fang	3,492,490	5.72%	2,340,235	3.83%	None	None	Chen, Mei-Hui Tsai, Chi-Lung Tsai, Chia-Ling Tsai, Wan-Ling	Spouse Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Chen, Mei-Hui	2,340,235	3.83%	3,492,490	5.72%	None	None	Tsai, Ching-Fang Tsai, Chi-Lung Tsai, Chia-Ling Tsai, Wan-Ling	Spouse Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Yu, Hui-Ling	1,800,621	2.95%	4,205,821	6.89%	None	None	Lin, Cheng-Chien Lin, Tsyr-Hung Lin, Tsyr-Hsi and Lin, Lin, Tsyr-Huan	Spouse Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Tsai, Chi-Lung	1,432,527	2.35%	None	None	None	None	Tsai, Ching-Fang Chen, Mei-Hui	Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Tsai, Chia-Ling	1,312,476	2.15%	None	None	None	None	Tsai, Ching-Fang Chen, Mei-Hui Tsai, Wan-Ling	Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-
Tsai, Wan-Ling	1,183,598	1.94%	None	None	None	None	Tsai, Ching-Fang Chen, Mei-Hui Tsai, Chia-Ling	Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship Familial relationship within the second degree of kinship	-

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managers, and any companies controlled either directly or indirectly by the company.

Unit: Shares; %

Investee (Note)	The Company's investment		Investment by directors, managers, and companies controlled directly or indirectly		Comprehensive investment	
	Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
Sun Yang Global Co., Ltd.	5,000,000	100%	0	0%	5,000,000	100%

Note: Investments accounted for using the equity method.

Three. Capital Raising Activities

I. Company capital and shares

(I) Source of capital stock

1. Process of capital stock formation

Unit: NT\$; shares

Year, month	Issue price (value per share)	Authorized capital stock		Paid-in capital stock		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital stock	Offset by any property other than cash	Others
1997.07	10	43,000,000	430,000,000	34,303,500	343,035,000	Capital increase by surplus of NT\$31,185,000	--	Note 1
1998.07	10	40,000,000	400,000,000	40,000,000	400,000,000	Capital increase by surplus of NT\$56,125,780 and capital increase by employee bonus of NT\$839,220	--	Note 2
1999.06	10	48,000,000	480,000,000	48,000,000	480,000,000	Capital increase by surplus of NT\$80,000,000	--	Note 3
2000.05	10	57,600,000	576,000,000	57,600,000	576,000,000	Capital increase by surplus of NT\$96,000,000	--	Note 4
2001.06	10	61,056,000	610,560,000	61,056,000	610,560,000	Capital increase by surplus of NT\$34,560,000	--	Note 5

Note 1: Capital increase by surplus of NT\$31,185,000 in July 1997 Approval date and number by the Securities and Futures Commission: (1997)-Tai-Cai-Zheng-(I) No. 53126 dated July 10, 1997

Note 2: Capital increase by surplus of NT\$56,125,780 and capital increase by employee bonus of NT\$839,220 in July 1998 Approval date and number by the Securities and Futures Commission: (1998)-Tai-Cai-Zheng-(I) No. 58653 dated July 10, 1998

Note 3: Capital increase by surplus of NT\$80,000,000 in June 1999 Approval date and number by the Securities and Futures Commission: (1999)-Tai-Cai-Zheng-(I) No. 56957 dated June 23, 1999

Note 4: Capital increase by surplus of NT\$96,000,000 in May 2000 Approval date and number by the Securities and Futures Commission: (2000)-Tai-Cai-Zheng-(I) No. 45441 dated May 25, 2000

Note 5: Capital increase by surplus of NT\$34,560,000 in June 2001 Approval date and number by the Securities and Futures Commission: (2001)-Tai-Cai-Zheng-(I) No. 138979 dated June 19, 2001

2. Types of shares issued

December 31, 2024 Unit: shares

Type of shares	Authorized capital stock					Remarks
	Outstanding shares			Unissued shares	Total	
	TPEx listed shares	Non-TPEx listed shares	Total			
Registered common stock	61,056,000	0	61,056,000	0	61,056,000	-

Note: Par value of NT\$10 per share.

3. Shelf registration method information: Not applicable.

(II) List of major shareholders

April 21, 2025

Name of major shareholder	Shares	Shareholding	Percentage of shareholding
Lin, Tsyr-Huan		6,305,327	10.33%
Lin, Tsyr-Hung		4,469,367	7.32%
Lin, Tsyr-Hsi		4,457,788	7.30%
Lin, Cheng-Chien		4,205,821	6.89%
Tsai, Ching-Fang		3,492,490	5.72%
Chen, Mei-Hui		2,340,235	3.83%
Yu, Hui-Ling		1,800,621	2.95%
Tsai, Chi-Lung		1,432,527	2.35%
Tsai, Chia-Ling		1,312,476	2.15%
Tsai, Wan-Ling		1,183,598	1.94%

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

1. Dividend policy

In accordance with the Company's Articles of Incorporation, earnings for the year, if any, shall be distributed according to the following order: ① Tax payment; ② Allocation of 10% as legal reserve, provided that this requirement shall not apply once the legal reserve has accumulated to an amount equal to the Company's paid-in capital. ③ Other special reserve set aside or reserved required by the law and regulations or competent authorities. ④ For the balance and accumulated undistributed earnings, the Board of Directors shall propose a motion for earnings distribution, and it shall be submitted to the shareholders' meeting for adoption to distribute the shareholder bonus.

The Company adopts a fixed and residual dividend policy for sustainable operation, sustainable growth, and long-term financial planning based on the overall environment and characteristics of industrial development. The Board of Directors allocates 1~10% of the distributable earnings as dividends each year, depending on the Company's operating conditions. Dividends are distributed in the form of cash dividends or stock dividends. The distribution of cash dividends, equivalent to no less than 10% of the earnings, shall be considered as the first priority. Notwithstanding, in consideration of the Company's funding need, domestic and international competition and capital budget for the current year, the dividends may be distributed in the form of stock dividends. The ratio of cash dividends and stock dividends shall be adjusted proportionally subject to the changes in the internal and external business environment, and the Company's funds shall be utilized flexibly, taking into account shareholders' interests, balanced dividends, and the Company's long-term financial planning concurrently.

2. Proposed distribution of dividends at the shareholders' meeting

- The Company's 2024 earnings distribution plan has been drafted by the Board of Directors as follows in accordance with the Company Act and the Articles of Incorporation of the Company.
- The Company's net income after tax for 2024 amounts to NT\$5,814,265. In accordance with the Company's Articles of Incorporation, NT\$1,461,832 has been appropriated as legal reserve. Including the adjusted unappropriated earnings from the beginning of the period totaling NT\$57,943,987.88, the distributable earnings at year-end amount to NT\$62,296,420.88. It is proposed to distribute NT\$30,528,000 in shareholder dividends. A cash dividend of NT\$0.5 per share is to be distributed.

The amount of cash dividends shall be calculated to the nearest NT\$1; fractional shares less than NT\$1 will be disregarded. Any remainder from such rounding may be subscribed by a specific person as authorized by the Chairman.

- (3) After this proposal is approved by the general shareholders' meeting, the Board of Directors is authorized to determine the ex-dividend date and other relevant matters.
- (4) In the event of any change in the Company's capital that affects the number of outstanding shares and thereby alters the dividend distribution ratio, it is proposed that the shareholders' meeting authorize the Chairman to handle all matters related to the adjustment of the dividend distribution ratio."

Yong Shun Chemical Co., Ltd.
2024 Earnings Distribution Scheme

Unit: NT\$ thousands

Undistributed Retained Earnings at the Beginning of 2024		\$49,139,931.88
Add: Remeasurement of the Defined Benefit Plan Recognized in Retained Earnings		8,804,056.00
2024 Undistributed Retained Earnings After Adjustment		\$57,943,987.88
Plus: Net income after tax	5,814,265.00	
Less: Appropriation of 10% of legal reserve	(1,461,832.00)	
2024 Distributable Earnings		\$62,296,420.88
Shareholder dividends – Cash dividend of NT\$0.5 per share	(30,528,000.00)	
Undistributed Retained Earnings at the end of 2024		\$31,768,420.88

- (IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

Not applicable, as there were no stock dividends or stock grants in this year.

- (V) Remuneration to employees and directors

1. The percentages or ranges of employee and director remuneration, as set forth in the Company's Articles of Incorporation:

If the company has yearly profit, it should first set aside 1% to 3% as employees' remuneration and no more than 4% as directors' remuneration. However, if the Company still has a cumulative loss (including adjustment of the undistributed earnings amount) and makes a profit in the current year, it should first make up for the loss, and then appropriate from the balance the directors' remuneration in cash according to the proportion in the preceding paragraph, and the employees' remuneration is to be distributed in stock or cash. The distribution shall be implemented by the resolution of the Board meeting with the presence of more than two-thirds of the directors and the approval by more than half of the directors present, and the resolution shall be reported to the shareholders' meeting.

2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The Company's amount of remuneration to employees and directors is not different from the estimated amounts recognized in the year.

3. Status of distribution of remuneration approved by the Board of Directors:

- (1) Amount of remuneration to employees and remuneration to directors distributed in cash or stocks: If there is any discrepancy with the estimated figure for the fiscal year and the expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

The Board of Directors meeting held on March 10, 2025, approved the motion for the 2024 earnings distribution proposal, resolving to distribute NT\$161,233 to employees and NT\$243,281 to directors as remuneration. The employee compensation will be distributed in cash and allocated evenly based on the number of employees.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and total employee compensation. Not applicable, as the Company did not distribute remuneration to employees in the form of stock in 2024.

4. The actual distribution of employee and director remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director remuneration, the discrepancy, cause, and how it is treated.

The employee and director remuneration for 2023 has been fully disbursed in accordance with the approved amounts. There is no discrepancy between the recognized and disbursed compensation amounts; therefore, this provision is not applicable.

- (VI) Status of the company repurchasing its own shares:

The Company did not directly repurchase its own shares.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee share subscription warrants: None.

VI. Issuance of new restricted employee shares: None.

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

VIII. Implementation of the company's capital allocation plans and benefits shown:

- (I) Description of the plans: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: This did not occur in the Company.
- (II) Status of implementation: Not applicable.

Four. Overview of Operations

I. Description of the business

(I) Scope of business:

1. The company's major lines of business

- (1) Manufacturing of various paints and raw materials of synthetic resin for paints.
- (2) Manufacturing and sales of multi-component resins.
- (3) Manufacturing and sales of special coating resins.
- (4) IV. Manufacturing of various Binder fixing agents for printed fabrics and various adhesives for bamboo and wood.
- (5) Manufacturing of fiber auxiliaries
- (6) Manufacturing, processing and trading of various reinforced plastic products.
- (7) Manufacturing of auxiliary raw materials referred to in the preceding paragraphs
- (8) Purchase of raw materials for self-use, and import and export of finished products related to the businesses referred to in the preceding paragraphs.

2. Main products and their operating weight

Major product	2024 operating weight
Unsaturated Polyester Resin	20.62%
Polyester Polyol Resin	51.36%
Polyurethane granules (hot melt adhesive and shoe adhesive)	17.70%

3. Current products and services

- (1) Unsaturated Polyester Resin
- (2) Polyester Polyol Resin
- (3) Acid Resistant Coating
- (4) Chemical Tank
- (5) Polyurethane granules (hot melt adhesive and shoe adhesive)

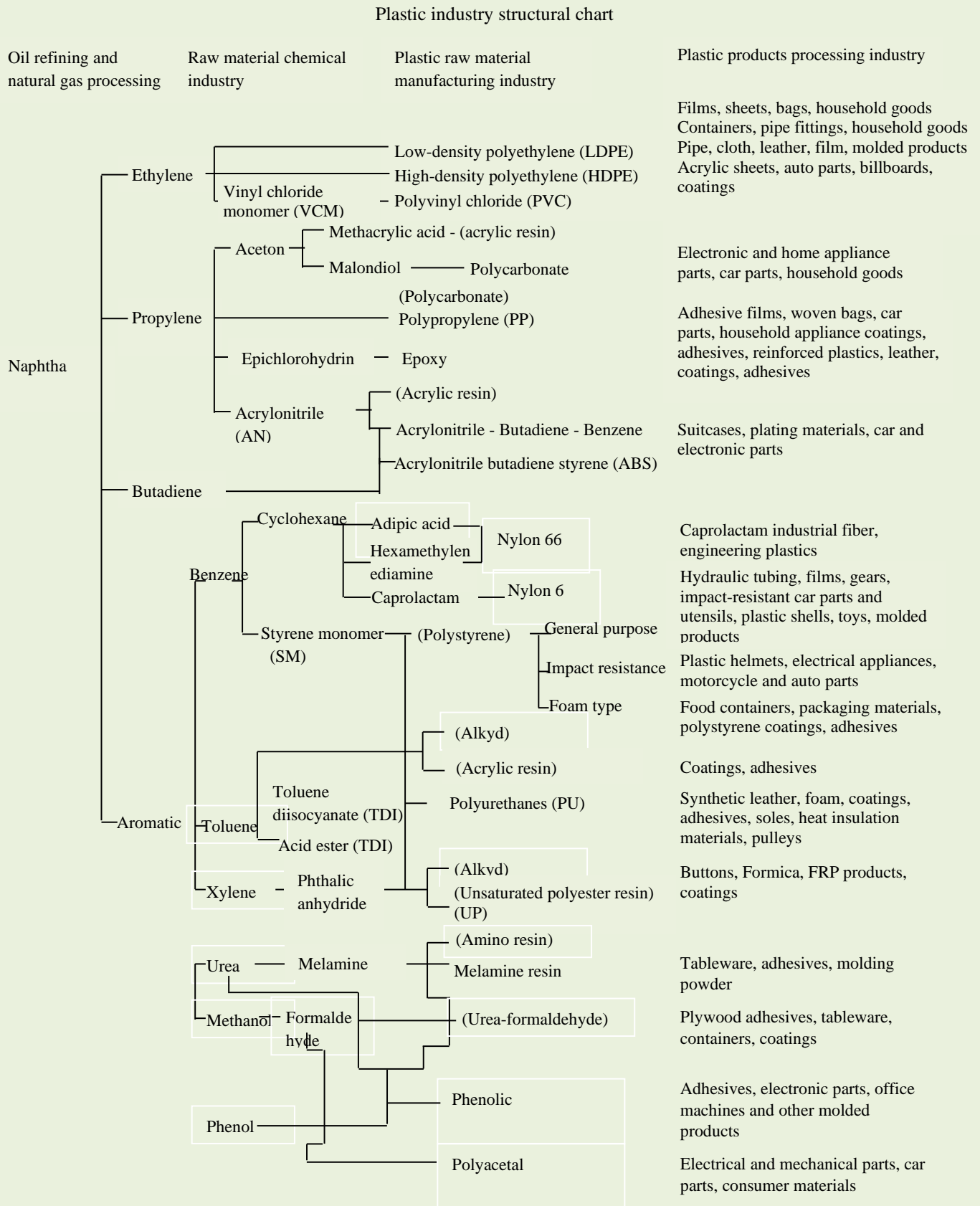
4. New products planned for development

The Company's future R&D direction:

- (1) Unsaturated polyester resin:
 1. Research and development of decomposable multi-layer unsaturated polyester resin.
 2. Development and application of impact-resistant and highly ductile resin.
 3. Development and application of flame-retardant unsaturated polyester resin.
- (2) Polyester polyol resin:
 1. Development and application of high-temperature resistant products, such as those used for metal coatings in high-temperature environments.
 2. Development and application of water-based polyurethane.
 3. Optimization of low-temperature curing performance to ensure effective film formation under low-temperature or high-humidity conditions.
- (3) FRP products: Development is geared toward green and sustainable FRP materials, with a focus on lightweight and high-strength properties, enhanced corrosion and high-temperature resistance, high thermal insulation FRP, and the advancement of large-scale composite materials for use in applications such as automotive and yacht component engineering.
- (4) Polyurethane rubber particles (hot melt adhesive and shoe rubber): Since the EU bans PVC products, most manufacturers have switched to environmentally friendly thermoplastic polyester rubber particles (TPU) instead of PVC. The products involved cover shoe materials, automotive parts and components, pipe fittings and other products, especially the materials used in the biomedical field, which is one of the key items in the latest R&D.
Development of fast-drying polyester polyol resin by utilizing catalysts or modification techniques to shorten curing time.

(II) Overview of the industry

1. Links between the upstream, midstream, and downstream segments of the industry supply chain



2. Development trends and competition for the company's products

Yong Shun Chemical's product portfolio includes resins (unsaturated polyester resins, polyester polyol resins), coatings (acid-resistant coatings), equipment (chemical tanks), and adhesives (polyurethane granules). These products serve a wide range of applications, from industrial equipment to footwear manufacturing, demonstrating the Company's product diversity. The Company's products offer synergistic benefits, for example, the integration of resins with chemical tanks, enabling one-stop service solutions that reduce customers' costs associated with managing multiple suppliers.

(1) Unsaturated Polyester Resin

Unsaturated polyester resins are widely applied in the construction industry as raw materials for the manufacture of various building materials, rainwater storage tanks and sewage treatment plants, pipelines and storage tanks in semi-conductor factories, manufacturing of ships and boats, handicraft products, etc.. They are also applied in electronics-related industries. The Company will develop new applications and new domains proactively. With the significant investment and construction of domestic semi-conductor factories, the demand in various related industries has increased, and the demand for unsaturated polyester resins is expected to continue booming. The Company's unsaturated polyester resin products made through the process inheriting the exquisite technique of old masters, and the high-quality products produced are widely recognized by customers with strong competitiveness in the industry. The Company continues to develop new biodegradable products, develop and apply high-temperature products, and develop quartz resins to enhance its market and product competitiveness.

(2) Polyester Polyol Resin

Polyester polyol resins can be self-oxidized and dried at room temperature. It owns the characteristics, including good self-drying performance, good softness, good gloss, color retention, weather resistance, and fast drying speed. Polyester polyol resin coatings can be widely applied to the coating of synthetic leather, footwear, textiles, mechanical and electrical products, automobiles, tractors, and large-size buildings. The market development spans a variety of industries. The Company's products are mainly applied to synthetic peels, adhesives, and coatings. One of the products is excellent in nature. It is transparent, non-yellowing, penetrating, and has strong adhesion and, therefore, can be used as a primer for large-scale construction, which may derive good competitiveness. The Company's polyester polyol resins are mainly used in the synthetic leather factory, textile and footwear markets. With the semiconductor manufacturers' increasing investment in Taiwan factory construction projects, the demand for anti-rust, anti-corrosion and high-temperature resistant products for acid and alkali resistant coatings of large-size factory buildings will continue to increase.

(3) Polyurethane Pellets (Hot Melt Adhesive and Shoe Adhesive)

Polyurethane pellets refer to a kind of polymer elastomer, which have the same elastic properties as rubber. They have many excellent physical properties, such as abrasion resistance, cold resistance, flexure resistance, high strength, high recovery, and diversified processing methods. The products are widely applied in the manufacture of daily necessities, and the market development spans various industries. The Company's main sales markets focus on the textile and footwear industries. The Company has accumulated nearly 60 years' experience in R&D and improvement of production technology, and developed product specifications suitable for various conditions, which may derive considerable competitiveness.

(III) Overview of technologies and research and development

1. Research and development expenditures in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: NT\$5,568 thousand.
2. Unsaturated Polyester Resin: Mainly develop the unsaturated polyester resin with the characteristics, such as recyclability, low volatility solvent, good heat resistance and biomass degradation characteristics. It owns the characteristics, such as biodegradable properties and mechanical and physical properties similar to those owned by the general resins. Any unsaturated polyester resin derived from biomass or with biodegradable function, its main advantages reside in the renewability, low carbon footprint and biodegradable compost. Therefore, it satisfies the purpose of circular economy and reduces the spread of harmful substances.
3. Polyester polyol resin: Bio-based plastics and green energy polymer materials have become an inevitable trend due to worldwide environmental protection requirements. Therefore, polyester polyol resin is mainly developed with low environmental pollution. We also use green polymer materials to produce high value-added products, such as polyester polyol resin with special functions or high quality adhesives, synthetic leather, elastomers, and other finished products.
4. FRP products: Development of higher value-added composite materials to meet the needs of environmental protection and energy conservation projects, such as semiconductor chemical storage tanks, desalination plant pipelines, shipbuilding and wind power generation and other related projects material supply. The R&D efforts focus on the development and application of the characteristics including transparency, high hardness and chemical resistance.

5. Polyurethane Pellets (Hot Melt Adhesive and Shoe Adhesive): Development of low-temperature processing hot-melt plastics for textile, footwear and industrial purposes, and development of TPU materials with the characteristics including waterproof and moisture permeable, high temperature resistance, impact resistance, low compression deformation ratio and high elastic recovery.
- (IV) Long- and short-term business development plans
1. Short-term business plans
 - (1) Production strategy

Objectives: Enhance production efficiency while ensuring product quality and supply stability.

 - A. Continue to optimize processes and improve equipment for the production of unsaturated polyester resins and chemical tanks.
 - B. Inventory management improvements are implemented based on lean manufacturing principles to reduce excess raw material and finished goods inventory, thereby enhancing cash flow.
 - C. Plan to implement smart manufacturing to improve output efficiency, reduce management costs, and strengthen product competitiveness.
 - (2) Sales strategy

Objectives: Increase domestic market share by expanding the small and medium-sized enterprise customer base.

 - A. Actively participate in trade shows and enhance digital promotion targeting the chemical, construction, and footwear industries, with a focus on newly developed flame-retardant resin products.
 - B. Continue developing potential customers and proactively engage in joint development or collaboration with major clients to create new products or value-added solutions, while offering professional and high-quality services to meet customized demands.
 - (3) R&D strategy

Objectives: Launch the development of sustainable and functional products.
Stay abreast of future product development trends, collaborate with academic institutions to accelerate R&D progress and gain early access to market opportunities.
 2. Long-term business plans
 - (1) Production strategy
 - A. Establish long-term partnership with customers, take the initiative to assist in the development and improvement of products, solve problems encountered, and achieve mutual co-existence and common prosperity.
 - B. Sustainable process transformation initiatives are underway, with plans to evaluate and adopt low-energy consumption technologies to reduce carbon emissions. The Company is committed to refining its production processes to lower defect rates, enhance profitability, and develop high value-added products, thereby maintaining a competitive edge in the market.
 - (2) Sales strategy
 - A. Proactively develop long-term orders from key customers, stabilize sales growth, and seize opportunities to expand cooperation on new products to increase market share.
 - B. Penetration of high-end markets and targeting the new energy and semiconductor industries by selling high-performance FRP (such as battery storage boxes) and acid-alkali resistant coatings.
 - C. Strengthen the "Yong Shun" brand image by establishing clear points of differentiation from competitors.
 - (3) R&D strategy
 - A. Achieve technological leadership by developing high-performance products, such as high-temperature-resistant FRP resins and other high value-added materials.
 - B. Drive innovation in sustainable technologies by developing bio-based and recyclable resins, aiming to establish a circular economy model.

II. Analysis of the market and the production and marketing situation

(I) Analysis of the market

1. Sales area of major products

The Company's products are primarily sold domestically, and overseas secondarily. The overseas markets are mainly located in Northeast Asia, Southeast Asia, and certain districts in China and Japan.

2. Market share

Major product	2024 production value	Projected market share
Unsaturated Polyester Resin	NTD 139,363 thousand	5~7%
Polyester Polyol Resin	NTD 401,182 thousand	10~15%
Polyurethane granules (hot melt adhesive and shoe adhesive)	NTD 155,209 thousand	5~10%

3. Supply and demand conditions for the market in the future and market growth potential

Synthetic resins can be seen everywhere in our daily life. Therefore, the product categories are endless, and our customers cover all walks of life. The products are detailed as follows:

- (1) Unsaturated polyester resin: Unsaturated polyester resins are mainly used for button, polycarbonate processing, and general FRP products, etc., and are supplied in the vicinity of domestic factories of manufacturers. As the semiconductor leader TSMC's global wafer foundry market share reached 67% (in Q4 2024), and with continued investments in new plants in Kaohsiung and Chiayi, this will support domestic economic momentum in 2025. Synthetic resins are closely related to daily necessities, and all walks of life will benefit therefrom. The demand is expected to remain stable. The other products, such as local FRP boats, artificial marble building materials, auto soil fill, and high-end wood coatings, are also expected to grow. Meanwhile, the growth of soft resins, transparent resins, and acid-resistant coatings is also expectable.
- (2) Polyester polyol resin: Polyester polyol resins are mainly used in PU and other related industries. The Company is currently developing bio-based or solvent-free products, such as water-based synthetic skin resin, water-based adhesive grade, and solvent-free PU products for related purposes.
- (3) FRP products: Used for marine accessories, air pollution prevention and wind power generation and other related purposes. Benefiting from the continued increase in domestic plant investments by major international semiconductor manufacturers, the company experienced a significant rise in inquiries for tanks and piping orders in 2024. We anticipate an increase in order volume for 2025.
- (4) Polyurethane granules (hot melt adhesive and shoe glue): used in the footwear, textile, and industrial applications. Following the pandemic, global economic and sports activities have returned to normal. With demand remaining stable, consumption momentum is expected to rebound across categories such as footwear, textiles, and sporting goods. Sales volume is projected to remain flat in 2025.

4. Competitive niches and favorable and unfavorable factors for future development and countermeasures

(1) Favorable factors

A. Synergistic Effects from a Diversified Product Portfolio

Our product range covers resins, coatings, adhesives, and equipment, allowing for mutual compatibility and combined applications. With broad applications across various midstream and downstream sectors of the petrochemicals, in addition to integrating key technologies for common development, the Company also develops multiple new application products to give many industries more room for development, accelerate structural adjustment and transformation, and diversify the structured impact posed by any single industry's downturn.

B. Localized Service and Customization Capabilities

Having cultivated the Taiwan market for 60 years, Yong Shun possesses a deep understanding of domestic industrial needs and can quickly provide standard and customized products (such as chemical tanks and acid-resistant coatings) to meet the specific applications of small and medium-sized enterprises. Compared to the large-scale production of major corporations, Yong Shun Chemical focuses more on niche applications.

C. Providing Customers with High Price-to-Performance Ratio Products

Due to the high flexibility of the manufacturing process, the Company's products can satisfy customers' need for various and small amount of products, enhance customers' competitiveness, increase customers' profits, and help form long-term business partnerships with customers.

D. High Company Brand Recognition

The quality of our products is stable, and the Company upholds honesty transactions. Therefore, the Company is widely praised and recognized positively by customers.

(2) Unfavorable factors and countermeasures

A. Technological Gap and Innovation Pressure

Failure to keep pace in the research and development of high-performance and sustainable materials may result in missing opportunities in high-end markets and difficulty in meeting the stringent requirements of emerging applications (such as battery energy storage containers and hydrogen storage tanks).

Countermeasures: Accelerate R&D investment, increase R&D personnel, and strengthen collaborative research with academic institutions. Narrow the technological gap, enhance product added value, and strengthen the company's operational competitiveness.

B. Facing Low-Price Sales Competition Driven by China's Aggressive Petrochemical Capacity Expansion

The progressive commencement of operations at expanded petrochemical production facilities in China is intensifying the already competitive landscape. Customers are increasingly negotiating product prices, and the Company's 60-year reputation is barely sufficient to maintain current product selling prices. Low-price sales competition has quietly arrived, posing a more severe challenge to the Company and impacting quotation prices for domestic customers and Southeast Asian markets. Competition in the synthetic resin industry is becoming increasingly fierce.

Countermeasures: The Company will focus on niche markets (customized products, new energy equipment applications, accelerated development of specialty products, low-carbon products, etc.) to avoid direct price wars and enhance differentiation from competitors.

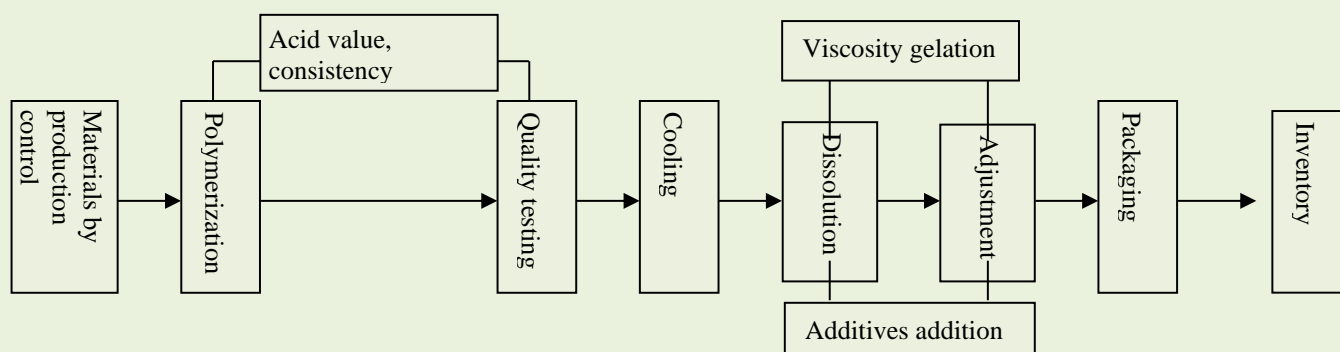
(II) Usage and manufacturing processes of the main products

1. Important usage for the main products

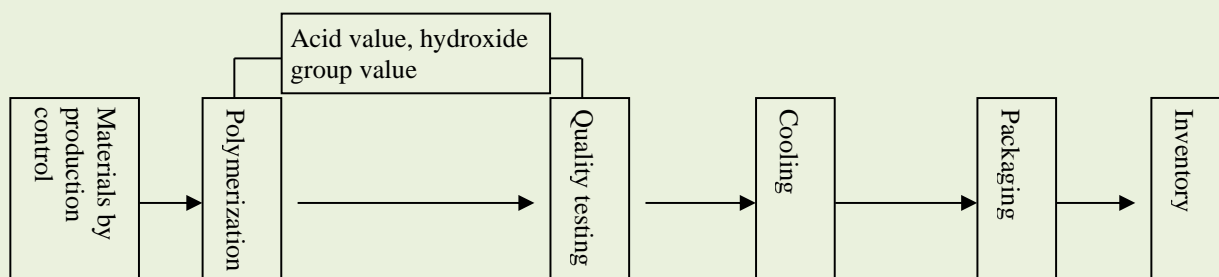
Product name	Important usage
Unsaturated polyester resin	Can be used in FRP products (e.g., wave boards, bathtubs, barrel tanks, boats, car parts), injection molding (e.g., artificial marble, artistic dolls), coatings (e.g., decoration board patch, coatings), etc.
Polyester Polyol Resin	Can be used in foams, coatings, adhesives, synthetic leather, elastomers, thermoplastic resins, spandex and waterproof materials, etc.
Polyurethane granules (Hot melt adhesive and shoe adhesive)	Can be used in textiles, footwear, coatings, adhesives, synthetic leather, elastomers and waterproof materials, etc.

2. Manufacturing processes of the main products

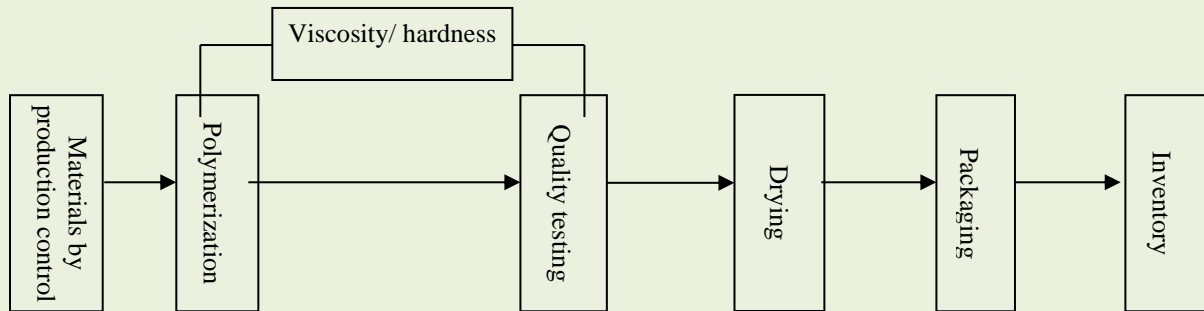
(1) Manufacturing process of unsaturated polyester resin



(2) Manufacturing process of polyester polyol resin



(3) Manufacturing process of polyurethane granules (hot melt adhesive and shoe adhesive)



(III) Supply situation of the major raw materials

Raw material	Main suppliers	Supply situation
Adipic acid (AA)	Japan, Korea	Good
Ethylene glycol (EG)	Taiwan	Good
Propylene glycol (PG)	U.S.A.	Good
Styrene monomer (SM)	Taiwan	Good
Phthalic anhydride (PA)	Taiwan	Good
Butylene glycol (1.4BG)	Taiwan, U.S.A.	Good
Maleic anhydride (MA)	Taiwan	Good
Fiberglass (FB)	Taiwan	Good
Methylene diphenyl diisocyanate (MDI)	Japan, Korea	Good

(IV) List of main procurement and sales clients in the most recent 2 fiscal years

1. Information of major procurement clients in the most recent 2 fiscal years

Unit: NT\$ thousands

	2023				2024				March 31, 2025			
Item	Name	Amount	As percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the current year up to the previous quarter (%)	Relationship with the issuer
1	Company A	111,548	14.51	None	Company A	119,320	15.63	None	Company A	29,546	16.61	None
2	Company B	106,796	13.89	None	Company C	98,620	12.92	None	Company B	22,680	12.75	None
3	Company C	61,925	8.06	None	Company D	67,439	8.83	None	Company C	20,810	11.70	None
	Others	488,462	63.54	None	Others	478,013	62.61	None	Others	104,792	58.94	None
	Net sales	768,731	100.00		Net sales	763,392	100.00		Net sales	177,828	100.00	

Supplier A is a domestic manufacturer of PU adhesives that are mainly exported to China and Southeast Asia. Supplier B is a TWSE-listed company that manufactures and sells synthetic leather products.

Supplier C is involved in the manufacturing and sale of synthetic leather. Its operations are based in Mainland China. Supplier D is a TWSE-listed company that manufactures resins and plastics.

2. Information of major suppliers in the most recent 2 fiscal years

Unit: NT\$ thousands

	2023				2024				March 31, 2025			
Item	Name	Amount	As percentage of annual net procurement (%)	Relationship with the issuer	Name	Amount	As percentage of annual net procurement (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the current year up to the previous quarter (%)	Relationship with the issuer
1	Supplier A	180,977	39.29	None	Supplier A	208,712	42.49	None	Supplier A	46,926	43.25	None
2	Supplier B	115,557	25.09	None	Supplier B	120,564	24.54	None	Supplier B	28,639	26.39	None
3	Supplier C	41,582	9.03	None	Supplier D	45,447	9.25	None	Supplier E	8,874	8.18	None
	Others	122,478	26.59	None	Others	116,519	23.72	None	Others	24,064	22.18	None
	Net procurement	460,594	100.00		Net procurement	491,242	100.00		Net procurement	108,503	100.00	

Supplier A is a major foreign manufacturer of AA; Supplier B, Supplier C is a major manufacturer and distributor in Taiwan of midstream raw materials including 1.4BG and PG, Supplier D is a major domestic manufacturer of midstream raw materials for PA.MA, and Supplier E is a major domestic manufacturer of upstream raw material SM. These raw materials are the major raw materials for resin production, accounting for more than 70% of the total costs. Given this, the total annual procurement amount mostly exceed 10%.

III. The number of employees employed in the most recent 2 fiscal years, and during the current fiscal year up to the date of publication of the annual report

Year		2023	2024	March 31, 2025
Number of employees	Sales and management personnel	38	36	37
	Direct personnel	96	88	88
	R&D personnel	9	10	10
	Total	143	134	135
Average age		46.10	45.49	45.82
Average years of service		11.79	12.08	12.22
Education level	PhD	2.10%	2.24%	2.22%
	Master	6.29%	8.21%	8.89%
	College	39.86%	38.80%	37.78%
	Senior high school	44.76%	44.78%	45.19%
	Below senior high school	6.99%	5.97%	5.92%

Note: The above personnel includes the foreign workers.

IV. Disbursements for environmental protection

- (I) Any losses suffered by the company in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

Disposition date	Disposition order number	Provisions of violation of laws and regulations	Cause of violation	Penalty amount (Unit: NT\$)	Improvement measures
2024.01.19	Fu-Huan-Kong-Zi No. 1130017779	Paragraph 2, Article 24 of the Air Pollution Control Act	The materials stored in the laboratory do not align with the descriptions recorded in the pollution source operation permit.	240,000	The responsible units have been instructed to review and register any discrepancies and implement corrective measures promptly to ensure compliance with regulatory requirements.
2024.03.07	Fu-Xiao-Wei-Zi No. 1130063553	Article 15 of the Fire Services Act	The improvement items listed in Table 5 in the Management Regulations were not improved.	22,000	The responsible units have been instructed to implement corrective actions.
2024.03.07	Fu-Xiao-Wei-Zi No. 1130063536	Article 15 of the Fire Services Act	The storage location of regulated hazardous materials does not comply with the relevant regulations.	32,000	The responsible units have been instructed to implement corrective actions.
2024.08.07	Fu-Xiao-Wei-Zi No. 1130220703	Article 15 of the Fire Services Act	The improvement items listed in Table 5 in the Management Regulations were not improved.	40,000	The responsible units have been instructed to implement corrective actions, and the issue has been resolved.
2024.08.07	Fu-Xiao-Wei-Zi No. 1130220696	Article 15 of the Fire Services Act	The oil-water separator has not yet been rectified.	40,000	The responsible units have been instructed to implement corrective actions, and the issue has been resolved.

- (II) Disclosure of future action plans (including improvement measures) and an estimate of possible expenses that could be incurred currently and in the future (including measures being or to be taken for losses, penalties and estimated compensation). If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: As described above.

V. Labor relations

- (I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:
1. Employee welfare measures

The Company formed an Employee Welfare Committee on October 20, 1984, and regularly contributes to the welfare fund. The benefit plans are as follows:

 - (1) Employee birthday parties.
 - (2) Gifts on new year and festivals.
 - (3) Establishment of funds for weddings and funerals for employees.
 - (4) Establishment of reading and leisure facilities.
 - (5) Employee trips each year.
 - (6) Year-end dinner and party.
 - (7) Labor and health insurance provided as required by the government; employees are also covered with group accident insurance, occupational hazard insurance and term life insurance.
 - (8) Establishment of on-the-job scholarships for employees and scholarships for their children to encourage them to receive further education and their children to work hard at school.
 - (9) A regular health examination is provided for employees, enabling them to better grasp their health situation.
 - (10) To allow employees to care for their families after work, the Company makes every effort to help them work more efficiently without worrying about their family, thus improving production efficiency. From July 1, 2015, in addition to providing 7 days of leave as required by the Gender Equality in Employment Act, we also provide employees with paid 3-day family care leave. This leave is not included in the calculation of personal leave.
 - (11) Lunch subsidy for all employees.
 2. Continuing education and training of employees
 - (1) In accordance with labor safety and labor health related laws, we regularly conduct hazard awareness and first-aid training courses, as well as fire safety drills.
 - (2) In accordance with the Company's Education and Training Procedures, each unit proposes education, management training and professional training for new employees or special occupational training for specific personnel in conjunction with the annual plan, business strategy and work requirements.
 - (3) The Company trained 949 persons in 2024, totaling 2,196 hours, with a training expenditure of NT\$743 thousand.
 - (4) The Company's related personnel who have attained the related licenses as designated by the competent authorities: Certified Internal Auditor: 1 staff member in the Audit Office.
 3. The Company has formulated its "Work Rules" that set forth the code of ethical conduct for employees, while the "Code of Practice for Safety and Health" discloses measures for the work environment and personal safety protection of employees. The above "Work Rules" and "Code of Practice for Safety and Health" have been made known to employees and are disclosed on the Company's website at www.yongshunchemical.com / Company News /Corporate Governance/8. Internal Regulations / "Work Rules" and "Code of Practice for Safety and Health."
 4. Pension system
 - (1) We have established the "Employee Retirement Management Procedures" in accordance with the "Labor Standards Act". These Procedures are applicable for all regular employees appointed before the implementation of the "Labor Pension Act" promulgated on July 1, 2005, as well as employees who continued to opt for the "Labor Standards Act" after the implementation of the "Labor Pension Act". In accordance with the requirements of these Procedures, the payment of pensions is calculated based on the length of service and the average wages of the 6 months prior to the approved retirement date. Two base points are given for each full year of service rendered; after 15 years of service, one base point is given for each full year of service rendered. The total number of base points shall be no more than 45. From January 1994, 4% (changed to 8% in April 1995 and 10% in January 1997) of monthly wages is contributed to the labor retirement reserve fund, monitored by the Labor Pension Fund Supervisory Committee. The fund is deposited into a special account at the Trust Department of the Bank of Taiwan under the name of the Committee. In 2024, 1 meeting held to resolve the retirement of 1 employee. Up to the end of 2024, a total of 64 employees have applied for pension. In addition, before the end of each fiscal year, the balance of the special labor retirement reserve fund account is calculated. Where there is insufficient funds to pay the aforementioned amount, the difference will be made up by the Company by the end of March of the following year. In 2024, a total NT\$1,933 thousand was contributed to the labor retirement reserve fund.

- (2) For employees using the new labor retirement system, the Company contributes 6% of their monthly wages to be deposited into a personal pension account at the Bureau of Labor Insurance. In 2024, a total NT\$2,495 thousand was contributed to the pension fund under the new system.
 5. Labor-management agreements: As the Company does its utmost to maintain a harmonious relationship with employees, there have been no significant labor-management disputes.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found during labor inspections, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken; if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.
- The Company's management system and welfare system are sound, and the relationship between labor and management is harmonious. In the future, the Company will uphold the business philosophy of creating a good working environment in a harmonious labor-management environment, and formulate various education and training programs, so that employees' knowledge and experience of employees will improve as the Company grows. Based on the above, after assessment, the Company believes that there is no consideration of signing a collective agreement with the labor union of the Company. In the future, it will be processed according to the Company's development needs and laws and regulations.

VI. Cybersecurity management

- (I) Describe the cybersecurity risk management framework, cybersecurity policies, concrete management programs, and investments in resources for cybersecurity management:
- The Company's cybersecurity policy takes into account security protection approaches, measures or mechanisms involving necessary and cost-effective management. By doing this, we are able to ensure that the Company's information assets are protected from misuse, leakage, tampering, theft and destruction. In the event of an emergency such as malicious attack, destruction or misuse, the Company will be able to make necessary responses to ensure normal operations are restored within the shortest possible time. This way, the possible impact from these events that may jeopardize the Company's operations can be reduced. At the same time, we strengthen the Company's organization of information security and ensure the duties of information personnel and management of cybersecurity are properly performed in order to protect information assets. In doing so, we expect that overall information operations are smoothly carried out. The Company has adopted the following management measures:
1. Organization: In order to strengthen the effective management of the Company's information security, system and network security, the Company has appointed a chief information security officer and a dedicated information security officer. Through the reinforcement of education and training, we strengthen the capabilities of employees, enabling them to respond to intentional or unintentional external information security incidents.
 2. Process: We have a comprehensive information internal control process in place. The effectiveness and reliability of the process are inspected by an annual periodic internal audit and external audit from time to time by a CPA firm.
 3. Technology: An offsite backup mechanism has been established. The network is centrally managed and we have established an integrated firewall and enterprise-level anti-virus software.
- With the effective management of the above measures, the Company's information security risks are reasonably controlled.
- (II) List any losses suffered by the company in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report due to significant cybersecurity incidents, the possible impacts therefrom, and measures being or to be taken; if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:
- The Company did not suffer any losses in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report due to significant cybersecurity incidents.

VII.Important contracts

Nature of the contract	Contracting parties	Commencement date and expiration date of the contract	Main content	Restrictive clauses
Material procurement contract	Grand Pacific Petrochemical	2023.01.01~2025.12.31	Material procurement	None
Material procurement contract	Air Liquide Far Eastern	From September 1, 2014, perpetually effective and automatically renewed for every ten years, unless amended or terminated by mutual consent of both parties.	Material procurement	None
Material procurement contract	San Fu Chemical	From December 19, 2022, perpetually effective and automatically renewed for every five years, unless modified or terminated by both contracting parties.	Material procurement	None
Material procurement contract	Linde LienHwa Group	From July 1, 2022, perpetually effective and automatically renewed for every five years, unless modified or terminated by both contracting parties.	Material procurement	None
Loan contract	Mega International Commercial Bank	2024.04.30~2025.04.29	Short-term loan and import and export credit	Among which NT\$50 million is revocable
Loan contract	Mega International Commercial Bank	2025.01.12~2026.01.11	Trading limit for financial derivatives	None
Loan contract	Taiwan Cooperative Bank	2025.02.19~2026.02.19	Short-term loan and import and export credit	None
Loan contract	Taiwan Business Bank	2024.11.14~2025.11.14	Short-term loan and import and export credit	None
Loan contract	Taiwan Business Bank	2024.11.14~2025.11.14	Trading limit for financial derivatives	None
Loan contract	Hua Nan Commercial Bank	2024.12.05~2025.12.05	Short-term loan and import and export credit	None
Lease contract	Hung, Kuo-Ting	2022.01.01~2026.12.31	Lease of plant	None
Lease contract	Yu, Chun-Te	2022.11.01~2027.12.31	Lease of warehouse	None

Five. Review and Analysis of Financial Position and Financial Performance, and Assessment of Risks

I. Review and analysis of financial status

Unit: NT\$ thousands

Item	2024	2023	Increase (decrease) amount	Ratio of change (%)	Difference explanation
Current assets	845,471	840,287	5,184	0.62%	
Property, plant, and equipment	369,000	369,543	(543)	-0.15%	
Intangible assets	940	1,272	(332)	-26.10%	1
Other assets	57,797	60,807	(3,010)	-4.95%	
Total assets	1,273,208	1,271,909	1,299	0.10%	
Current liabilities	171,620	142,599	29,021	20.35%	
Non-current liabilities	63,383	75,195	(11,812)	-15.71%	
Total liabilities	235,003	217,794	17,209	7.90%	
Share capital	610,560	610,560	--	--	
Capital surplus	53,309	53,309	--	--	
Retained earnings	374,336	390,246	(15,910)	-4.08%	
Unrealized gains or losses from available-for-sale financial assets	--	--	--	--	
Total equity	1,038,205	1,054,115	(15,910)	-1.51%	
Analysis of changes in the increase/decrease:					
1. Intangible assets for the current period decreased by NT\$332 thousand compared to the previous period, representing a change of 26.10%, primarily due to amortization during the period.					
2. Current liabilities for the period increased by NT\$29,021 thousand compared to the previous period, representing a 20.35% increase. This was primarily due to an increase of NT\$9,000 thousand in bank financing, an increase of NT\$15,473 thousand in notes payable for material procurement in preparation for 2025, and an increase of NT\$4,599 thousand in equipment payables for the installation of fire safety improvement equipment.					

II. Review and analysis of financial performance

Unit: NT\$ thousands

Item	2024	2023	Increase (decrease) amount	Ratio of change (%)	Difference explanation
Operating revenue	763,392	768,731	(5,339)	-0.69%	-
Operating margin	86,054	100,944	(14,890)	-14.75%	-
Operating profit (loss)	6,287	19,605	(13,318)	-67.93%	1
Non-operating income and expenses	6,191	4,157	2,034	48.93%	-
Net profit (loss) before tax	12,478	23,762	(11,284)	-47.49%	1
Net income (loss) of continuing operations	5,814	18,378	(12,564)	-68.36%	-
Loss from discontinued operations	--	--	--	--	-
Net income (loss) for the period	5,814	18,378	(12,564)	-68.36%	1
Other comprehensive income (loss) for the period (net amount after tax)	8,804	2,286	6,518	285.13%	-
Total comprehensive income (loss) for the period	14,618	20,664	(6,046)	-29.26%	1
Net profits (losses) attributable to the owners of the parent company	5,814	18,378	(12,564)	-68.36%	1
Net profits (losses) attributable to non-controlling interests	--	--	--	--	
Total comprehensive income (loss) attributable to the owners of the parent company	14,618	20,664	(6,046)	-29.26%	1
Total comprehensive income (loss) attributable to non-controlling equity	--	--	--	--	
Earnings per Share (Loss)	0.10	0.30	(0.20)	-66.67%	1
Analysis of changes in the increase/decrease: 1. Operating profit and loss, profit before tax, net profit for the period, and earnings per share decreased by NT\$13,318 thousand, NT\$11,284 thousand, NT\$12,564 thousand, and NT\$0.20, respectively, compared to the previous period. The percentage changes were -67.93%, -47.49%, -68.36%, and -66.67%, respectively. The declines were primarily due to lower gross margins caused by price competition on certain products.					

III. Review and analysis of cash flows

(I) Changes in cash flows during the year:

Unit: NT\$ thousands

Cash at the beginning of the period (1)	Annual net cash inflow from operating activities (2)	Annual cash outflow from investments and financial activities (3)	Residual cash amount (1)+(2)+(3)	Remedies for projected cash shortfalls	
				Investment plan	Financing plan
364,631	38,859	(41,272)	362,218	-	-

The Company's 2024 net cash outflow was NT\$2,413 thousand; cash flow changes from activities are as follows:

1. Operating activities: The net cash inflow from operating activities was NT\$38,859 thousand, mainly due to the decrease in inventory and accounts receivable.
2. Investment activities: The net cash outflow from investment activities was NT\$24,624 thousand, mainly due to the acquisition of property, plant and equipment in the current period.
3. Financing activities: The net cash outflow from financial activities was NT\$16,648 thousand, mainly due to the decrease in short-term borrowings and cash dividends paid in the current period.

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

1. Remedies for projected cash shortfalls: Not applicable.
2. Liquidity analysis

Item \ Year	December 31, 2024	December 31, 2023	Increase (decrease) ratio
Cash flow ratio	22.64%	50.24%	(54.91%)
Cash flow adequacy ratio	84.98%	117.71%	(27.80%)
Cash reinvestment ratio	0.49	2.26	(78.54%)
Analysis of changes in the increase/decrease:			
1. Cash flow ratio: Decreased by 54.91% compared to the previous period, primarily due to a decline in net cash flows from operating activities.			
2. Cash flow ratio: Decreased by 78.54% compared to the previous period, mainly due to a decline in both net cash flows from operating activities and capital expenditures on fixed assets.			

(III) Liquidity analysis for the coming year:

Unit: NT\$ thousands

Cash at the beginning of the period	Projected full-year net cash flows from operating activities	Projected full-year cash outflow	Projected cash surplus (shortfall) amount	Remedies for projected cash shortfalls	
				Investment plan	Financing plan
362,218	58,139	(36,690)	383,667	-	-

1. Projected cash flow changes in 2025:
 - (1) Operating activities: Operating revenue and profits are expected from operating activities to generate cash inflows.
 - (2) Investing activities: Procurement of fixed assets are expected to generate net cash outflows.
 - (3) Financing activities: The distribution of cash dividends is expected to generate net cash outflows.
2. Remedies for projected cash shortfalls and liquidity analysis: No cash shortfalls are expected in 2025; therefore, this is not applicable.

IV. Effect upon financial operations of any major capital expenditures in the most recent fiscal year: None.

V. Reinvestment policy in the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improvement, and investment plans for the coming year:

In January 2010, the Company established the subsidiary, Sun Yang Global Co., Ltd., for the manufacturing and sale of shoe and hot melt adhesive. The investment loss accounted for using the equity method recognized in 2024 was NT\$23,639 thousand. Main reason for investment income and investment plan for the coming year:

(I) Main reasons for investment loss:

In 2024, under the concerted efforts of all employees, the Company recorded revenue of NT\$135,144,290. With a commitment to serving customers and addressing their needs, the Company's newly developed products in recent years have been well recognized by clients. Following strategic adjustments in product sales, profitability has gradually improved. However, in the post-COVID-19 era, the global economy has been challenged by persistent inflation and geopolitical tensions, leading to weakened consumer demand. Additionally, the rapid expansion of petrochemical production capacity in China, coupled with sluggish domestic demand, has resulted in aggressive global dumping. This has caused a significant shift in orders from our largest customer, leading to a substantial decline in overall revenue. Although the Company has adjusted its product sales strategy, weak customer demand has persisted, resulting in significantly higher operating costs. This has led to a sharp decline in both annual revenue and profitability, a trend that is expected to continue into the first half of 2025. The Company remains hopeful for a recovery in the second half of the year. For 2024, the Company reported a net loss after tax of NT\$23,638,697.

The Company's annual sales strategy focused on promoting higher-margin products, maintaining stable production quality, reducing raw material wastage, and effectively controlling inventory levels. In addition, efforts were made to actively support customers in the development of new products and promptly resolve issues related to product application. However, due to weak global market demand, sales performance declined. Aggressive pricing strategies and order competition from Chinese competitors further intensified the downturn, leading to an unprecedented drop in sales. In 2024, both revenue and profitability declined significantly. Lower production volumes resulted in elevated operating costs, and despite efforts to promote new products, sluggish market demand has made achieving profitability increasingly challenging. The primary goal for 2025 is to continue expanding the customer base to increase overall sales volume and revenue.

The Company will continue improving its production technology and lean management of processes, enhance the quality of the staff, while also working with the customers in developing new products and equipment maintenance, as well as to control raw materials in warehousing. By doing this, total operating costs of the Company may be well controlled, so that the Company may expect to turn a loss to profit in the future.

Main reasons:

1. With the rapid ramp-up and mass production of China government-supported petrochemical plants, product dumping has resulted in the loss of key customer's orders, leading to a significant drop in revenue and ultimately a full-year operating loss.
2. Weak market demand has led to reduced customer order volumes, causing low equipment utilization and elevated operating costs.
3. Promotional efforts for new products did not gain sufficient traction, and failed to effectively increase customer order volumes.
4. Continued investment in factory equipment optimization resulted in higher capital expenditures and increased depreciation expenses.

(II) Investment plan for the coming year:

1. Research and Development: The R&D department will continue leveraging its proprietary technologies to deliver optimal solutions to customers and maximize value for shareholders. Innovation and Competitiveness: Looking ahead, sustainable competitiveness lies in continuous product enhancement and innovative applications.
2. Human Resources: The Company will continue to invest in talent development and technical upskilling while streamlining job functions.
3. Product Development: Focus will be placed on innovative applications for consumer materials, precision in product design, and reinforcement of mass production reliability standards.
4. Operational Efficiency: Systematic management practices will be implemented to reduce energy and raw material consumption and strengthen cost control.
5. Sustainability and Market Competitiveness: The Company remains committed to enhancing its competitive edge in technical services and product development to align with global carbon reduction goals and ESG sustainability objectives.

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

- (I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:
1. The Company's interest expenditures in 2024 were NT\$1,544 thousand, only accounting for 0.20% of operating revenue, a slight impact on the Company's profit or loss. We are committed to reducing the cost of capital by shortening the collection deadline of receivables for early repayments so as to reduce interest expenditures.
 2. The Company's exchange gains or losses in 2024 were NT\$847 thousand, accounting for 0.11% of operating revenue. In order to respond to exchange rate fluctuations, the Finance Department collects information on exchange rate trends and strengthens foreign exchange-related information with banks while at the same time operating forward exchange at appropriate times. The Company also directly repays foreign currency liabilities from the payment of foreign sales to avoid foreign currency exchange losses. In terms of the quotation of foreign currency sales, we also take into account the impact of exchange rate changes on costs.
 3. At Yong Shun, we keep a close eye on market price fluctuations and maintain an interactive relationship with customers and suppliers. Given this, inflation has not directly impacted the Company.

- (II) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivative instrument transactions; the main reasons for the profits/losses generated thereby in the most recent fiscal year; and response measures to be taken in the future:
1. The Company does not engage in high-risk investments, highly leveraged investments, loan funds to other parties, or make endorsements/guarantees. To strive for prudent management, improve the financial structure and avoid unnecessary operational risks, we planned to prohibit the loaning funds to other parties or making endorsements/guarantees for others. On March 15, 2006, the Board of Directors approved to abolish the "Operating Procedures for Making of Endorsements and Guarantees" and "Operating Procedures for Loaning Funds to Others", which was submitted to and passed by the 2006 annual general meeting.
 2. In order to effectively control exchange rate risks, the Company collects the latest market information and economic data. Meanwhile, we also grasp the changes in interest rates and exchange rates and appropriately engage in the pre-purchase of forward foreign exchange derivative transactions. In doing this, we stabilize operating costs while achieving the purpose of hedging. For relevant operating procedures, please refer to the provisions of the Company's "Regulations Governing the Acquisition and Disposal of Assets".

- (III) Research and development work to be carried out in the future, and expected expenditures for research and development work:

R&D plan	Current progress of future R&D plan	R&D expenses reinvested
Research and development of decomposable multi-layer unsaturated polyester resin.	Commercialization of R&D testing	NT\$1,200 thousand
Development and application of impact-resistant and highly ductile resins	Commercialization of R&D testing	NT\$1,200 thousand
Development and application of nano-grade resins	Commercialization of R&D testing	NT\$1,200 thousand
Continuation of the development and application of bio-succinic acid in PU resin in 2023	Commercialization of R&D testing	NT\$1,200 thousand
Development and application of bio-10-C acid in PU resin	Commercialization of R&D testing	NT\$1,200 thousand
Development and application of flame-retardant unsaturated polyester resin	Commercialization of R&D testing	NT\$1,200 thousand

- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment in Taiwan and abroad, and measures to be taken in response:
We keep a close eye on changes in important domestic and foreign policies and laws. The impact of these changes on the Company is evaluated. The Company's financial operations were not affected by changes in important domestic and foreign policies and laws in the most recent fiscal year.

- (V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:
We pay close attention to technological changes at all times and assign specialists to assess the overall impact on the Company and future developments depending on the situation. This way, we are able to better respond to the impact of technological changes on the Company's finances. The Company was not impacted by technological changes in the most recent fiscal year.
- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:
We have always been a law-abiding enterprise and strive for maintaining a good corporate image. Moreover, we fulfill our business philosophy of providing the best service to customers to achieve the goal of giving back to society. There were no corporate image changes in the most recent fiscal year.
- (VII) Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken: The Company has no M&A plans for the time being.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response: The Company has no plans for plant expansion for the time being.
- (IX) Risks associated with any concentration of sales or purchasing operations, and measures to be taken in response:
The Company has approximately two customers whose sales account for more than 10% of the Company's total revenue. As our operational objective is to continue to develop new customers, there is no concentration of sales. The Company has approximately two suppliers whose purchases account for more than 10% of the Company's total purchases. These suppliers have been working with the Company for a long period of time. Moreover, as the Procurement Department takes a proactive approach to developing new sources of goods while the R&D Department conducts tests and trials on different raw materials, there is no concentration of purchases.
- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, or shareholder holding more than 10% of the shares of the company has been transferred or has otherwise changed hands, and measures to be taken in response:
The Company's directors, or shareholders holding more than 10% of the shares of the Company did not transfer a major quantity of shares or change hands.
- (XI) Effect upon and risk to the company associated with any change in governance personnel, and measures to be taken in response:
There was no change in governance personnel as the shareholdings of the Company's directors, and major shareholders are stable.
- (XII) List major litigious, non-litigious or administrative disputes that involve any company director, the general manager, any person with actual responsibility, any major shareholder holding a stake of more than 10%, or any subordinate companies and have been concluded by means of a final and unappealable judgment, or are still under litigation; where such a dispute could materially affect shareholders' equity or the prices of the company's securities, disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:
This did not occur in the Company.
- (XIII) Other important risks and measures to be taken in response: None.

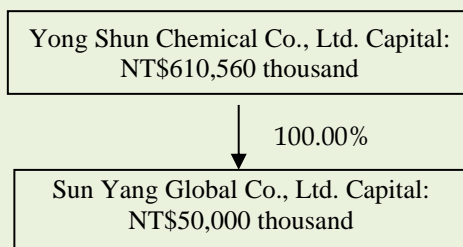
VII. Other important matters: None.

Six. Special Items to Be Included

I. Information on affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliates



2. Basic information of each affiliate

Unit: NT\$ thousands

Company name	Date of Establishment	Address	Paid-in Capital	Main Business or Production Items
Sun Yang Global Co., Ltd.	2010.01.08	11F., No. 168, Songjiang Road, Taipei, Taiwan	50,000	Manufacturing and sale of shoe and hot melt adhesive

3. Information on the same shareholders who are presumed to have a relationship of control and subordination: None.

4. Industries covered by the businesses operated by the affiliates as a whole: Chemical manufacturing industry.

5. Information on directors, supervisors and general managers of each affiliate

Unit: Shares; %

Company name	Title	Representative name	Shareholding	
			Number of Shares	Percentage of shareholding %
Sun Yang Global Co., Ltd.	Chairman	Yong Shun Chemical Co., Ltd. Representative: Lin, Tsyr-Huan	5,000,000	100%
Sun Yang Global Co., Ltd.	Director	Yong Shun Chemical Co., Ltd. Representative: Lin, Cheng-Chien	5,000,000	100%
Sun Yang Global Co., Ltd.	Director	Yong Shun Chemical Co., Ltd. Representative: Lin Wu, Fang-Mei	5,000,000	100%
Sun Yang Global Co., Ltd.	Supervisor	Yong Shun Chemical Co., Ltd. Representative: Lin, Jih-Cheng	5,000,000	100%
Sun Yang Global Co., Ltd.	General Manager	Shih, Kun-Chin	-	-

6. Business overview of affiliates

Unit: NT\$ thousand/NT\$

Company name	Capital amount	Total assets	Total liabilities	Net value	Operating revenue	Income before income tax	Net income for the period (after tax)	Earnings per share (after tax)
Sun Yang Global Co., Ltd.	50,000	154,278	107,592	46,686	135,144	(20,297)	23,639	(5.79)

7. The Company's affiliates did not loan funds to others, nor did they provide endorsements/guarantees.

(II) Consolidated Financial Statements of Affiliates:

Statement of Consolidated Financial Statements of Affiliated Companies

For the year 2024 (January 1, 2024, to December 31, 2024), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Statements of Operations of Affiliated Companies and Related Party Reports" are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies, therefore no separate consolidated financial statements of the affiliated companies are prepared.

We hereby state the above.

Company name: Yong Shun Chemical Co., Ltd.

Responsible Person: Tsai, Ching-Fang

March 10, 2025

(III) Affiliation Report: None.

- II. Private placement of securities in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- III. Other matters that require additional description: The Company completed all commitments of a TPEX-listed company.
- IV. Companies listed on the TWSE and TPEX shall include an explanation of any material differences from the rules of the Republic of China (Taiwan) in relation to the protection of shareholder equity: Not applicable.

Seven. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Occurred in the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

Eight. Index and Links for Accessing Other Company Information:

- (I) Disclosure of the Implementation Status of the Internal Control System: Market Observation Post System (<https://mops.twse.com.tw/>)/Single Company/Corporate Governance/Internal Control System Statement Announcement.
- (II) Share Transfer and Pledge Changes for Directors, Managers, and Shareholders with Over 10% Ownership as of the Date of Publication of the Annual Report: Market Observation Post System (<https://mops.twse.com.tw/>) /Single Company/ Shareholding Changes Securities Issuance.
- (III) Quarterly and Historical Standalone and Consolidated Financial Statement Information of the Company: Market Observation Post System (<https://mops.twse.com.tw/>)/Single Company /Financial Statements.

 **Yong Shun Chemical Co., Ltd.**

Responsible Person: Tsai, Ching-Fang