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aleees



Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Annual Report 2024

Annual Report Enquiry Website: <http://mops.twse.com.tw>

Company Website: <http://www.aleees.com>

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THIS IS A TRANSLATION OF THE 2024 ANNUAL REPORT (THE "ANNUAL REPORT") OF ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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2. Address and contact no. of headquarters, subsidiary and factories
 - (1) Parent Company

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Name of Accounting Firm: PwC Taiwan

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5. Name of stock exchange for overseas listed securities and method for enquiry of overseas securities information: N/A

6. Official website of main operating Company: <http://www.aleees.com>

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I. Letter to the Shareholders

1.2023 Business Report

(1) The overview and results of management policy and business plan implementation

In response to global policies aimed at securing the battery supply chain, particularly through de-Sinicization and the promotion of localized production, governments in Europe and the United States have imposed high tariffs and introduced incentive programs to encourage domestic manufacturing. As a result, lithium iron phosphate (LFP) batteries have become the primary focus of development in the global energy storage market. Simultaneously, numerous automakers have confirmed their commitment to adopting LFP batteries in the development of electric vehicles (EVs) and electric trucks. These trends present opportunities for the Company to expand our clientele, extending beyond energy storage applications to actively participate in the supply chains for electric mobility, including both EVs and electric trucks, thereby expanding our reach to customers and sales market on a global scale.

Our consolidated gross profit for 2024 was NTD 64 million, an increase of 168% compared to the previous year. This growth was driven by a price increase for customers in fiscal year 2024, coupled with effective management of production costs. As a result of this growth in gross profit, the Company incurred an after-tax net loss of NTD 235 million, or a decrease of 55% compared to the previous year.

The company has transformed into a LFP Intellectual Property Provider and shall accelerate the expansion of licensing business, as well as foregoing revenue generated from low-price customers to mitigate the significant challenges brought about by China's dumping practices. Additionally, we are continuously investing in research and development resources and enhancing technical capabilities to optimize our product offerings and customer portfolio. Leveraging our existing resources, we are strategically allocating them towards the development of other battery materials. This includes improving techniques for mass-producing expanded anode materials and refining electrolytes. Moreover, collaborating closely with our partners to jointly apply for patents on key materials and commercializing patented products tailored to our customers' demands. The company works collaboratively with end customers in product development verification operations. Through our Platform of Battery Materials Patent, we integrate patents from various units to facilitate their commercialization. Subsequently, we licence these patents local battery material manufacturers interested in entering the market for manufacturing and production. This approach enables us to effectively meet the demands of end customers.

All employees will work hard, hoping to create a more favorable environment, improve sales performance, and create corporate value, so as to repay all shareholders and investors for their long-term support to the company.

(2) Financial income and expenses and profitability analysis

Unit: NT\$ thousand

	Item	2024	2023
Financial Income and Expenses	Operating revenues	591,256	810,294
	Gross Operating Profit	63,633	(93,371)
	Net Operating Profit	(235,271)	(519,356)
Profitability	Gross Profit %	10%	-12%
	Net Profit %	-40%	-64%

The after-tax net loss for 2024 significantly decreased compared to the same period last year, primarily due to the price increase for customers and effective management of production costs. As a result of this growth in gross profit, the after-tax net loss was decreased by approximately 55% compared to the previous year.

(3) Research and Development

- i. The company is improving and optimizing current processes to reduce carbon emissions.
- ii. The company continues to invest in research and development of high-voltage lithium battery cathode materials.
- iii. The company is investing in development of other battery materials.

2. Business Plan Overview for the Current Year and Company Development Strategies

The company's product is known for having the longest life cycle and highest quality in the industry. We focus on developing lithium battery cathode materials, introduce a new generation of process technology and equipment, and combine advanced wet nano grinding technology and surface modification technology. The aim is to further increase the volume energy of materials density and rate discharge performance so that the lithium battery cathode materials we produce can have higher purity, lower impurities, and better processing performance. Hopefully, we can meet the needs of customers requiring high-end products or offer customized applications. Also, we use advanced powders design and powder post-processing technology to improve production yield and reduce production costs, which can strengthen the company's leading position in the industry, remaining the competitiveness our products in the global market.

This year, we will continue to expand our market in energy storage batteries and electric vehicle batteries. In addition, we are transforming ourselves into a lithium intellectual property (IP) supplier specializing in lithium iron phosphate patents and technologies. We will help our clients to establish automated production factories for lithium battery materials

with a capacity of more than 100,000 tons in Europe, America, and Asia. Our goal is to achieve stable revenue growth and improve operational efficiency, while moving towards the development of other battery materials. This includes improving techniques for mass-producing expanded anode materials and refining electrolytes. Moreover, collaborating closely with our partners to jointly apply for patents on key materials and commercializing patented products tailored to our customers' demands. The company works collaboratively with end customers in product development verification operations. Through our Platform of Battery Materials Patent, we integrate patents from various units to facilitate their commercialization. Subsequently, we licence these patents local battery material manufacturers interested in entering the market for manufacturing and production. This approach enables us to effectively meet the demands of end customers.

3.The Effects of the External Competitive Environment, Regulatory Environment and Overall Business Environment

Developing sustainable energy has been viewed as an important global trend in environmental protection. Currently, more than 130 countries have passed or announced their goal to achieve net-zero carbon emissions by 2050. Developing green energy has become a global consensus, and as countries continue to increase their efforts in developing renewable energy and increasing the proportion of green energy, the establishment of energy storage systems is also necessary. Energy storage systems can smooth out the output of green energy and improve the utilization rate of renewable energy, which is the key reason for developing energy storage. Energy storage equipment can be widely used in the power system, including power generation, transmission, distribution, and end-users, including residential and commercial enterprises, all of which have a demand for energy storage equipment. Since it involves the entire power system, the main driving force is still government policy support. In addition to government policies, there is also an expected increase in demand from end-users who install energy storage systems at home to maintain stable electricity, and in the business sector, driven by the commitment to achieving net-zero carbon emissions, the demand for green energy generation is increasing, and energy storage needs are also increasing. The lithium-ion battery energy storage market has shown significant growth, and under the influence of the electric vehicle market, lithium-ion battery technology is gradually improving, production capacity is expanding, and costs are decreasing. With the push of international decarbonization policies, the energy storage sector is expected to become the second-largest application market for lithium-ion batteries in the next few years.

The global electric vehicle market is developing rapidly, with over 20 countries worldwide setting goals to electrify their vehicles or ban the sale of fossil fuel vehicles,

with the target timeline falling between 2025 and 2050. In other words, the transition from fossil fuel vehicles to electric vehicles ranges from as short as 1 year to as long as 16 years. Over half of these electric vehicles are expected to come from China. In response to the inevitable "Red Wave", automakers in Japan, Europe, and the United States are gradually raising trade barriers or increasing government subsidies, directly impacting companies from China, Russia, South Korea. Meanwhile, European Union countries are offering subsidies for electric vehicle purchases, restricted to local production. With significant investments from various automakers in the global electric vehicle market, the demand for electric vehicles is showing a clear trend of growth.

Currently, several automakers have shifted towards or initiated investments in more cost-effective battery technologies. As the electric vehicle market continues to prosper, along with the continuous development of the customer base and progress in verification for mass production, it is anticipated that this will drive future growth in the company's operations.

Overall speaking, the effects of the external competitive environment, regulatory environment and overall business environment, in addition to various developmental trends beneficially impact our company's sustainable operations.

Chairman Sheng-Shih Chang



II. Company Governance Report

1. Information on the Directors, Supervisors, CEO (GM), Vice Presidents, Senior Manager and the Manager of Each Department and Branch

(1) The Directors (The Company has not appointed any supervisors but has set up an audit committee)

Title	Nationality	Name	Sex/ Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board (Note 1)		Current Shareholdings (Note 1)		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Note
							Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate			Title	Name	Relation	
Chairman	ROC	Sheng-Shih Chang	Male 51~60	2023/6/15	3	2009/2/10	236,247	0.34%	222,129	0.33%	—	—	—	—	<ul style="list-style-type: none"> • Juris Doctorate, National Taiwan Normal University • Juris Master, National Taiwan Normal University • Asst. Professor, China University of Science and Technology, • General Manager of Neso Technology Limited in Greater China, Pou Chen Group 	Note 2	—	—	—	Note 9
Director cum CEO	ROC	Re-Yang Chu	Male 51~60	2023/6/15	3	2023/6/15	164,800	0.24%	183,620	0.27%	—	—	—	—	<ul style="list-style-type: none"> • Master of Laws, Fu Jen Catholic University • Ph.D., candidate of Laws, Fu Jen Catholic University • CEO cum Spokesperson of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. • Investment Chief of Advanced Lithium Electrochemistry Co., Ltd. • Partner of Guo Ju Law firm 	Note 3	—	—	—	—
Director	ROC	Yu-Mei Lee	Female 51~60	2023/6/15	3	2023/6/15	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> • Master of Laws, Chung Yuan Christian University • Administration Supervisor of Advanced Lithium Electrochemistry Co., Ltd. 	Note 4	—	—	—	—
Independent Director	ROC	Chao-Chin Li	Male 51~60	2023/6/15	3	2023/6/15	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> • EMBA, National Tsing Hua University • Chief Financial Officer and Chief Commercial Officer of SynexRx International (Taiwan) Corp. • Director of Taimide Technology Incorporation • Independent Director of RFD Micro Electricity Co., Ltd. • Director of Eastern Union Interactive • Director of Gingytech • Chairman of Forward Power Co. Ltd. 	Note 5	—	—	—	—

Title	Nationality	Name	Sex/ Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board (Note 1)		Current Shareholdings (Note 1)		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Note
							Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate			Title	Name	Relation	
Independent Director	ROC	Neng- Chieh Shih	Male 61~70	2023/6/15	3	2023/6/15	—	—	—	—	—	—	—	—	• Ph.D., Public and International Affairs, University of Pittsburgh, USA • Master of Public Administration, National Chengchi University • Adjunct Professor, Department of Public Administration, National Chengchi University • Minister, Directorate-General of Personnel Administration, Executive Yuan	Note 6	—	—	—	—
Independent Director	ROC	Pao- Sheng Wei	Male 61~70	2023/6/15	3	2023/6/15	—	—	—	—	—	—	—	—	• Master of International Business Administration, George Washington University, Washington DC • Master of Financial Management, Benjamin Franklin University, Washington DC, USA • Director General, Insurance Bureau, Financial Supervisory Commission • Chairman of KGI Bank • Chairman of LionInternationalInsuranceServiceCo., Ltd. • Director of Shin Kong Financial Holding Co., Ltd. • Chairman of Shin Kong Life Insurance Co., Ltd. • Independent Director of Nuvoton Technology Corp. • Independent Directors AINOS INC. Vice Chairman of Fusheng Securities Investment Consulting Co., Ltd. • Director of Ascendo Biotechnology, Inc. Taiwan Branch (Cayman Islands)	None 7	—	—	—	—
Independent Director	ROC	Chuan- Chang Chang	Male 61~70	2023/6/15	3	2023/6/15	—	—	—	—	—	—	—	—	• Ph.D.,Accounting & Finance, University of Lancaster, UK • President of Chung-Hua Institution for Economic Research • Vice Chairman, Financial Supervisory Commission • Professor, Department of Finance,	Note 8	—	—	—	—

Title	Nationality	Name	Sex/ Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board (Note 1)		Current Shareholdings (Note 1)		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Note
							Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate			Title	Name	Relation	
Independent Director	ROC	Ying- Chou Wang	Male 51~60	2024/6/28	3	2024/6/28	—	—	—	—	—	—	—	—	National Central University • Ph.D., Department of Psychology, National Chung Cheng University. • Vice-President for Academic Affairs, Fu Jen Catholic University • Director, Indigenous Students Resource Center, Fu Jen Catholic University • Distinguished Research Professor, Department of Clinical Psychology, Fu Jen Catholic University	Note 9	—	—	—	—

Note 1: The ratio of shares held at the time of appointment is calculated based on the company's actual paid-in share capital of 70,000,000 shares on Apr 17, 2023; the current shareholding ratio is calculated based on the company's paid-up share capital of 68,000,000 shares on April 30, 2024.

Note 2: Concurrent Positions in this Company and other companies: Chairman cum CEO of Aleees (Taiwan), Chairman cum CEO of Aleees SH, Director of Aleees(HK), Director of Aleees(US), Director of Aleees(AU), Director of Aleees(TX), Director of Aleees(EU), Director of Aleees(UK) and , Director of Aleees(IN)

Note 3: Concurrent Positions in this company and other companies: **Spokesperson** of Aleees (Cayman), Investment Chief of Aleees (Taiwan), Director of Aleees(IN) and , Partner of Guo Ju Law firm

Note 4: Concurrent Positions in this company and other companies: Administration Supervisor of Aleees (Taiwan)

Note 5: Concurrent Positions in this company and other companies: Director of Taimide Technology Incorporation, Independent Director of RFD Micro Electricity Co., Ltd, Director of Eastern Union Interactive, Director of Gingytech, Chairman of Forward Power Co. Ltd.

Note 6: The dismissal of that independent director was effective on May 15, 2024.

Note 7: Concurrent Positions in this company and other companies: Chairman of LionInternationalInsurance Service Co.,Ltd, Director of Shin Kong Financial Holding Co., Ltd., Independent Director of Nuvoton Technology Corp, Independent Directors AINOS INC.Vice Chairman of Fusheng Securities Investment Consulting Co., Ltd, Director of Ascendo Biotechnology, Inc. Taiwan Branch (Cayman Islands)

Note 8: The dismissal of that independent director was effective on January 1, 2024.

Note 9:(1)Concurrent Positions in this company and other companies: Independent Director of Excelsior Biopharma Inc., Director of Giant Show Co., Ltd.

(2)The election of that independent director was effective on June 28, 2024.

Note 10: Where chairperson and general manager/personal of the equivalent level (the top executive) are the same person, spouses or first-degree relative, please explain reasons, rationality, necessity and countermeasures for this situation : NA.

- i. Main shareholders of corporate shareholders: N/A
- ii. Main shareholders being ones of a corporate: N/A
- iii. The Qualification of Directors and Independence Criteria of Independence Directors:

As of April 30, 2025

<div>Terms</div> <div>Name</div>	Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director / Supervisor Acts Concurrently as an Independent Director
Sheng-Shih Chang	<ul style="list-style-type: none"> • Have over experience of over 16 working years in business, laws, marketing and operation management. • Juris Doctorate, National Taiwan Normal University, Former Asst. Professor, China University of Science and Technology, General Manager of Neso Technology Limited in Greater China, Pou Chen Group; Current Chairman of the Company and Subsidiary Chairman cum CEO of Aleees (Taiwan), Chairman cum CEO of Aleees SH, Director of Aleees(HK), Director of Aleees(US), Director of Aleees(AU), Director of Aleees(TX), Director of Aleees(EU) and Director of Aleees(UK). • Not having any of the conditions defined in Article 30 of the Company Law. 	Concurrent the director of the Company and subsidiary	—
Re-Yang Chu	<ul style="list-style-type: none"> • Have over experience of over 15 working years in business, marketing and operation management. • Master of Laws, Fu Jen Catholic University, Ph.D., candidate of Laws, Fu Jen Catholic University, CEO cum Spokesperson of Advanced Lithium Electrochemistry (Cayman) Co., Ltd, Investment Chief of Aleees (Taiwan), Director of Aleees(IN) and , Partner of Guo Ju Law firm • Not having any of the conditions defined in Article 30 of the Company Law. 	Concurrent the director of the Company and subsidiary	—
Yu-Mei Lee	<ul style="list-style-type: none"> • Have over experience of over 15 working years in accounting, marketing and operation management. • Master of Laws, Chung Yuan Christian University, Administration Supervisor of Advanced Lithium Electrochemistry Co., Ltd. • Not having any of the conditions defined in Article 30 of the Company Law. 	—	—
Chao-Chin Li	<ul style="list-style-type: none"> • Have over experience of over 20 working years in accounting, tax and operation management. • EMBA, National Tsing Hua University, Director of Taimide Technology Incorporation, Independent Director of RFD Micro Electricity Co., Ltd, Director of Eastern Union Interactive, Director of Gingytech, Chairman of Forward Power Co. Ltd • Not having any of the conditions defined in Article 30 of the Company Law. 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	1
Neng-Chieh Shih(Note3)	<ul style="list-style-type: none"> • Have over experience of over 20 working years in law, intellectual property right and operation management. • Ph.D., Public and International Affairs, University of Pittsburgh, USA, Master of Public Administration, National Chengchi University, Adjunct Professor, Department of Public Administration, National Chengchi University, Minister , Directorate-General of Personnel Administration, Executive Yuan • Not having any of the conditions defined in Article 30 of the Company Law 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	—
Pao-Sheng Wei	<ul style="list-style-type: none"> • Have over experience of over 20 working years in accounting, finance and operation management. • Master of International Business Administration, George Washington University, Washington DC, Master of Financial Management, Benjamin Franklin University, Washington DC, USA, Chairman of LionInternationalInsurance Service Co.,Ltd, Director of Shin Kong Financial Holding Co., Ltd., Independent Director of Nuvoton Technology Corp, Independent Directors AINOS INC.Vice Chairman of Fusheng Securities Investment Consulting Co., Ltd, Director of Ascendo Biotechnology, Inc. Taiwan Branch (Cayman Islands) • Not having any of the conditions defined in Article 30 of the Company Law 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	1

Chuan-Chang Chang (Note2)	<ul style="list-style-type: none"> • Have over experience of over 20 working years in business, marketing and operation management. • Ph.D.,Accounting & Finance, University of Lancaster, UK, President of Chung-Hua Institution for Economic Research, Vice Chairman, Financial Supervisory Commission, Professor, Department of Finance, National Central University • Not having any of the conditions defined in Article 30 of the Company Law. 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	—
Ying-Chou Wang(Note4)	<ul style="list-style-type: none"> • Have over experience of over 20 working years in business, marketing and operation management. • Ph.D.,Department of Psychology,National Chung Cheng University., Vice-President for Academic Affairs, Fu Jen Catholic University, Distinguished Research Professor, Department of Clinical Psychology, Fu Jen Catholic University, Independent Director of Excelsior Biopharma Inc., Director of Giant Show Co., Ltd. • Not having any of the conditions defined in Article 30 of the Company Law. 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	1

Note1 : The independent directors shall meet the following conditions in the two years before and during the term:

- (1) Not an employee of the Company nor any of its related companies.
- (2) Not a Director or Supervisor of the Company or its affiliates. (However, this does not apply, in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
- (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 amount of 1% or more of the total number of issued shares of the Company or ranking as one of the top-10 shareholders.
- (4) Not a spouse, relative within the second-degree of kinship, or lineal relative within the third degree of kinship, of any of the persons specified in the preceding three notes.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that ranks among the top-5 in shareholding or the representatives served as directors or supervisors appointed in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (It does not apply in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
- (6) Not a director, supervisor or employees of other companies controlled by the same person had shares over half of the company's director seats or voting rights. (It does not apply in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
- (7) Not a director, supervisor or employees of other companies or institutions whom or his/her spouse is also the chairman, general manager or employee of equivalent position in the company. (It does not apply in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relations with the Company. (This does not apply, in the cases where a specific company or institution held more than 20% of the total issued shares of the company, but less than 50%, and also served as an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
- (9) Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply, in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions who performed their functions in accordance with the relevant laws of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or a relative within the second degree of kinship to any other director of the Company.
- (11) Not having any of the conditions defined in Article 30 of the Company Law.
- (12) Not a governmental or judicial person, or a representative of such institutions as defined in Article 27 of the Company Law.

Note2: The dismiss of that independent director was effective on January 1, 2024

Note3: The dismiss of that independent director was effective on May 15, 2024

Note4: The election of that independent director was effective on June 28, 2024

iv. The Diversity and Independence of the Board of Directors

(i) The Diversity Policy of the Directors

The Company complies with the concept of diverse directors in the “Corporate Governance Best Practice Principles”. It is advisable that directors concurrently serving as company managers not exceed one-third of the total number of the board members. In addition, the Company shall formulate diverse guideline in terms of itself operation, business and development requirement. The standard shall include but not limit to below two directions:

- A. Basic condition and value: Gender, Age, Nationality, Culture and so on.
- B. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.
- (ii) Board member shall have the necessary knowledge, skills, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
- A. The ability to make judgments about operations.
- B. Accounting and financial analysis ability.
- C. Business management ability.
- D. Crisis management ability.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Leadership ability.
- H. Decision-making ability.
- (iii) Current Implementation on the Diversity and Independence of the Directors

As of the printing date of the annual report, the Board of Directors of the Company consists of Six members (including 3 independent directors), with expertise covering finance or accounting, legal affairs, business management, industry knowledge, and corporate governance. There are SixTaiwanese directors. Among them, there are Five male directors, accounting for 83% of the total board members ; One female directors, accounting for 17% of the total board members. Currently, the number of directors concurrently serving as managers within the Board of Directors of Aleees does not exceed one-third of the total board seats. Additionally, the board includes female members as directors.

Name	Core Diversification Standard	Basic composition							Industrial Experience				Professionals			
		Nationality	Sex	oncurrently serving as company staffs	Age			Terms of independent directors	Operational Judgment	Risk assessment ability	Industry Knowledge	Int'l Market Perspective	Accounting	Knowledge of Law	Management	Intellectual property
					40 — 50	51 — 60	61 — 70									
Sheng-Shih Chang		ROC	Male	V		V			V	V	V	V		V	V	V
Re-Yang Chu		ROC	Male	V		V			V	V	V	V		V	V	V
Yu-Mei Lee		ROC	Female	V		V			V	V	V	V		V	V	V
Chao-Chin Li		ROC	Male			V		V	V	V	V	V	V		V	
Pao-Sheng Wei		ROC	Male				V	V	V	V		V	V		V	
Neng-Chieh Shih(Note2)		ROC	Male				V	V	V	V		V	V		V	
Chuan-Chang Chang (Note1)		ROC	Male				V	V	V	V		V	V		V	
Ying-Chou Wang(Note3)		ROC	Male			V		V	V	V		V			V	

Note1: The dismiss of that independent director was effective on January 1, 2024

Note2: The dismiss of that independent director was effective on May 15, 2024

Note3: The election of that independent director was effective on June 28, 2024

(2) Names, Shareholdings and Academic Qualifications/Experience of CEO (GM), Vice Presidents, Senior Manager and the Manager of Each Department and Branch

As of April 30, 2025

Title	Nationality	Name	Sex	Date on Board (Note 1)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person			Note
					Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate			Title	Name	Rela- tion	
Chairman	ROC	Sheng-Shih Chang	Male	2007/11/16	222,129	0.33%	—	—	—	—	<ul style="list-style-type: none"> • Juris Doctorate, National Taiwan Normal University • Juris Master National Taiwan Normal University • Juris Asst. Professor, China University of Science and Technology • General Manager of Neso Technology Limited in Greater China, Pou Chen Group 	<ul style="list-style-type: none"> • Aleees (Taiwan)-Chairman cum CEO • Aleees SH- Chairman cum GM • Director of Aleees(HK) • Director of Aleees(US) • Director of Aleees(AU) • Director of Aleees(TX) • Director of Aleees(EU) • Director of Aleees(UK) • Director of Aleees(IN) 	—	—	—	Note2
Director cum CEO	ROC	Re-Yang Chu	Male	2024/11/08	183,620	0.27%	—	—	—	—	<ul style="list-style-type: none"> • Master of Laws, Fu Jen Catholic University • Ph.D., candidate of Laws, Fu Jen Catholic University 	<ul style="list-style-type: none"> • CEO cum Spokesperson of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. • Investment Chief of Advanced Lithium Electrochemistry Co., Ltd. 	—	—	—	
Chief, Finance & Accounting Dept.	ROC	Siang-Cyuan Zeng	Male	2022/07/01	—	—	—	—	—	—	<ul style="list-style-type: none"> • Department of Accounting, Tamkang University • Financial Division Chief, Hsiang Yu Electronics Co., Ltd. • Audit Director, Shin He Certified Public Accountants 	<ul style="list-style-type: none"> • Manager of Accounting Dept., Aleees (Taiwan) 	—	—	—	—
Corporate Governance Officer	ROC	Ling-Ta Chiu	Male	2023/08/11	—	—	—	—	—	—	<ul style="list-style-type: none"> • Department of International Business (Management), National Changhua Normal University • Manager of the Financial Management Department of Chungghwa Picture Tubes, Ltd. 	—	—	—	—	Note3
	ROC	Yen-Ling Chao	Female	2024/01/25	—	—	—	—	—	—	<ul style="list-style-type: none"> • Master of Accounting, National Taipei University • Chief of the Audit Division of Copartner Technology Corporation 	—	—	—	—	
	ROC	Song-Po Lin	Male	2024/11/08	—	—	—	—	—	—	<ul style="list-style-type: none"> • Department of Accounting, Nanhua University • Team Leader of the Financial of Mytrex Health Technologies, Inc. 	—	—	—	—	

As of April 30, 2025

Title	Nationality	Name	Sex	Date on Board (Note 1)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person			Note
					Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate	Number of Shares	Share- holding Rate			Title	Name	Rela- tion	

Note 1: This date refers to the starting date that these personnel have assumed the current position, and not the start date in this company.

Note 2: On November 8, 2024, the board of directors approved Re-Yang Chu new head of CEO and dismissed Sheng-Shih Chang as the head of CEO.

Note 3: On January 25, 2024, the board of directors approved Yen-Ling Chao new head of corporate governance and dismissed Ling-Ta Chiu as the head of corporate governance. ; On November 8, 2024, the board of directors approved Song-Po Lin new head of corporate governance and dismissed Yen-Ling Chao as the head of corporate governance.

(3) Compensation Paid to Directors, Supervisors, CEO (GM) and Vice Presidents in the Most Recent Year (2024)

i. Compensation of directors (including independent directors)

Unit: NT\$ thousand

Title	Name	Compensation for Directors						The proportions of the total amounts and the percentages of after-tax net income for A, B, C, and D		Compensation Received by Concurrent Employees				The proportions of the total amounts and the percentages of after-tax net income for A, B, C, D, E, F, and G		Whether Receiving Compensation from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not		
		Wages (A)		Pension (B)		Bonus and Special Disbursement, etc.(C)				Employee Compensation (D)								
		Wages (A)		Pension (B)		Bonus and Special Disbursement, etc.(C)		Employee Compensation (D)		Wages, Bonus and Special Disbursement, etc. (E)		Pension (F)		Employee Compensation (G)				
		This company		All companies listed in the Financial Reports		This company		All companies listed in the Financial Reports		This company		All companies listed in the Financial Reports						
Chairman	Sheng-Shih Chang (Note 1)	780		—		17.5		797.5 (0.34)		6,300		—		797.5 (0.34)		7,097.5 (3.02)		—
		780		—		17.5		797.5 (0.34)		—		—		797.5 (0.34)		—		
Director cum CEO	Re-Yang Chu (Note 1)	720		—		17.5		737.5 (0.31)		1,200		—		737.5 (0.31)		1,937.5 (0.82)		—
		720		—		17.5		737.5 (0.31)		—		—		737.5 (0.31)		—		

Title	Name	Compensation for Directors						The proportions of the total amounts and the percentages of after-tax net income for A, B, C, and D		Compensation Received by Concurrent Employees				The proportions of the total amounts and the percentages of after-tax net income for A, B, C, D, E, F, and G		Whether Receiving Compensation from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not	
		Wages (A)		Pension (B)		Bonus and Special Disbursement, etc.(C)		Employee Compensation (D)		Wages, Bonus and Special Disbursement, etc. (E)	Pension (F)		Employee Compensation (G)		All companies listed in the Financial Reports		This company
		This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports		Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
Director	Yu-Mei Lee	720	720	—	—	—	—	17.5	737.5 (0.31)	1,488	—	—	—	—	737.5 (0.31)	2,225.5 (0.95)	—
Independent Director	Chao-Chin Li	900	900	—	—	—	—	17.5	917.5 (0.39)	—	—	—	—	—	917.5 (0.39)	917.5 (0.39)	—
Independent Director	Neng-Chieh Shih (Note3)	337.5	337.5	—	—	—	—	5	342.5 (0.15)	—	—	—	—	—	342.5 (0.15)	342.5 (0.15)	—
Independent Director	Pao-Sheng Wei	840	840	—	—	—	—	17.5	857.5 (0.36)	—	—	—	—	—	857.5 (0.36)	857.5 (0.36)	—
Independent Director	Chuan-Chang Chang (Note2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent Director	Ying-Chou Wang (Note4)	442.3	442.3	—	—	—	—	7.5	449.8 (0.19)	—	—	—	—	—	449.8 (0.19)	449.8 (0.19)	—
Total		4,739.8	4,739.8	—	—	—	—	100	4,839.8 (2.06)	8,988	—	—	—	—	4,839.8 (2.06)	13,827.8 (5.88)	—
1. Please describe the policies, systems, standards and structure of independent directors' remuneration, and explain the relevance with the amount of remuneration based on their responsibilities, risks, and time investment :																	

Unit: NT\$ thousand

Whether Receiving Compensation from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not														
Title	Name	Compensation for Directors				The proportions of the total amounts and the percentages of after-tax net income for A, B, C, and D	Compensation Received by Concurrent Employees			The proportions of the total amounts and the percentages of after-tax net income for A, B, C, D, E, F, and G	All companies listed in the Financial Reports			
		Wages (A)	Pension (B)	Bonus and Special Disbursement , etc.(C)	Employee Compensation (D)		Wages, Bonus and Special Disbursement , etc. (E)	Pension (F)	Employee Compensation (G)					
													This company	All companies listed in the Financial Reports
This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	Share Bonus	Cash Bonus	Share Bonus	Cash Bonus							
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This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	Share Bonus	Cash Bonus	Share Bonus	Cash Bonus							
								This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports	Share Bonus	Cash Bonus	Share Bonus

Note1: On November 8, 2024, the board of directors approved Re-Yang Chu new head of Ceo and dismissed Sheng-Shih Chang as the head of Ceo.

Note2: The dismissal of that independent director was effective on January 1, 2024

Note3: The dismissal of that independent director was effective on May 15, 2024

Note4: The election of that independent director was effective on June 28, 2024

Pay Band of Compensation

All Types of the Compensation Paid to Each Compensation for Directors of this Company	Director name			
	Top four compensation budgets (A+B+C+D)		Total first seven remuneration (A+B+C+D+E+F+G)	
	This company	All companies listed in the Financial Reports	This company	All companies listed in the Financial Reports
Below \$1,000,000	Sheng-Shih Chang, Re-Yang Chu, Yu-Mei Lee, Chao-Chin Li, Neng-Chieh Shih, Pao-Sheng Wei, Chuan-Chang Chang, Ying-Chou Wang	Sheng-Shih Chang, Re-Yang Chu, Yu-Mei Lee, Chao-Chin Li, Neng-Chieh Shih, Pao-Sheng Wei, Chuan-Chang Chang, Ying-Chou Wang	Sheng-Shih Chang, Re-Yang Chu, Yu-Mei Lee, Chao-Chin Li, Neng-Chieh Shih, Pao-Sheng Wei, Chuan-Chang Chang, Ying-Chou Wang	Chao-Chin Li, Neng-Chieh Shih, Pao-Sheng Wei, Chuan-Chang Chang, Ying-Chou Wang
\$1,000,000 (inclusive) ~\$2,000,000 (exclusive)	—	—	—	Re-Yang Chu
\$2,000,000 (inclusive) ~\$3,500,000 (exclusive)	—	—	—	Yu-Mei Lee
\$3,500,000 (inclusive) ~\$5,000,000 (exclusive)	—	—	—	—
\$5,000,000 (inclusive) ~\$10,000,000 (exclusive)	—	—	—	Sheng-Shih Chang
\$10,000,000 (inclusive) ~\$15,000,000 (exclusive)	—	—	—	—
\$15,000,000 (inclusive) ~\$30,000,000 (exclusive)	—	—	—	—
\$30,000,000 (inclusive) ~\$50,000,000 (exclusive)	—	—	—	—
\$50,000,000 (inclusive) ~\$100,000,000 (exclusive)	—	—	—	—
Over \$100,000,000	—	—	—	—
Total	8	8	8	8

- ii. Compensation of Supervisors: The company established audit committee and hence not applicable.
- iii. Compensation of CEO (General Manager) and VP

Unit: NT\$ thousand

Title	Name	Wages (A)		Pension (B)		Bonus and Special Disbursement, etc. (C)		Employee Compensation (D)				The proportions of the total amounts and the percentages of after-tax net income for A, B, C, and D		Whether Receiving Compensation from the Companies Invested by the Company Other Than the Subsidiaries of the Company or Not
		All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	This Company		All Companies Specified in the Financial Statements		All Companies Specified in the Financial Statements		
								Share Bonus	Cash Bonus	Share Bonus	Cash Bonus			
Chairman	Sheng-Shih Chang(Note1)	—	5,040	—	—	—	1,260	—	—	—	—	—	6,300 (2.68)	—
CEO	Re-Yang Chu(Note1)	—	1,200	—	—	—	—	—	—	—	—	—	1,200 (0.51)	—

Note1: On November 8, 2024, the board of directors approved Re-Yang Chu new head of CEO and dismissed Sheng-Shih Chang as the head of CEO.

Pay Band of Compensation

All Types of the Compensation Paid to Each Respective CEO, General Manager and VP of this Company	Names of CEO, General Manager and VP	
	This Company (Note 1)	All Companies Specified in the Financial Statements (Note 2)
Below \$1,000,000	—	—
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)	—	Re-Yang Chu
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	—	—
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)	—	—
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	—	Sheng-Shih Chang
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	—	—
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	—	—
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	—	—
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	—	—
Over \$100,000,000	—	—
Total	—	2

Note 1: The names of the CEO, General Manager and VP shall be disclosed in the pay band with regards to the amount for all types of compensation paid by the Company to each respective CEO (General Manager) and VP.

Note 2: The consolidated financial statements include the amount for all types of compensation paid to each respective CEO (General Manager) and VP of this company by all companies (including this company), and the names of the CEO, General Manager and VP are disclosed in the relevant pay band.

iv. Compensation of the top five highest paid executives

Unit: NT\$ thousand

Title	Name	Wages (A) Pension (B)				Bonus and Special Disbursement, etc. (C)		Employee Compensation (D)				The proportions of the total amounts and the percentages of after-tax net income for A, B, C, and D		Whether Receiving Compensation from the Companies Invested by the Company Other Than the Subsidiaries of the Company or Not
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company		All Companies Specified in the Financial Statements		This Company	All Companies Specified in the Financial Statements	
								Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
Chairman	Sheng-Shih Chang(Note1)	—	5,040	—	—	—	1,260	—	—	—	—	—	6,300 (2.68)	—
CEO	Re-Yang Chu(Note1)	—	1,200	—	—	—	—	—	—	—	—	—	1,200 (0.51)	—
Chief, Finance & Accounting Dept.	Siang-Cyuan Zeng	—	1,450.8	—	—	—	362.7	—	—	—	—	—	1,813.5 (0.77)	—
Corporate Governance Officer(Note2)	Ling-Ta Chiu	—	75	—	—	—	—	—	—	—	—	—	75 (0.03)	—
	Yen-Ling Chao	—	649	—	—	—	—	—	—	—	—	—	649 (0.28)	—
	Song-Po Lin	—	123	—	—	—	109	—	—	—	—	—	232 (0.10)	—

Note1: On November 8, 2024, the board of directors approved Re-Yang Chu new head of CEO and dismissed Sheng-Shih Chang as the head of CEO.

Note2: On January 25, 2024, the board of directors approved Yen-Ling Chao new head of corporate governance and dismissed Ling-Ta Chiu as the head of corporate governance. ; On November 8, 2024, the board of directors approved Song-Po Lin new head of corporate governance and dismissed Yen-Ling Chao as the head of corporate governance.

- v. Names of Managers Who Distributed Employee Bonuses and Circumstances of Distribution
No such circumstances exist in our company.
- vi. Analysis of the ratio of aggregate compensation to post-tax net earnings paid to the directors and supervisors, CEOs, general managers and VPs of this company and all firms covered in the consolidated financial statements for the past two years and an explanation of the policy, standards and package, and the process of determining the compensation amount in relation to business performance and future risk.
- (i) Analysis of the ratio of aggregate compensation to post-tax net earnings paid to the directors and supervisors, CEOs, general managers and VPs of this company and all firms covered in the consolidated financial statements

Unit: NT\$ thousand

Item	Year 2023				Year 2024			
	This Company		The consolidated financial statements		This Company		The consolidated financial statements	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	5,395	(1.04)	7,347	(1.42)	4,839.8	(2.06)	12,627.8	(5.37)
CEO (General Manager) and VP	—	—	5,040	(0.97)	—	—	1,200	(0.51)
Total	5,395	(1.04)	12,387	(2.39)	4,839.8	(2.06)	13,827.8	(5.88)

- (ii) The policy, standards and package, and the process of determining the compensation amount in relation to business performance

A. Policy, Criteria and Composition of Remuneration:

- a. According to Article 95 of the Company by-law, the directors' remuneration is only paid in cash. The amount of remuneration shall be determined by the Board of Directors with respect to the director's contribution to the Company, the operating performance and the remuneration level of the domestic and overseas peers of the R.O.C. In addition, the remuneration shall be paid no matter the Company earns or losses. The Company conducts regular evaluations of individual directors' performance in accordance with the 'Procedure for Evaluation on the Board of Directors' Performance.' These evaluation results serve as the basis for determining their respective remuneration, following the regular evaluations and recommendations of the Remuneration Committee. Evaluation criteria include:

- Engagement in the operations of the Company: Accounting for 27% of the overall evaluation
- Improve the quality of decisions made by the Board of Directors: Accounting for 24% of the overall evaluation
- The composition and structure of the Board of Directors: Accounting for 16% of the overall evaluation
- Selection and continuing education of the directors: Accounting for 16% of the overall evaluation
- Internal control: Accounting for 16% of the overall evaluation

In addition, the Company refers to the average directors' remuneration level of domestic and overseas peers, such as Amita, Long Time, and Changs Ascending. Because the evaluation results for the Board of Directors' operational performance in 2024 were deemed satisfactory, with an evaluation result exceeding 96 points. Therefore, after the recommendation of the Remuneration Committee and the resolution of the Board of Directors, the Company will pay the fixed remuneration such as monthly payment and transportation fees.

- b. Remuneration of the Company's managers: In order to recognize and reward employees for their efforts in work, the Company's "Salary Management Measures" and "Management Procedures of Performance and Appraisal" outline specific job allowances and bonuses. These bonuses are determined based on the Company's performance objectives (Company KPI), financial situation, operational status, and individual job performance (Departmental KPI). Additionally, if the Company makes profits in the year, it shall allocate 1% to 10% as the remuneration of employees in accordance with Article 115 of the Company's Articles of Association. The remuneration system is regularly reviewed to ensure alignment with current operational conditions and relevant legal regulations.
- c. The Company's composition of remuneration, as outlined in the "Remuneration Committee Charter," covers monetary compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances, and other measures designed to offer significant incentives. Its scope is consistent with the provisions concerning compensation for directors and managers outlined in the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

B. Procedure for Determining Remuneration:

- a. To regularly assess and determine the salary compensation of directors and managers, the Company relies on the results of evaluations conducted according to the "Procedure for Evaluation on the Board of Directors' Performance" for directors and the "Management Procedures of Performance and Appraisal" applicable to managers and employees. Additionally, annual performance objectives (KPI) for the Company are established at the end of each year, with the Chairman and CEO leading the Company in achieving these objectives
- b. In 2024, the self-assessment results of the Board of Directors, directors, and members of various functional committees all significantly exceeded standards. Additionally, the

Company successfully to reduce losses in 2024, thereby achieving the predetermined performance objectives for the managers.

- c. The performance evaluation and reasonableness of salary compensation for directors and managers in the Company are subject to regular assessments and reviews by both the Remuneration Committee and the Board of Directors on annual basis. In addition to considering individuals' performance achievements and contributions to the Company, factors such as the Company's overall operational performance, future industry risks, and development trends are also taken into consideration. The remuneration system is regularly reviewed to ensure alignment with current operational conditions and relevant legal regulations, and adjustments are made as needed. Considering current trends in corporate governance, fair compensation is ensured to achieve a balance between sustainable business operations and effective risk management. The actual disbursement amount of director and manager remuneration for 2024 is determined by the Board of Directors after an audit by the Remuneration Committee.

C. Linkage to Operating Performance and Future Risk Exposure:

- a. The review on the Company's remuneration policy, as well as the related payment standards and systems is primarily based on the overall operational status of the Company, considering factors such as performance achievement rates and levels of contribution, aiming to enhance the overall organizational effectiveness of both the Board of Directors and management departments. In addition, the Company refers to the industrial remuneration level to ensure that the salary compensation for the Company's management levels remain competitive within the industry, thereby retaining top-tier management talent.
- b. The Company integrated performance objectives of managers with risk control to ensure effective management and mitigation of potential risks within their scope of responsibilities. Ratings are determined based on actual performance, which are then linked to various policies related to human resources management and remuneration. Key decisions made by the management levels are carefully balanced upon considering various risk factors. The performance, in response to achieving the Company's objectives, further correlates with the compensation of management levels and effectiveness of risk management.

2. Corporate Governance Status

(1) Operating Status of the Board of Directors

2024 and as of the date of publication of the annual report, 9 [A] board meetings were held and the attendance rate of the directors is as follows:

Title	Name	Times of Attendance in Person [B]	Times of Attendance by Proxy	Actual Attendance Ratio (%) [B/A]	Remarks
Chairman	Sheng-Shih Chang	9	—	100%	1. The resignation of independent director Chuan-Chang Chang will take effect on January 1, 2024. 2. The resignation of independent director Neng-Chieh Shih will take effect on May 15, 2024. 3. The election of that independent director Ying-Chou Wang was effective on June 28, 2024.
Director	Re-Yang Chu	9	—	100%	
	Yu-Mei Lee	9	—	100%	
Independent Director	Chao-Chin Li	9	—	100%	
	Neng-Chieh Shih	4	2	50%	
	Pao-Sheng Wei	9	—	100%	
	Chuan-Chang Chang	—	—	—	
	Ying-Chou Wang	5	—	100%	

Other remarks as required:

- i. If any of the below situations apply, the details of the meeting date, session number, proposal content, opinions of all independent directors and actions taken by the Company in response to the opinions of the independent directors should

be listed.

(i) Matters enumerated under Article 14-3 of Securities and Exchange Act:

Date and Session of the Board of Directors	Content of the Proposal	Opinions of the Independent Directors	Actions taken by the Company in response to the Independent Directors
Jan 25 th ,2024 Meeting7, Session9	<ol style="list-style-type: none"> 1. The issuance of performance bonuses and the implementation of performance appraisal of the company's managers in 2023. 2. A statement on the progress of the dispute over the strategic alliance between the Company and FDG Electric Vehicles (Holdings) Limited, FDG Power Limited and FDG Dynamics Investment Limited. 	None	None
Mar 8 th ,2024 Meeting8, Session9	<ol style="list-style-type: none"> 1. Annual business report and financial statement of the company for the year 2023. 2. Internal control statement of the company and its subsidiaries for the year 2023. 3. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary. 		
Apr 11 th ,2024 Meeting9, Session9	<ol style="list-style-type: none"> 1. Annual business report and financial statement of the company for the year 2023. 2. The company intends to handle the case of capital reduction to make up for losses. 3. Discontinuation of private placement of common shares approved at the 2023 shareholders' meeting. 4. Private placement of common shares for capital increase. 5. Appointment of the accounting firm for the public expense and independence evaluation of the independent accountant for the financial statement of the company for the year 2023. 6. It is proposed to change the cash capital increase fund utilization plan handled by the Company in 2023. 7. By-election of one independent director of the Company. 8. Revision of certain articles of the company's bylaws. 9. Prepare the date, time, place and agenda of the 2024 annual general meeting of shareholders of the Company. 10. The 2024 Annual General Meeting of Shareholders will accept shareholder proposals and proposals on the period and venue of nominee directors and independent directors. 11. The company plans to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd. 		
May 10 th ,2024 Meeting10, Session9	<ol style="list-style-type: none"> 1. Nomination of candidates for independent directors. 2. The case to lift the restriction on new directors from competing with the company. 3. It is proposed to amend the "Operating Regulations for the Acquisition or Disposal of Assets" of a subsidiary, Advanced Lithium Electrochemistry Co., Ltd. 4. Prepared the company Aleees India Technology Private Limited. "Methods of acquiring or disposing of assets". 5. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary. 6. The Company intends to increase its capital in cash in its subsidiary, Aleees US, Corp., and indirectly in its subsidiary, Aleees Texas, LLC. 		
Aug 14 th ,2024 Meeting11, Session9	<ol style="list-style-type: none"> 1. To discuss the remuneration of newly-elected independent directors of the Company. 2. Proposal for the appointment of the members of the 4th Nomination Committee and the 5th Remuneration Committee of the Company. 3. The financial report of the first half of the year 2023 for the 		

	<p>company and its subsidiaries.</p> <p>4. Proposal to Not Establish Regulations for the Loaning of Funds and Regulations Governing Endorsement & Guarantee Operations for Aleees India Technology Private Limited (hereinafter referred to as Aleees India).</p>		
Nov 8 th ,2024 Meeting12, Session9	<p>1. Preparation of the 2025 audit plan for the company and its subsidiaries.</p> <p>2. Nomination for the appointment of CEO.</p> <p>3. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary.</p> <p>4. Proposal to amend the company' "Operating Measures for Acquisition or Disposal of Assets."</p>		
Dec 26 th , 2024 Meeting13, Session9	<p>1. The implementation of performance appraisal and the issuance of performance bonuses of the Company's managers in 2024.</p> <p>2. Operating plan and budget for the company and its subsidiaries for the year 2025.</p> <p>3. The Company intends to increase its capital in cash in its subsidiary, Aleees US, Corp., and indirectly in its subsidiary, Aleees UK Ltd.</p>		
Mar 14 th ,2025 Meeting14, Session9	<p>1. Proposal for the remuneration adjustment of the Company's managers.</p> <p>2. Annual business report and financial statement of the company for the year 2023.</p> <p>3. Discontinuation of private placement of common shares approved at the 2024 shareholders' meeting.</p> <p>4. Private placement of common shares for capital increase.</p> <p>5. Appointment of the accounting firm for the public expense and independence evaluation of the independent accountant for the financial statement of the company for the year 2024.</p> <p>6. Internal control statement of the company and its subsidiaries for the year 2024.</p> <p>7. Revision of certain articles of the company's bylaws.</p> <p>8. Prepare the date, time, place and agenda of the 2025 annual general meeting of shareholders of the Company.</p> <p>9. The 2024 Annual General Meeting of Shareholders will accept shareholder proposals and proposals on the period and venue .</p> <p>10. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary.</p> <p>11. The company plans to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.</p>		

(ii) Other matters the independent directors objected to or abstained from voting from which were recorded, declared in writing or resolved in the board of directors: None.

ii. Information on the withdrawal of directors from proposals due to conflict of interests. The names of directors, proposal content, causes of required withdrawal due to conflict of interests and results of voting:

Date/Session of the Board of Directors	Director's Name	Proposal Content	Cause of Withdrawal due to Conflict of Interests	Results of Voting
Jan 25 th ,2024 Meeting7, Session9	Sheng-Shih Chang Re-Yang Chu Yu-Mei Lee	The issuance of performance bonuses and the implementation of performance appraisal of the company's managers in 2023.	Director Sheng-Shih Chang, Re-Yang Chu, Yu-Mei Lee withdrew from discussion and voting due to conflict of interests.	In accordance with the resolution of the remuneration committee, the case was passed without objection after consulting the opinions of Independent directors Neng-Chieh Shih and Chao-Chin Li.
Aug 14 th ,2024 Meeting11, Session9	Ying-Chou Wang	To discuss the remuneration of newly-elected independent directors of	Independent Director Ying-Chou Wang, withdrew from discussion and voting due to conflict of	After consultation with the attending directors , which was conducted by chairperson of the meeting,

		the Company. Proposal for the appointment of the members of the 4th Nomination Committee and the 5th Remuneration Committee of the Company.	interests.	the proposal passed as proposed.
Nov 8 th , 2024 Meeting 12, Session 9	Re-Yang Chu	Nomination for the appointment of CEO.	Director Re-Yang Chu, withdrew from discussion and voting due to conflict of interests.	After consultation with the attending directors, which was conducted by chairperson of the meeting, the proposal passed as proposed.
Dec 26 th , 2024 Meeting 13, Session 9	Sheng-Shih Chang Re-Yang Chu Yu-Mei Lee	The implementation of performance appraisal and the issuance of performance bonuses of the Company's managers in 2024.	Director Sheng-Shih Chang, Re-Yang Chu, Yu-Mei Lee withdrew from discussion and voting due to conflict of interests.	After consulting with directors, the case was approved as consistent and without objection and passed as proposed by the acting chairman Chao-Chin Li.

- iii. The evaluation cycle and period, evaluation scope, method and evaluation content and other information of the self (or peer) evaluation of the Board of Directors:

Evaluation of the Board of Directors

Cycle	Period	Scope	Method	Content
The internal board of directors shall be evaluated for their performance at least once a year, which shall also be evaluated at least once every three years by an external professional independent institution or a team of experts and scholars.	Evaluate the performance of the Board of Directors from 2024/01/01 to 2024/12/31	1. Board of Directors 2. Each director 3. Functional committees	Internal self-evaluation by the board of directors, self-evaluation by directors, peer evaluation, appointment of external professional organizations, experts or other appropriate methods for evaluation	Evaluation items of the Board of directors (functional committees): 1. Engagement in the operations of the Company 2. Improve the quality of decisions made by the Board of Directors 3. The composition and structure of the Board of Directors 4. Selection and continuing education of the directors 5. Internal Control Evaluation items for Board members (self or peer): 1. Management of the Goal and Mission of the Company 2. Awareness of directors' responsibilities 3. Engagement in the operations of the Company 4. Management and communication of internal relationship 5. Profession and continuing education of directors 6. Internal control

- iv. Evaluation of the execution status of, and with the purpose to strengthen the functionality of the Board of Directors in the current and most recent years (such as the establishment of the audit committee to enhance transparency):

- (i) To fulfill relevant regulations specified in authorities' official documents, the Company revised some provisions of the "Procedure for Evaluation on the Board of Directors' Performance", "Rules Governing the Scope of Powers of Independent Directors," and "Ethical Corporate Management Best Practice Principles".
- (ii) The Company has renamed the "Social Responsibility Committee" to the "Sustainability Committee". In addition, the Company expands the committee's responsibilities to cover the scope of risk management, in order to improve the corporate governance, to control the Company's operations on risk management and to elevate the concept of sustainable development.
- (iii) In order to enhance effectiveness of corporate governance, the 6th meeting of the 8th session of the Board, held on

November 4, 2020, has accepted a resolution to update the "risk management procedures." A report was made on the 13th meeting of the 9th session of the Board, held on December 26, 2024, to offer updates about implementation status to directors.

- (iv) The Company has purchased liability insurance for all directors and declared according to the regulations.
- (v) The Company shall inform relevant improvement courses to board members and assist in arranging for training courses to enhance the absorption of new knowledge and maintain professional advantages.

(2) Operating Status of the Audit Committee

- i. 2024 and as of the date of publication of the annual report, 8 [A] audit committee meetings were held and the attendance rate of the independent directors is as follows:

Title	Name	Times of Attendance in Person [B]	Times of Attendance by Proxy [A]	Actual Attendance Ratio (%) [B/A]	Notes
Independent Director	Chao-Chin Li	8	—	100.00%	1. The resignation of independent director Chuan-Chang Chang will take effect on January 1, 2024. 2. The resignation of independent director Neng-Chieh Shih will take effect on May 15, 2024. 3. The election of that independent director Ying-Chou Wang was effective on June 28, 2024.
	Neng-Chieh Shih	1	2	33.33%	
	Pao-Sheng Wei	8	—	100.00%	
	Chuan-Chang Chang	—	—	100.00%	
	Ying-Chou Wang	5	—	100.00%	

Other remarks as required:

- 1. If any of the below situations apply to the operations of the audit committee, the details of the meeting date, session number, proposal content, results of voting by the audit committee, and actions taken by the Company in response to the opinions of the members of the audit committee should be listed:

(2) Matters enumerated under Article 14-5 of Securities and Exchange Act:

Date and Session of the Board of Directors	Content of the Proposal	Voting Results by the Audit Committee	Actions taken by the Company in response to the Audit Committee
Mar 8 th , 2024 Meeting 5, Session 5	1. Annual business report and financial statement of the company for the year 2023. 2. Internal control statement of the company and its subsidiaries for the year 2023. 3. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary.	After consultation by the chairman with all committee members present, the proposal passed as proposed.	None
Apr 11 th , 2024 Meeting 6, Session 5	1. Annual business report and financial statement of the company for the year 2023. 2. Proposed allocation of losses for the year 2023 3. The company intends to handle the case of capital reduction to make up for losses. 4. Discontinuation of private placement of common shares approved at the 2023 shareholders' meeting. 5. Private placement of common shares for capital increase. 6. Appointment of the accounting firm for the public expense and independence evaluation of the independent accountant for the financial statement of the company for the year 2023. 7. It is proposed to change the cash capital increase fund utilization plan handled by the Company in 2023. 8. The company plans to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.		
May 10 th , 2024	1. The Company's proposed cash capital increase to its		

Meeting 7, Session 5	<p>subsidiary, Aleees US, Corp, and indirectly to its subsidiary, Aleees Texas LLC</p> <p>2. The company drew up to apply for a capital loan from its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.</p> <p>3. The Company intends to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.</p>		
Aug 14 th , 2024 Meeting 8, Session 5	<p>1. The financial report of the first half of the year 2024 for the company and its subsidiaries.</p> <p>2. Proposal to Not Establish Regulations for the Loaning of Funds and Regulations Governing Endorsement & Guarantee Operations for the Company's sub-subsidiary, Aleees India Technology Private Limited (hereinafter referred to as Aleees India).</p>		
Nov 8 th , 2024 Meeting 9, Session 5	<p>1. Financial report for the third quarter of 2024</p> <p>2. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary.</p> <p>3. Preparation of the 2025 audit plan for the company and its subsidiaries.</p> <p>4. Proposal to amend the company' "Operating Measures for Acquisition or Disposal of Assets."</p>		
Dec 26 th , 2024 Meeting 10, Session 5	<p>1. Operating plan and budget for the company and its subsidiaries for the year 2025.</p> <p>2. The Company intends to increase its capital in cash in its subsidiary, Aleees US, Corp., and indirectly in its subsidiary, Aleees UK Ltd.</p>		
Mar 14 th , 2025 Meeting 11, Session 5	<p>1. Annual business report and financial statement of the company for the year 2024.</p> <p>2. Proposed allocation of losses for the year 2024</p> <p>3. Discontinuation of private placement of common shares approved at the 2023 shareholders' meeting.</p> <p>4. Private placement of common shares for capital increase.</p> <p>5. Appointment of the accounting firm for the public expense and independence evaluation of the independent accountant for the financial statement of the company for the year 2025.</p> <p>6. Internal control statement of the company and its subsidiaries for the year 2024.</p> <p>7. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary.</p> <p>8. The company plans to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.</p>		

(3) Besides the information above, any resolutions not passed by the audit committee, but passed by two-thirds of the board of directors: None

2. Information on the withdrawal of independent directors from proposals due to conflict of interests. The names of the directors, proposal content, causes of required withdrawal due to conflict of interests and results of voting: None

3. Circumstances of Communications between the independent directors and the internal audit manager and CPA (including company financial matters, important communications regarding important matters, procedures and results of the status of business, etc.):

(1) The Company's internal audit manager reports to the independent directors on the auditing matters of the Company and its subsidiaries, in addition to the execution status of follow-up reports, on a scheduled basis in the audit committee. The internal audit manager needs to frequently contact the independent directors directly; the status of communications is good, the internal audit supervisor and the accountant communicate with the independent directors separately and once a year. The general directors and the management team do not engage in.

(2) The Company assigns CPA to the audit committee every quarter to report information to the independent directors,

focusing on the review of the Company's and its subsidiary's financial reports, the examination of results, and the status of internal control. The CPA also communicates when there are adjusted journal entries for financial reports and the impact on accounting procedures.

(3) The Company's independent directors communicate very well with the internal audit manager and the CPA.

(4) Below is a 2024 summary of the occasions in which the independent directors communicate with the internal audit manager:

Date	Channel	Highlight of Communication	Result
2024/03/08	Audit Committee	As of the Dec. 2023 Audit Report	No comment
2024/04/11	Audit Committee	As of the Jan and Feb. 2024 Audit Report	No comment
2024/05/10	Audit Committee	As of the Mar. 2024 Audit Report	No comment
2024/08/14	Audit Committee	As of the Jun. 2024 Audit Report	No comment
2024/11/08	Audit Committee	As of the Jul and Aug.2024 Audit Report	No comment
2024/11/08	Communica-tion meeting of corporate governance	2025 Annual audit plan	Only internal audit supervisor and the accountant participate the communication. The general directors and the management team do not engage in.
2024/12/26	Audit Committee	As of the Sep and Oct.2024 Audit Report	No comment

• Below is a 2024 summary of the occasions in which the independent directors communicate with the CPAs:

Date	Channel	Highlight of Communication	Result
2024/03/08	Audit Committee	1. The accountant gave an explanation on the 2023 financial statements and profit and loss situation, and discussed issues related to the application of certain accounting principles. 2. Discussion and communication regarding questions the CPA has raised to members of the meeting.	No comment
2024/03/08	Communica-tion meeting of corporate governance	1. Scope of the review. 2. Communication matters of the governance group after the review. 3. Highlights of the review.	Only internal audit supervisor and the accountant participate the communication. The general directors and the management team do not engage in.
2024/05/10	Audit Committee	1. Explanation of a review of the consolidated financial reports from the first quarter of 2024. 2. Discussion and communication regarding questions the CPA has raised to members of the meeting.	No comment
2024/05/10	Communica-tion meeting of corporate governance	1. Scope of the review. 2. Communication matters of the governance group after the review. 3. Highlights of the review.	Only internal audit supervisor and the accountant participate the communication. The general directors and the management team do not engage in.
2024/08/14	Audit Committee	1. Explanation of a review of the consolidated financial reports from the	No comment

			second quarter of 2024. 2. Discussion and communication regarding questions the CPA has raised to members of the meeting.		
	2024/08/14	Communica-tion meeting of corporate governance	1. Scope of the review. 2. Communication matters of the governance group after the review. 3. Highlights of the review.	Only internal audit supervisor and the accountant participate the communication. The general directors and the management team do not engage in.	
	2024/11/08	Audit Committee	1. Explanation of a review of the consolidated financial reports from the third quarter of 2024. 2. Discussion and communication regarding questions the CPA has raised to members of the meeting.	No comment	
	2023/11/08	Communica-tion meeting of corporate governance	1. Scope of the review. 2. Communication matters of the governance group after the review. 3. Highlights of the review.	Only internal audit supervisor and the accountant participate the communication. The general directors and the management team do not engage in.	

(3) Corporate Governance Status and the Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms

Evaluation Contents	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
1. Has the Company set up and disclosed the Corporate Governance Best Practice Principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		Our company firmly believes that a Board of Directors with sound structure and operations, transparency of information, protecting the rights and interests of shareholders and the fair treatment of shareholders is the foundation for company governance. Our company has set up “Corporate Governance Best Practice Principles” and disclosed it on our company’s website in addition to the Market Observation Post System in accordance to the related procedures and laws regarding the establishment of corporate governance. Since the past, our company has ranked in the top tiers in terms of standards for corporate governance, and has received affirmation for the Company’s corporate governance and transparency of information.
2. Company’s Shareholding Structure and the Rights and Privileges of Shareholders A. Does the Company set up internal procedures to deal with shareholders’ recommendations, concerns, disputes, litigation matters, and does it implement these rules according to procedure?	V		Our company has set up a spokesperson and acting spokesperson system to guarantee that any information regarding decisions that impact our shareholders is able to be promptly announced. Our company’s website also contains a specialized e-mail inbox, dedicated to dealing with our shareholders’ issues, such as recommendations and disputes. If the issue is related to laws and regulations, shareholders will be directed to the legal affairs department, according to procedure.
B. Does the Company retain a register of major shareholders that have controlling power over the Company and people who hold ultimate power over those major shareholders?	V		Our company has set up stock affairs and transfer agency departments and can bring up the register of major shareholders that have controlling power over the Company and people who hold ultimate power over those major shareholders. Changes in the stockholdings of people within the Company are reported every month, as required by law.
C. Has the Company set up and executed controls for risks and firewall mechanisms between affiliated firms?	V		Our company has established the “Rules Governing Related Party Transactions” and the “Procedures for the Supervision of Subsidiaries” to set the norms for financial and business matters involving related firms. This acts as an effective control for risk and as a firewall mechanism.
D. Has the Company set up rules and regulations to prohibit persons inside the firm from using unreleased market information to buy and sell negotiable securities?	V		Our company has already established the “Procedures Handling Internal Information and the Management of Preventing Insider Trading”, preventing persons inside the Company from using unreleased market information to buy and sell negotiable securities.
3. The Organization and Responsibilities of the Board of Directors A. Does the Board of Director formulate the diversity policy, specific management goals and implement based on the member composition?	V		1. The Company complies with the concept of diverse directors in the “Corporate Governance Best Practice Principles”. It is advisable that directors concurrently serving as company managers not exceed one-third of the total number of the board members. In addition, the Company shall formulate diverse guideline in terms of itself operation, business and development requirement, it is advisable to include, but is not limited to, the standard shall include but not limit to below two direction: (1) Basic conditions and values: Gender, Age, Nationality and Culture and so on. (2) Professional knowledge and skills: Professional background (e.g., law, accounting,

Evaluation Contents	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEx-Listed Firms
	Yes	No	
			<p>industry, finance, marketing or technology), professional skills, and industry experience.</p> <p>2. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: Ability to make operational judgements, 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, and ability to make policy decisions.</p> <p>3. The composition of the Board of Directors is determined with a focus on diversity, which also includes female directors. Directors who concurrently serve as the Company's managers do not exceed one-third of the total number of the board members and are selected based on diverse professional backgrounds or fields of expertise.</p> <p>4. The Board of Directors of the Company has 6 directors, including 3 independent directors. The professionals cover the finance or accounting, law and regulation, business management, knowledge of industry, corporate governance and so on, the current Board of Directors of the Company is composed of professionals with different professional backgrounds or fields, which is in line with the diversity policy. The board members are composed of six Taiwanese. There are a total of 6 board members, with 5 male directors, accounting for 83.33% of all board members, and 1 female directors, accounting for 16.67% of all board members. At present, there is no more than one-third of the directorship held by the directors who concurrently serve as the company's managers, there are also female board members. (The implementation of diversity for individual director shall be referred to page13 of the Annual report.)</p>
B. Other than the Compensation Committee and the audit Committee which are required by law, is the company willing to set up other committees?	V		<p>Other than the Compensation Committee and the Audit Committee, the Company has set up the committees described below:</p> <ul style="list-style-type: none"> Under the Board of Directors is the Sustainability Committee, which plans and sets goals for sustainable development and regularly reviews the progress and achievements of those goals. A Nomination Committee has been set up to improve the functions of the Board of Directors of this company and to strengthen management mechanisms. This committee consists of three directors nominated by the Board and half of the committee consists of independent directors.
C. Whether the Company formulates the regulations and method for the performance evaluation of the board of directors, conducts performance evaluation regularly every year, reports the results of the performance evaluation to the board of directors, and takes it as a reference for the remuneration,	V		<p>To implement the Company's governance and improve the functionality of the Board of Directors, performance goals are established to improve efficiency in the operations of the Board. The Company has set criteria to evaluate the performance of the Board and evaluates the Board internally once every year. In addition, the Board undergoes an external evaluation at least once every three years.</p> <p>External evaluation, in November 2021, the Company appointed EY Advisory Services</p>

Evaluation Contents	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
nomination and re-appointment of each director.?		<p>Inc. (hereinafter referred to as EY) to perform the performance evaluation of the external board of directors in 2021 and submitted the report of performance evaluation results of the board of directors to the board of directors on February 25, 2022. The evaluation uses EY's eight big criteria to assist in identifying key elements to supplement the evaluation of our company's Board. Those criteria include: the structure and process of the Board, the members of the board, corporate and organizational structure, role and authority, behavior and culture, the training and developments of directors, the supervision of risk control and the supervision of reporting, disclosure and performance.</p> <p>Based on the performance evaluation of the Board of Directors, EY believes that Cayman Aleees Electric Energy has a healthy and good interactive culture, which is one of the basic elements of a high-performance Board of Directors. Based on this, it is hoped that EY is able to offer the observations and suggestions to the company in this evaluation in terms of board members, operating practices, risk management and performance supervision, and even assist the company and the Board of Directors to continuously optimize and improve. Eventually the company becomes the benchmark of industry for corporate governance and performance of Board of Directors.</p> <p>Internally evaluation, the Company submitted the 2024 internal performance evaluation results of the Board of Directors at the Board meeting on March 14, 2025. The evaluation scores more than 96 points and the operation was in good condition.</p>	
D. Does the Company regularly evaluate the independence of the CPAs's?	V		<p>According to our company's "Corporate Governance Best Practice Principles", regularly review the independence and appropriateness of CPA every year in terms of the qualifications and experience of certified CPAs, the standards of independence, the number of years for continuous audit services, the nature of non-audit services, audit and non-audit public funds, the quality of audit services, and whether the CPA has been punished by relevant authorities. The 2024 independence and appropriateness assessment of certified CPAs are listed in Table 1 below, which was approved by the Audit Committee and the Board of Directors on March 14, 2025.</p> <p>According to the evaluation of the independence of the Company's CPAs, they do not fall under the categories of being the Company's directors, supervisors, managers or a position of great impact to the Company. They are also not stakeholders and thus there are no issues of any direct or indirect conflicts of interest; they do not have any direct or indirect significant financial interests with our company. The CPAs execute professional services with upright, objective and serious attitude. In addition, the Audit Committee regularly obtains independence declarations from the CPAs. When the Company's Audit Committee and Board of Directors discuss the competence of the CPAs, they examine the CPA's personal credentials in addition to the CPA's major reviews and clients to evaluate the CPA's competence.</p>

Evaluation Contents	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEx-Listed Firms												
	Yes	No													
4. Whether TWSE/TPEx listed companies have deployed appropriate numbers of suitable corporate governance personnel, and designated corporate governance directors responsible for corporate governance-related matters (including but not limited to providing directors, supervisors with information required to perform business, assisting directors, supervisors in complying with laws, handled matters related to meetings of the board of directors and shareholders' meeting on the basis of the laws, and prepared the minutes of the board of directors and shareholders' meetings, etc?	V	<p>To enhance corporate governance and improve the effectiveness of the board of directors, the Company approved a resolution at the 25th meeting of the 7th Board of Directors on June 5, 2019 to set up a supervisor of corporate governance, and a qualified corporate governance personnel has been deployed. The main job description includes coordinating each relevant departments to provide directors with the information required to perform their business in time, assist directors in complying with laws and regulations, handling matters related to the board of directors and board meetings, and implement corporate governance, which includes the establishment of related promotion goals and regular follow-up of corporate governance, arrangement of related corporate governance training courses and other matters for directors and senior supervisors.</p> <p>The 2024 implementation of the corporate governance business by the corporate governance group is as follows:</p> <ul style="list-style-type: none"> • Plan and arrange diversified training courses for directors, with each director completing at least 6 hours, and 12 hours for the first directors of training in the fiscal year of 2024. • Conduct an annual performance evaluation of the board of directors. The results of the 2024 evaluation were all above 96 points, and were reported to the board of directors in March 14 2025. • Hold the shareholders' meeting on June 28, 2024, and handle shareholder meeting date registration, prepare meeting notices, agendas, and meeting minutes in both Chinese and English within the legal deadline. • Shall notify the directors 7 days before the Board meeting, convene the meeting and provide the meeting materials. Complete the minutes of the meeting, distribute to the directors within 20 days after the meeting, and include into the company's important files. • Maintain the transparent communication between the directors and the supervisors by offering the requested company information • Arrange separate communication meetings between independent directors and the accounting firm and audit manager, respectively. • Regularly review the promotion goals and implementation of corporate governance by the ESG Committee, and annually report to the Board of Directors • The continuous training situation of the head of corporate governance is as follows: <table border="1"> <thead> <tr> <th>Date</th><th>Organizer</th><th>Professional Development Course</th><th>Hours</th></tr> </thead> <tbody> <tr> <td>2024/11/19</td><td>Taiwan Institute for Sustainable Energy</td><td>The 7th GCSF Global Corporate Sustainability Forum</td><td>6</td></tr> <tr> <td>2025/03/20~2025/03/21</td><td>Securities and Futures Institute</td><td>The company's sustainable disclosure and practical learning</td><td>9</td></tr> </tbody> </table>	Date	Organizer	Professional Development Course	Hours	2024/11/19	Taiwan Institute for Sustainable Energy	The 7th GCSF Global Corporate Sustainability Forum	6	2025/03/20~2025/03/21	Securities and Futures Institute	The company's sustainable disclosure and practical learning	9	None
Date	Organizer	Professional Development Course	Hours												
2024/11/19	Taiwan Institute for Sustainable Energy	The 7th GCSF Global Corporate Sustainability Forum	6												
2025/03/20~2025/03/21	Securities and Futures Institute	The company's sustainable disclosure and practical learning	9												

Evaluation Contents	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEx-Listed Firms
	Yes	No	
5. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, clients, suppliers, etc.), and set up a designated area on the Company website to handle the issues of the stakeholders? Has the Company appropriately responded to the stakeholders regarding key corporate responsibility issues that affect them?	V	<p>The Company values communication with its stakeholders (including shareholders, employees, clients, upstream and downstream factories, investors, etc.), each other's rights and privileges, and a balance in the dutiful relationship between both parties. In addition to regular communications with stakeholders, the Company's website has set up a "Designated Zone for Stakeholders". This zone contains online surveys that help the Company to understand the main concerns of the stakeholders, an e-mail inbox Aleees@alechem.com, and contact information, through which stakeholders can express their opinions.</p> <ul style="list-style-type: none"> The Company's website also has a page for corporate governance in the "Investor Relations\Corporate Governance\Major Internal Policies", in which investors can download documents related to the rules and regulations of corporate governance. The Company has also set up a "Corporate Social Responsibility" section on the website. In addition to understanding the topics the major stakeholders are concerned about and the level of concern toward each topic, the website's content also reveals the implementation and the latest development of the Company's sustainable development goals for the reference of the stakeholders. It also provides ① e-mail address ESR@alechem.com and the contact no. 03-3646655 for Ms. Chen ②Praise/Complaint Mailbox :speak-up@alechem.com ③ e-mail address and contact no. for the Investor and Media Contact Person (e.g.: Spokesperson: Ruei-Yang Chu, CEO cum Investment Chief), ir@alechem.com, 03-3646655, to provide a channel for voicing opinions and suggestions to the Company. 	None
6. Has the Company delegated a professional shareholder services agent to serve the shareholders?	V		None
7. Disclosure of Information A. Has the Company set up a website that discloses information on the Company's financial affairs and corporate governance?	V		None
B. Has the Company taken other measures to disclose its information (i.e., setting up an English website, appointing personnel to gather and disclose the Company's information, implement a spokesperson system, uploading the whole process of the investor conference onto the Company website)?	V		None
C. Whether the Company announced and reported the annual financial report within two months after the end of the fiscal year, and announced and reported the	V		Although the Company has not announced and reported the annual financial statement within two months after the end of the fiscal year, it has announced the 2024 financial statement within the time limit stipulated by the Law, that is March 14, 2025.Publication of financial

Evaluation Contents	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
first, second and third quarter financial reports and operation of each month in advance before the prescribed period ?		reports for the first, second, and third quarters and the operational performance in each month was completed within the specified time limit.	
8. Does the Company have any other information that would assist in letting others learn more about the Company's corporate governance status (including but not limited to the rights and privileges of employees, concern toward staff, relationship with investors, relationship with suppliers, rights and privileges of stakeholders, pursuance of higher education by directors and supervisors, risk control policy and performance of risk measuring standards, performance of customer policy, the Company taking out liability insurance for the directors and supervisors)?	V	<p>Our company firmly believes that a Board of Directors with sound structure and operations, transparency of information, protecting the rights and interests of shareholders and the fair treatment of shareholders is the foundation for company governance. Since the past, our company has ranked in the top tiers in terms of standards for corporate governance, and has received affirmation for the Company's corporate governance and transparency of information.</p> <ul style="list-style-type: none"> • In 2024, the Company arranged for professional development courses for the directors to attend. Related information in the table1 attached. • Every year, the Company takes out liability insurance for the directors and managers. Coverage and insurance rate among other important contents in the next report of the Board of Directors. • Implementation of risk management policies and risk measurement standards: Major operations related to major operational policies, investment cases, endorsement guarantees, capital loans, and bank financing have been evaluated and analyzed by appropriate authority department and implemented pursuant to the resolutions made by the board of directors, and the auditing office also drew up its annual auditing plans based on the results of risk evaluation, which shall be implemented exactly to conduct the supervision mechanism and control the implementation of various risk management. • The Company established a complaint mailbox to actively handle customer complaints to protect the rights of customers. • The Company has prepared a Sustainability Report, which includes information on the rights and privileges of employees, concern toward staff, relationship with investors, relationship with suppliers and the rights and privileges of stakeholders. Please refer to the Company's Sustainability Report at www.aleees.com. 	None
9. Please provide details regarding improvements made based recommendations listed in the most recent year's assessment from the Corporate Governance Center, Taiwan Stock Exchange Co., Ltd. If the changes have not yet been made, please provide a list of matters to be improved and the corresponding measures. (N/A for companies not assessed): For the past seventh consecutive years, our company has ranked in the top 5% of companies in terms of corporate governance, receiving strong affirmation in this area. The Company takes serious on the corporate governance's impact on the company operation, take cares of the shareholders' right and fair treatment on the shareholders, and implements the sustainable development. The efficient operations of the Board of Directors and disclosure of credible and transparent information solidifies the Company's culture of governance. With increasing competitiveness, our company will continue to implement company governance and create maximum value for the Company and shareholders in the future.			

Appendix Table 1: Professional Development Courses Taken by the Company's Directors and Independent Directors in 2024 are as follows:

Title	Name	Organizer	Professional Development Course	Date	No. of Hours	Does the professional development conform to the stipulations? (Note1)
Chairman	Sheng-Shih Chang	Computer Audit Association	Financial Planning and Supervision Management Audit Practices for Corporate Groups	2024/10/22	6.0	Yes
Director	Re-Yang Chu	Taiwan Corporate Governance Association	Analysis of Liability for Dishonest Business Operations and Illegal Securities Cases	2024/11/26	3.0	Yes
		Taiwan Project Management Association	Corporate Sustainable Development and ESG and SDGs Action Plans and Strategy Formulation	2024/12/23	3.0	
Director	Yu-Mei Lee	Securities and Futures Institute	The Boardroom Dispute and Commercial Case Adjudication Act	2024/07/19	3.0	Yes
		Taiwan Corporate Governance Association	AI Application, Legal Issues and Auditing	2024/09/24	3.0	
Independent Director	Pao-Sheng Wei	Taiwan Corporate Governance Association	How the Audit Committee Interprets and Applies the Audit Quality Indicators	2024/03/01	3.0	Yes
		Taiwan Academy of Banking and Finance	Corporate Governance Seminar - Corporate Sustainability	2024/07/26	3.0	
Independent Director	Chao-Chin Li	Taiwan Corporate Governance Association	Zero Carbon Strategy: Essential ESG and Energy Practices for Businesses	2024/07/16	3.0	Yes
			How to Reposition and Respond in the Era of Carbon Pricing	2024/08/20	3.0	
Independent Director	Neng-Chieh Shih(Note3)	—	—	—	—	—
Independent Director	Chuan-Chang Chang(Note2)	—	—	—	—	—
Independent Director	Ying-Chou Wang(Note4)	Taiwan Corporate Governance Association	Nomination and Compensation Committees in the U.S. Law: Case Analysis	2024/05/10	3.0	Yes
			Legal Regulations for Sustainability Reports	2024/06/21	3.0	

Note1: Referring to the amount of class hours, course content, course system, arrangement of courses and disclosure of information as stipulated by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".

Note2: The resignation of independent director Neng-Chieh Shih will take effect on January 1, 2024.

Note3: The resignation of independent director Chuan-Chang Chang will take effect on May 15, 2024.

Note4: The election of that independent director was effective on June 28, 2024

The Compensation Committee established by the Company, and the status of its organization, duties and operations:

i. Information on the Members of the Compensation Committee

The members of the 5rd Compensation Committee consisted of independent directors Neng-Chieh Shih, Pao-Sheng Wei, Chao-Chin Li and Ying-Chou Wang.

As of April 30, 2025

Position	Terms Names	Professional Qualification and Experience	Independence Information (Note1)	Number of Other Public Companies Concurrently Serving as a Member of Compensation Committee	Remark
Independent Director (Convener)	Neng-Chieh Shih (Note2)	<ul style="list-style-type: none"> Have over experience of over 20 working years in law, intellectual property right and operation management. Ph.D., Public and International Affairs, University of Pittsburgh, USA, Master of Public Administration, National Chengchi University, Adjunct Professor, Department of Public Administration, National Chengchi University, Minister , Directorate-General of Personnel Administration, Executive Yuan. 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	—	—
Independent Director	Pao-Sheng Wei	<ul style="list-style-type: none"> Have over experience of over 20 working years in accounting, finance and operation management. Master of International Business Administration, George Washington University, Washington DC, Master of Financial Management, Benjamin Franklin University, Washington DC, USA, Chairman of LionInternationalInsurance Service Co.,Ltd, Director of Shin Kong Financial Holding Co., Ltd., Independent Director of Nuvoton Technology Corp, Independent Directors AINOS INC.Vice Chairman of Fusheng Securities Investment Consulting Co., Ltd, Director of Ascendo Biotechnology, Inc. Taiwan Branch (Cayman Islands) 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	1	—
Independent Director (Convener)	Chao-Chin Li	<ul style="list-style-type: none"> Have over experience of over 20 working years in accounting, finance and operation management. EMBA, National Tsing Hua University, Director of Taimide Technology Incorporation, Independent Director of RFD Micro Electricity Co., Ltd, Director of Eastern Union Interactive, Director of Gingytech, Chairman of Forward Power Co. Ltd 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	1	—
Independent Director	Ying-Chou Wang	<ul style="list-style-type: none"> Have over experience of over 20 working years in business, marketing and operation management. Ph.D.,Department of Psychology,National Chung Cheng University., Vice-President for Academic Affairs, Fu Jen Catholic University, Distinguished Research Professor, Department of Clinical Psychology, Fu Jen Catholic University, Independent Director of Excelsior Biopharma Inc., Director of Giant Show Co., Ltd. 	As an independent director of the Company. The qualifications and conditions of directors have been reviewed during the nomination and fulfill with the independent criteria.	1	—

Note1 : During the two years before and during the term of office, each member shall have been or be the following:

- (i) Not an employee of the Company nor any of its related companies.
- (ii) Not a director or supervisor of the Company or any of its related companies. It does not apply in cases where the person is an independent director of the Company, its parent company or any subsidiary that has been legally established according to this law or the statutes and ordinances of the country the Company is in.
- (iii) 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 amount of 1% or more of the total number of issued shares of the Company or ranking as one of the top-10 shareholders.
- (iv) Not a spouse, relative within the second-degree relatives, or lineal relative within the fifth degree, of any of the persons specified in the preceding three notes. Not a spouse, relative within the second-degree of kinship, or lineal relative within the third degree of kinship, of any of the persons specified in the preceding three notes.
- (v) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or a director, supervisor, or employee of a corporate shareholder that ranks among the top-5 in shareholding (Do not apply to independent directors appointed in accordance with the Act or the 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.)
- (vi) If a majority of the company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company. (Do not apply to independent directors appointed in accordance with the Act or the 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.)
- (vii) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (Do not apply to independent directors appointed in accordance with the Act or the 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.)
- (viii) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relations with the Company. (It holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company; Do not apply to independent directors appointed in accordance with the Act or the 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.)
- (ix) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (x) Not having any of the conditions defined in Article 30 of the Company Law.

Note2: The resignation of independent director Neng-Chieh Shih will take effect on May 15, 2024.

Note3: The election of that independent director was effective on June 28, 2024.

ii. Responsibilities of the Compensation Committee

The Compensation Committee shall perform the duties listed below with the duty of care and integrity. Recommendations made in the Committee shall be submitted to the Board of Directors for discussion:

- (i) Determine and regularly review the performance of directors and managers in addition to the policies, systems, benchmarks and structure of their compensation.
- (ii) Regularly assess and determine the salary compensation of directors and managers.

iii. Information on the Performance of the Compensation Committee

A. The Company's Compensation Committee had a total of three committee members.

B. The tenure of Committee members currently in office: June 15th, 2023 to June 14, 2026. In the most recent year and as of the printing date of this annual report, four board meetings were held 5[A], and the qualifications and attendance of the Committee members are as follows:

Title	Name	Times of Attendance in Person[B]	Times of Attendance by Proxy	Actual Attendance Ratio (%) [B/A]	Remarks
Convener	Neng-Chieh Shih	1	—	100%	The dismiss of that independent director was effective on May 15, 2024.
Convener	Pao-Sheng Wei	5	—	100%	He was elected as the Convenor on Aug 14, 2024
Committee member	Chao-Chin Li	5	—	100%	—
Committee member	Ying-Chou Wang	3	—	100%	—

Other remarks as required:

- If the Board of Directors refuses to adopt or revise suggestions from the Compensation Committee, the details of the meeting date, session number, proposal content, results of voting by the Board of Directors, and actions taken by the Company in response to the opinions of the members of the Compensation Committee should be listed (i.e., if the Board of Directors approved a compensation structure that is better than that suggested by the Compensation Committee, the circumstance of discrepancy and reasoning should be clearly stated): None
- If members of the Compensation Committee object to or abstain from voting from resolutions of the Compensation Committee, and there is a record or written declaration regarding said objection or abstention, the details of the meeting date, session number, proposal content, all the opinions of the committee members, and actions taken in response to the opinions of the members of the Compensation Committee should be listed: None

C. Discussion of the reasons and resolutions of the remuneration committee in the most recent year and up to the date of this annual report, and the company's handling of members' opinions.

Date and Session of the Board of Compensation Committee	Content of the Proposal	Voting Results by the Compensation Committee	Actions taken by the company in response to the Compensation Committee
Jan 25 th , 2024 Meeting 3, Session 5	1. The issuance of performance bonuses and the implementation of performance appraisal of the company's managers in 2023. 2. Appointment of the Company's new head of corporate governance and approved remuneration.	After consultation by the chairman with all committee members present, the proposal passed as proposed.	None
Aug 14 th , 2024 Meeting 4, Session 5	To discuss the remuneration of newly-elected independent directors of the Company.		
Nov 8 th , 2024 Meeting 5, Session 5	1. Appointment of the Company's New CEO. 2. Appointment of the Company's new head of corporate governance and approved remuneration.		
Dec 26 th , 2024 Meeting 6, Session 5	The implementation of performance appraisal and the issuance of performance bonuses of the Company's managers in 2024.		
Mar 14 th , 2025 Meeting 7, Session 5	Proposal for the remuneration adjustment of the Company's managers.		

(4) The company's nomination committee with its composition, responsibilities and operation

i. Qualifications for appointment and responsibilities of the Nomination Committee

The nomination committee of the Company is composed of at least three directors elected by the Board of Directors, of which the independent directors shall account for the half of the members, and shall serve as the convenor and the Chairman. The Nomination Committee of the Company shall faithfully execute the following functions in behavior with the sincere managers, and shall submit the recommendations to the Board of Directors for discussion:

- Formulate the standards for the diverse background and independence that required by the Board members and senior managers such as professional knowledge, technology, experience, gender, and so on.
- Review and nominate the candidates for directors, supervisors and senior managers.
- Construct and develop the organizational structure of the Board of Directors and the committees; conduct the performance evaluations of the Board of Directors, the committees, the directors and the senior managers; and evaluate the independence situation of the independent directors
- Formulate and regularly review the director's training plan as well as the succession plan of the directors and senior managers.
- Formulate the corporate governance principle of the Company

ii. Qualifications, experience and operation of members in the Nomination Committee

- There are 3 members of the Nomination Committee of the Company
- The term of office of the current session: From June 15, 2023 to June 14, 2026. The Nomination Committee held 2 times of meeting in 2024 and as of the date of publication of the annual report [A]. The qualifications and experience of the members, attendance and discussion items are as following:

Position	Name	Professional Qualification and Experience	Times of Attendance in Person [B]	Times of Attendance by Proxy	Actual Attendance Ratio (%) [B/A]	Remarks
Committee member	Sheng-Shih Chang	1. Have over experience of over 16 working years in business, laws, marketing and operation management. 2. Juris Doctorate, National Taiwan Normal University, Former Asst. Professor, China University of Science and Technology, General Manager of Neso Technology Limited in Greater China, Pou Chen Group; Current Chairman of the Company and Subsidiary Chairman cum CEO of	2	—	100%	1. The resignation of independent director Neng-Chieh Shih will take effect on May 15, 2024. 2. The election of that independent director was

		Aleees (Taiwan), Chairman cum CEO of Aleees SH, Director of Aleees(HK), Director of Aleees(US), Director of Alees(AU), Director of Alees(TX), Director of Alees(EU) and Director of Aleees(UK).				effective on June 28, 2024 And elected as the Convenor on Aug 14, 2024.
Former Convener	Neng-Chieh Shih	1. Has over 20 years of experience in accounting, taxation, and business management. 2. Ph.D., Public and International Affairs, University of Pittsburgh, USA, Master of Public Administration, National Chengchi University, Adjunct Professor, Department of Public Administration, National Chengchi University, Minister , Directorate-General of Personnel Administration, Executive Yuan.	—	1	100%	
New Convener	Ying-Chou Wang	1. Have over experience of over 20 working years in business, marketing and operation management. 2. Ph.D., Department of Psychology, National Chung Cheng University., Vice-President for Academic Affairs, Fu Jen Catholic University, Distinguished Research Professor, Department of Clinical Psychology, Fu Jen Catholic University, Independent Director of Excelsior Biopharma Inc., Director of Giant Show Co., Ltd.	1	—	100%	
Committee member	Chao-Chin Li	1. Has over 20 years of experience in accounting, taxation, and business management. 2. EMBA, National Tsing Hua University, Director of Taimide Technology Incorporation, Independent Director of RFD Micro Electricity Co., Ltd, Director of Eastern Union Interactive, Director of Gingytech, Chairman of Forward Power Co. Ltd	2	—	100%	

Other matters :

The matters generated in 2023 and as of the publication date of the annual report including the meeting date, period, content of the main proposals of the Nomination Committee, the recommendations or objections of the nomination Committee's members, the resolutions of the Nomination Committee, and the Company's response on the opinions of the Nomination Committee:

Date and Session of the Board of Nominating Committee	Contmen of the Proposal	Voting Results by the Nominating Committee	Actions taken by the company in response to the Nominating Committee
May 10 th , 2024 Meeting 3, Session 4	Nomination of candidates for independent director	After consultation by the chairman with all committee members present, the proposal passed as proposed.	None
Nov 8 th , 2024 Meeting 4, Session 4	1. Drafting of the Company's 2025 Director Training Plan. 2. Nomination of CEO. 3. Nomination of head of corporate governance.		

(5) Implementation of sustainable development promotion and “Deviation and Reason for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
1. Does the company establish a governance structure to promote the sustainable development, set up a special group to promote sustainable development, have the senior managers, who are authorized by the board of directors, to conduct, and have the Board of Directors to supervise the situation?	V		<p>1. In order to ensure the implementation of the sustainable development strategy, the Company changed the name of "Social Responsibility Committee", which was established in 2014 and under the Board of Directors, to the "Sustainability Committee" in 2022 for integrating the organizational resources and improving the efficiency. Study on the policies and supervise the implementation of the sustainable development for the company and its subsidiaries. Regularly and annually report to the Board of Directors on the implementation performance of the Company's sustainable development.</p> <p>2. There is a secretariat under the Sustainability Committee, of which is the affairs group. In terms of implementation, the Sustainability Committee has established four functional groups, including the Green Genome Group, the Employee Training and Care Group, the social Participation Group, and the Corporate Governance Group. These groups are composed of the heads of the business units and related departments that involved in the decision-making of the Company. These groups are committed to building a complicated corporate governance system and implementing the Company's sustainable development strategy.</p> <p>3. The Company has recently reported to the Board of Directors on the implementation of the sustainable development strategy on December 26, 2024.</p>
2. Whether the Company have conducted risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles, and formulated relevant risk management policies or strategies?	V		<p>1. To guarantee the full implementation of strategies for sustainability, the Company established the Sustainability Committee under the Board of Directors in 2014 to integrate the resources of the Company and raise efficiency. The Sustainability Committee operates following the “P-D-C-A” (Plan-Do-Check-Act) method of management. Each team regularly identifies stakeholders, to identify major themes and distinguish them into three major aspects: environment, society, and economy/corporate governance. With confirmation by the committee, the execution plan will be launched and the progress and effectiveness</p>

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			<p>of corporate social responsibility-related businesses will be reported regularly. After reviewing the effectiveness of each functional group, the chairperson of the committee reports the performance of sustainable development to the board of directors every year.</p> <p>2. The Sustainability Committee reviews the three major aspects of environment, society, and economics/corporate governance every year. The aim is to ensure risks and opportunities faced by the Company can be handled through comprehensive risk management and appropriate crisis management to ensure damage prevention and grasp the opportunity to improve the business model.</p> <p>3. The performance and detailed contents of the Company's risk management and sustainable development are disclosed in the Company's annual Sustainability Report.</p>
<p>3. Issues of Environment</p> <p>A.Has the Company established appropriate systems for environmental management based on the characteristics of its operations?</p>	V		<p>1. The Company's principles for sustainable environmental management consist of reducing environmental impact, implementing environmental management, developing green products, taking environmental responsibility and disseminating environmental knowledge, in addition to making efforts to reduce environmental footprint caused by the Company's operations.</p> <p>2. To implement green factories, we promoted clean production processes, strengthened internal autonomy implementation to increase the energy and resource efficiency, improve the equipment effectiveness, reduce the pollution sources, replace raw materials, recover the resource of waste, we were also approved by the Industrial Department Bureau, Ministry of Economic Affairs for the "Identification of Green Factory Mark for the Cleaner Production Evaluation System"</p> <p>3. Concerning the air pollution, we installed a washing tower to wash the gas discharged from the powder production line to minimize the emission of nitrogen oxides, sulfur oxides, particulate matters and other gas, thereby achieving the goal of no pollution.</p> <p>In terms of air pollution, there are the dust collectors and scrubbers to wash the gases that emitted from the powder production line to</p>

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			<p>minimize air emissions such as nitrogen oxides, sulfur oxides, and suspended particles, so as to achieve the goal of zero-pollution.</p> <p>4. As to sewage treatment, we adjusted the amount of detergents added to the sewage treatment equipment, increased the amount of treatment and reduced the moisture content of sludge, which not only reduced the amount from the inside of the Company, but also gradually increased the proportion of resource recovery of waste from the outside.</p>
B. Is the company committed to improving the energy efficiency and using the recycled materials that have less loading on the environment?	V		<p>The Company utilizes the Cradle to Cradle ideology in the design of its products, hoping to reach the sustainable environmental target of “zero waste, 100% recycling” and implement it in the life cycles of all our products and services.</p> <p>1. Acquisition of Raw Materials (Green Design): The Company has executed the R&D of increasing the life span and times of use of lithium batteries, significantly increased the purity of LFP cathode materials, and increased the efficiency of resource usage.</p> <p>2. Production (Green Factories): The Company has put forward green factories, the conservation of resources and reduction of carbon emissions in addition to surveying the usage of water resources and the consumption of energy, specifically making several proposals to conserve water and energy.</p> <p>3. Usage (Optimal Performance): Continuously promote the eco-energy projects, with 1% of an annual power-saving rate, and automatically implement the improvements in the resource efficiency of the internal.</p> <p>4. Waste and Recycling (Zero Waste, 100% Recycling): we look forward to creating a complete recycling system with the supply chain by taking reducing waste and secondary reuse as our goals; implement environmental management and reduce the environmental footprint made by operations.</p> <p>None</p>
C. Whether the Company have assessed the current and future potential risks and opportunities of climate change to the Company, and adopted measures to respond to climate-related issues?			<p>The Company pays close attention to issues leading from global climate change and the Sustainability Committee has established a plan of action toward global climate change, divided into three big steps</p> <p>1. Acknowledgement:</p>

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			<p>Identify the climate risks brought by global climate change, including but not limited to lack of materials risk, disaster risk, market risk and operating risks</p> <p>2. Action: The Company has adopted actions such as adjustment and reduction, in addition to setting up evaluation tools to identify related risks and opportunities, including: surveying adjustment ability, past evaluations on climate impact, future predictions on climate impact, planning adjustment measures and opportunity evaluation.</p> <p>3. Sustainability: Through the publication of the Sustainability Report, sound communications with the stakeholders and review of the enterprise's development path, the Company can reach its sustainable development goals.</p> <p>Through the comprehensive risk management and appropriate crisis management, the Company has achieved the goals of the prevention and the improvement in its operation model. The Company annually identifies the risks and opportunities caused by climate change, develops the countermeasures, and discloses these matters in the Annual Sustainability Report.</p>
D. Whether the Company counted the gas emissions of greenhouse, water consumption and total weight of waste in the past two years, and whether the Company formulated policies on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management?	V		<p>1. Policy on managing greenhouse gases (1) According to relevant checking guidelines announced by the Environmental Protection Administration of the Executive Yuan, the Company has established and organized mechanisms to take inventory of greenhouse gases. the Company will internally verify the amount of greenhouse gases emitted on a yearly basis and use the information to create and execute feasible plans to reduce greenhouse gas emissions. (2) The Company annually conducts an internal check of greenhouse gas emissions, and actively discloses the management information of greenhouse gas in Aleees's sustainability report and official website</p> <p>2. Policy on managing Water and Electricity Conservation (1) Promoting the management of water conservation, build the recycling facilities for process wastewater and then reuse in process cooling</p>
			None

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			<p>water; in the water for living use, install the water-saving devices or reduce the pressure of water supply to achieve the goal of saving 1% of water every year.</p> <p>(2)Continuously promote the eco-energy projects, with 1% of an annual power-saving rate</p> <p>(3)Using Energy Conserving and Green Mark Products: We installed LED energy-saving lamps to improve the efficiency of the lighting system; energy-saving lamps have been largely replaced since 2014, so energy has been successfully saved and the lighting has been improved as well.</p> <p>(4)Renting environmentally friendly copy machines, using recycled copy paper and environmentally friendly toner to lessen the impact on the environment. Due to the adoption of electronic forms, the amount of copy paper used decreases every year.</p> <p>(5)Raising Efficiency in Equipment Systems: Variable-frequency drives are used or installed in equipment to improve performance, reduce damages and can reduce electricity costs.</p> <p>(6)Air compressor replacement improves efficiency and saves energy and electricity.</p> <p>(7)Regular Inspection of Electronic Equipment: Inspection and maintenance of equipment are performed regularly to guarantee electrical safety and reduce energy consumption due to inefficiency and calculate the optimal contract capacity for electricity usage to reduce electricity costs.</p> <p>3.Waste Management: Adjusting the amount of detergents added to the sewage treatment equipment, effectively increasing the amount processed and decreasing the amount of water in the sewage. The target is to decrease the amount of water in the sewage to below 65%.</p> <p>4.Recycling and Reuse of Packaging Materials by Suppliers: The containers (buckets) holding raw materials used in production should be recycled and reused by the supplier to reduce costs in</p>

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms						
	Yes	No							
		<p>buying new containers and the production of waste.</p> <p>The Company statistics the data such as greenhouse gas emissions, water consumption and total waste every year, reviews the implementation performance of each policy, and discloses them in the annual sustainability reports and the official website for shareholders' reference.</p>							
4. Issue of Social A.Has the Company established management policies and procedures based on relevant laws and the International Bill of Human Rights?	V	<p>1.Human rights policy</p> <p>Employees are the most important assets of the Company. It's important for us to respect human rights and create a dignified working environment. Therefore, the management of the Company uniformly agreed that the Company shall follow the "Universal Declaration of Human Rights", the "United Nations Global Compact", the "United Nations Guiding Principles on Business and Human Rights", the "Declaration of Fundamental Principles and Rights at Work of the International Labour Organization", the "Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development", and the regulations of the location of the operating offices; formulate and update the human rights policies; implement the human rights policies in accordance with the following management plans and implementation guidelines.</p> <p>2.Scope of application</p> <p>The Policy applies to the direct operating activities, products and services of all affiliated companies of the Company, and extends to stakeholders in the value chain, including employees, customers, suppliers, and partners. The Company also formulates the relevant measures such as the "Measures for the Sustainable Development of Suppliers", which requires the suppliers to follow the same standards.</p> <p>The specific management plans and measures of the Company are as following:</p> <p>1. Assessment on Human Rights</p> <table><tr><th>Topics</th><th>Management measures</th><th>Mechanism</th></tr><tr><td>Diversity, inclusiveness and equal</td><td>• The "Employee Codes" specify a working environment that prohibits discrimination</td><td>• Establish a specific hotline for discrimination notification.</td></tr></table>	Topics	Management measures	Mechanism	Diversity, inclusiveness and equal	• The "Employee Codes" specify a working environment that prohibits discrimination	• Establish a specific hotline for discrimination notification.	None
Topics	Management measures	Mechanism							
Diversity, inclusiveness and equal	• The "Employee Codes" specify a working environment that prohibits discrimination	• Establish a specific hotline for discrimination notification.							

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			<div>opportunities</div> <div>and harassment to offer an equal appointment.<ul style="list-style-type: none">Establish a "Sexual Harassment Prevention and Control Committee", and formulate the prevention measures, grievances and disciplinary points, and procedures.</div> <div>Sexual harassment complaint mailbox.</div>
			<div>overlong working hours</div> <div>The "Employee Codes" specify the working hours and extended working hours.<ul style="list-style-type: none">Implement the restrictions on overtime.Conduct the application and scheduling of deformed working hours through labor-management meetings.Improve the excessive working hours through the adjustment of manpower and organization.</div>
			<div>Healthy and safe workplace</div> <div>In order to prevent occupational disasters and to protect the safety and health of employees, the Company has formulated the "Regulation of Employee Health Protection".<ul style="list-style-type: none">Regularly implement the occupational safety education and training, the physical and mental health assessment, and the improvement plans.Set up an automatic external defibrillator (AED) of cardiac shock in the workplace.Implement the physical examinations</div>

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms							
	Yes	No								
	Summary of Explanations									
			and regular health examinations for employees.							
	Freedom of association	The "Employee Codes" specify the establishment of an "Employee Welfare Committee" for the employees' rights on the social activities.	<ul style="list-style-type: none">The Employee Welfare Committee conducts irregular social networking activities and encourages employees to join.							
	Labor-management negotiation	Regularly hold the labor-management meetings	<ul style="list-style-type: none">Establish the communication channel by email.Conduct the employee opinion surveys.							
	2. Mitigation measures and education of the human rights Through commitment, the Company ensures the safe working environment of employees and suppliers, respects the dignity of personnel, promotes the environmental protection in operations and abides by ethics. The Company takes the following actions:									
			<table><tr><th>Mitigation measures</th><th>Contents and Procedures</th></tr><tr><td>Human Rights Due Diligence</td><td>Based on the industry characteristics and strategy of operation development, the Company regularly conducts the risk assessments on human rights issues, incorporates the external expectations, communicates with stakeholders, and identifies the important human rights issues and high-risk groups. In addition, the Company establishes the risk due diligence processes and promotes the mitigation measures as well as the management goals.</td></tr><tr><td>Training program on Human Rights Protection</td><td>Education Practices<ul style="list-style-type: none">The Company provides relevant regulatory and announcements during freshman training, including the prohibition of forced labor, anti-discrimination, anti-harassment,</td></tr></table>	Mitigation measures	Contents and Procedures	Human Rights Due Diligence	Based on the industry characteristics and strategy of operation development, the Company regularly conducts the risk assessments on human rights issues, incorporates the external expectations, communicates with stakeholders, and identifies the important human rights issues and high-risk groups. In addition, the Company establishes the risk due diligence processes and promotes the mitigation measures as well as the management goals.	Training program on Human Rights Protection	Education Practices <ul style="list-style-type: none">The Company provides relevant regulatory and announcements during freshman training, including the prohibition of forced labor, anti-discrimination, anti-harassment,	
Mitigation measures	Contents and Procedures									
Human Rights Due Diligence	Based on the industry characteristics and strategy of operation development, the Company regularly conducts the risk assessments on human rights issues, incorporates the external expectations, communicates with stakeholders, and identifies the important human rights issues and high-risk groups. In addition, the Company establishes the risk due diligence processes and promotes the mitigation measures as well as the management goals.									
Training program on Human Rights Protection	Education Practices <ul style="list-style-type: none">The Company provides relevant regulatory and announcements during freshman training, including the prohibition of forced labor, anti-discrimination, anti-harassment,									

Evaluation Status	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
B. Whether the Company have formulated and implemented reasonable employee benefits measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the compensation of employees?			<div>working time management, and the protection of humanity treatment.</div> <ul style="list-style-type: none">• Provide the sexual harassment prevention courses• Implement the bullying prevention in the workplace• Provide a complete series of occupational safety training, such as fire fighting, emergency response, first-aid personnel education, general safety and health, factory safety, and so on.	
			Legal employment The child labor is strictly prohibited, and the hired employees need to provide the proof of identity with the company for inspection.	
	V			<div>1. The Company and its subsidiaries have established "Salary Management Measures" to implement the reasonable and fair salary as well as the welfares for employees to improve the professional skills, such as the allowance of foreign languages (ToEIC, JLPT), professional certificates, and so on.</div> <div>2. Formulate the "Management Procedures of Performance and Appraisal". In the beginning of each year, the Company formulates the Key Performance Indicators (KPIs) of the entire company and departments, and the Daily Performance Indicators of the employee (DPI). In the end of the year, the evaluation would be carried out. If the goal is achieved, the proportion of remuneration will be calculated with a reasonable performance bonus. The implementation of performance management with an open appraisal system can effectively motivate employees to achieve their goals and is linked to the issuance of performance bonuses. There are no differences in gender or age. The Company hopes that, through performance management operations, the overall operating goals and department's goals connect to the work goals of individual employee, as the reference for the evaluation and feedback of employees' annual work performance, as well as the training and development for follow-up staff.</div> <div>3. In the Company Policy, it clearly provides that if the Company earns profit in the current year, 1% to 10% of which shall be allocated as the compensation for employees of the Company and its</div>

Evaluation Status	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			subsidiaries.	
C.Has the Company provided employees with a safe and healthy working environment in addition to regularly providing education to the employees regarding safety and health?	V		<p>1. The Company constantly strives to improve working environments to prevent disasters from happening in the workplace and guarantee the safety of all employees (including partners). The Company established a labor safety and health committee to discuss safety and health plans (including education and training, work environment improvement measures, hazard prevention management, audits, contractor management and health promotion, etc.), providing a safe working environment for employees.</p> <p>2. The items provided by the Company to employees regarding occupational safety and health are listed below:</p> <p>(1) Conduct the annual employee health examinations in accordance with relevant laws.</p> <p>(2) Set up yearly educational trainings regarding safety and health.</p> <p>(3) Perform semi-annual inspections on working environments.</p> <p>(4) Set up diverse channels for employees to communicate their opinions and complaints.</p> <p>(5) Establish "Procedures for Preventing and Managing Sexual Harassment" 、 "Measures for the Prevention and Management of Unlawful Infringement in the Performance of Duties", set up channels for filing claims, maintain order in the working environment.</p> <p>(6) Take out accident and health insurance for employees.</p> <p>(7) Establish procedures and precautions in response to disasters and emergencies, hold semi-annual fire safety lectures and drills, hold regular meetings on safety maintenance.</p> <p>(8) Conduct occasional annual seminars on regulatory acts related to gender equality and workplace harassment prevention. In 2024, a total of three sessions were held, with 64 employees participating.</p> <p>3. In 2024, there were Six occupational disaster incidents and Six staffs engaged in, accounting for 3.97% of the total number of employees. Simultaneously, the Company has implemented more stringent standard operating procedures for hazardous working areas and operations. This includes the zoning and control of hazardous areas, and the posting of warning signs and slogans for hazardous equipment and chemicals. Additionally, strict requirements are enforced for employees entering areas with dust and noise, mandating the use of specified protective gears; in the daily meetings on mornings or weekly department meetings, the heads of department highly promote</p>	None

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			the operational safety procedures and equipment operation safety matters. In addition, the occupational safety personnel and quality assurance auditors irregularly check the implementation of relevant safety regulations and make records, so as to effectively reduce the occurrence of occupational accidents, we will continue to move towards the goal of zero occupational accidents
D.Has the Company established occupational competence training programs for the employees?	V		<p>To improve each employee's technical and management skills necessary for the performance of various duties on the job and tap into employees' potential to succeed in every challenge, the Company provides various educational resources, tightly integrating the corporate vision, department goals and the development of employee talents. Through the development of education-type organizations, the Company has accomplished its goals for all members of the organization to continue studying.</p> <p>1. Education and Training on General Education and Competency: According to government law, courses to be taken by all employees for well-rounded educational training on occupational safety and health, emergency response, quality systems and information systems shall be set up to teach employees the basic knowledge, skills and abilities they should have.</p> <p>2. Education and Training on Management and Competency: Training employees to have the knowledge, skills, abilities and personality required to be competent in handling management work. This includes basic supervisor training, junior supervisor training, senior supervisor training, training within industry, strategy development, communication skills and internal lecturer training.</p> <p>3. Professional Competence Training: Training employees to efficiently reach occupational goals and have specified professional abilities, including OJT (On Job Training), participation in projects, development of professional experts and external professional training.</p>
E. Regarding topics like the customer health and safety, the customer privacy, the marketing and labeling of products and services, does the company comply with relevant regulations and international standards, and formulate relevant policies and complaint procedures to protect the rights of consumers or customers?	V		<p>1. The Company's cathode material products' specifications, properties and precautions for use are listed in the Certificate of Analysis (COA) and Material Safety Data Sheet (MSDS) for clients to understand the safe operating methods of the products.</p> <p>2. The Company has established a professional quality assurance and inspection center that is focused on the marketing and labeling of products and services. The Company complies with all related laws and international standards in addition to each country's environmental laws and regulations related to the management of harmful substances.</p>

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
		<p>The Company has also completed REACH registration, providing customers with a friendly choice for materials.</p> <p>3. The Company has already established relevant procedures to protect the rights and privileges of the stakeholders.</p> <p>4. The Company values the opinions of its stakeholders and has set up a communications window on its website to ensure sound channels for handling complaints.</p> <p>5. The Company values the opinions of its clients and regularly performs consumer satisfaction surveys in addition to active visits to existing customers by personnel in each region of operation. The Company asks relevant departments to provide plans for improvement of items receiving unsatisfactory feedback in addition to giving timely feedback in response to clients' recommendations to maintain the healthy long-term business relationship between the client and the Company.</p>	
F. Whether the Company have formulated a supplier management policy which requires suppliers to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how their implementation is?	V	<p>1. Before establishing relations with suppliers, the Company must always evaluate records regarding whether the supplier has harmed the environment or society in the past. If a supplier is found to have a record of significant negative impact, the Company requires said supplier to explain the measures taken to make improves and the related results as a major factor in the selection of the supplier.</p> <p>2. In addition to implementation of itself sustainable development, the Company acknowledges that the sustainable development of the Company extends throughout the entire supply chain and this responsibility exists at all levels of the supply chain. The Company continues to improve the management system of the supply chain and implements the corporate society responsibility evaluation system of suppliers at every level to expand the evaluation criteria to include economic, social and environmental factors. It is hoped that through the continuous improvement of supply management, the performance of the supplier will improve and implement the sustainable development of corporate together.</p> <p>3. Establish sustainable supply chain management principles, including suppliers operating their businesses in an ethical and honest manner, making efforts to uphold employee rights, providing a safe and healthy work environment, and encouraging suppliers to be environmentally responsible and avoid the use of harmful substances. We aim to work with our suppliers to jointly promote the balance of economic, social, and environmental ecosystems and sustainable development.</p> <p>4. Our company conducts regular evaluations of suppliers every year.</p>	None

Evaluation Status	Operational Status		Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	
			with evaluation items divided into three categories: economic, social, and environmental. The economic aspect includes current status such as ISO 9001, IATF 16949, delivery schedules, and cooperation. The environmental aspect examines measures such as ISO 14001, emergency response, and the introduction of harmful substances. The social aspect focuses on the degree of compliance with ISO 45001, fire safety, labor rights, child labor, and sustainability reports. In the 2022 evaluation, suppliers did not have any significant or potential negative impacts in the economic, environmental, and social dimensions. We will continue to evaluate suppliers annually based on their economic, social, and environmental performance, and take necessary rewards or punishment measures based on the evaluation results.
5. Whether the Company referred to the reporting standards or guidelines which are accepted internationally for compiling reports which disclosed the non-financial information of the Company, such as the sustainability report. Whether the previous report obtained the assurance or verification statement of a verification unit from the third party	V		Our Sustainability report was prepared according to the core options of GRI Sustainability Reporting Standards (GRI Standards) issued by the None Global Reporting Initiative (GRI), and was verified by a third party (BSI) in compliance with the AA1000 assurance standard, issuing an independent verification statement.
6. According to the stipulations of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", if the Company has established its own "Sustainable Development Best Practice Principles", its operations and differences with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" shall be described: We operate the Company in compliance with its own customized "Sustainable Development Best Practice Principles" and there are no major differences. The Company and its subsidiaries implemented internal control systems and related supervision regulations on the basis of the spirit of the Sustainable Development Best Practice Principles.			
7. Other Information Important to Helping Understand the Status and Operations of implementation status of sustainable development: In order to ensure the implementation of the sustainable strategy, the Company established a Sustainability Committee which is subordinate to the Board of Directors to integrate the organizational resources and improve its efficiency. The Sustainability Committee is the highest-level internal sustainable development organization, where the chairperson is the chairman and three independent directors serve as the committee members. The Sustainability Committee has an a secretariat office; it deals with miscellaneous affairs for the committee, including the operation, project arrangement, and data collection. It is committed to creating a corporate governance system and implementing sustainable development according to the "Corporate Governance Best Practice Principles for Companies" and "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". Moreover, The Committee compiles a "Sustainability Report" every year to disclose the sustainable strategy and implementation of the Company. Please refer to the "Corporate Social Responsibility Zone" on our official website.(URL http://www.alcees.com/zh/csr/download-csr-report/).			

(6) Circumstances of the company fulfilling ethical corporate management and the differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof.

Contents of evaluation	Operational Status		Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	
<p>1. Enactment of Policies and Measures of Ethical Corporate Management Best Practice Principles</p> <p>A. Did the company develop ethical corporate management policies approved by the board of directors and clearly state its policies and practices of ethical corporate management in the regulations and external documents? Are the Board of Directors and the senior management implementing the commitment to business policies?</p>	V	<p>1. Ethical Corporate Management is the basis of the corporate culture of the Company. To strengthen the employees' moral and professional capabilities, the Company has established the "Rules Governing Ethical Corporate Management Best Practice Principles" and the "Rules Governing Codes of Ethical Conduct". The compliance of which is a responsibility that shall be followed by all the directors, managers and employees of the Company.</p> <p>2. The Company's discloses its "Principles on Integrity, Transparency and Responsibility" on its website, expressing the commitment of the managers at all levels to implement Ethical Corporate Management Best Practice Principles.</p>	None
<p>B. Did the company establish the assessment system for the risks of unethical behaviors and regularly analyze and assess the business activities with higher risks of unethical behaviors within its business scope? Furthermore, did the company establish prevention programs against unethical behaviors, which at least covered the prevention measures for the behaviors in Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	V	<p>The company has signed integrity agreement with the employees and established "Code of Conduct for Employees", which clearly stated that employees may not receive any gifts, special treatment or other improper rights and interests directly or indirectly and the establishment of principles and systems can surely to prevent the potential occurrence of unethical behaviors and reduce the risks. The company has established "Regulations Governing Ethical Corporate Management Best Practice Principles", which clearly stipulated the preventive measures for the business activities with higher risks of unethical behaviors. The company also established "Regulations Governing Complaints on Illegal, Unethical or Dishonest Behaviors" to encourage internal and external personnel to report unethical or improper behaviors to implement ethical corporate management and ensure the legal rights and interests of the whistleblower and the respective party.</p>	None
<p>C. Has the Company clearly established and implemented operating procedures, code of conduct, penalties for violation and complaint system in the prevention programs against unethical behaviors as well as reviewed and revised the aforementioned programs regularly?</p>	V	<p>In the "Management of Ethical Corporate Management Best Practice Principles" and "Management of Codes of Ethical Conduct", the Company has expressly stated behavior guidelines and terms on conflict of interest, confidentiality of client information, gift-giving during business, fair trade and competition, and it advocates this concept through educational dissemination to make sure the directors, managers and employees all understand and follow it. Any behaviors that violate the Company's morals</p>	None

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
			and ethics, no matter what position the violator holds, shall be received punishment according to the guidelines stipulated in the "Employee Work Regulations" and the "Rules Governing Employee Rewards and Penalties". Employees are also provided with channels to file complaints regarding unfair or unreasonable treatment to be handled by relevant departments.	
2. Fully Implementing the Ethical Corporate Management Best Practice Principles A. Has the Company evaluated the ethical corporate management records of business counterparts and expressly written ethical business clauses into the terms of the contracts signed with said business counterparts?	V		The Company engages in commercial activities with fairness and transparency, and it has clearly established that employees have the responsibility of protecting the Company's intellectual property. To avoid the disclosure of information not to be disclosed, engagement with any unethical vendors and clients should be avoided. Any irregularities shall be reported immediately and all contracts contain clauses regarding business ethics.	None
B. Has the company established units exclusive for the promotion of ethical corporate management, which are affiliated under board of directors and will report regularly (at least once a year) to board of directors about the programs, supervision and execution situations for the ethical corporate management policies and the prevention against unethical behaviors ?	V		The Company has established a corporate governance team under the Sustainability Committee that is responsible for the implementation and supervision of policy on Ethical Corporate Management Best Practice Principles and the establishment of preventative measures. Report regularly to the Board of Directors on the implementation of integrity operation every year; assist the Board of Directors and management to check and evaluate whether the established preventions of integrity operation are effective. The Company's legal affairs department reported the 2024 status of implementation and corresponding results of Ethical Corporate Management Best Practice Principles to the Board of Directors on December 26th, 2024.	None
C. Has the Company set up and implemented policies to prevent conflicts of interests and provided appropriate channels for employees to express their opinions if needed?	V		1. The Company has clearly written policies on the prevention of conflicts of interests in the "Rules Governing Ethical Corporate Management Best Practice Principles", "Rules Governing Codes of Ethical Conduct", employment contracts and "Employee Work Regulations", providing employees compete guidelines on conduct. 2. The Company's internal system for submitting proposals and external mailbox for reporting complaints offer sound channels for filing claims and expressing opinions.	None
D. Has the Company established effective accounting systems and internal control systems for implementing Ethical Corporate Management and has its internal audit unit developed relevant audit programs according to the assessment results for the risks of unethical behaviors as well	V		The Company has already established systems for accounting and internal control to guarantee stable processes for financial reporting and the effectiveness of internal control. The internal audit department creates audit proposals based on the results of risk evaluation, regularly performs inspections and inspects projects on a need-to-need basis. The department	None

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
as reviewed compliance to prevention against unethical behaviors or entrusted accountants to conduct the review ?			reports the inspection results to the audit committee and the Board of Directors.	
E. Does the Company regularly hold internal and external educational trainings regarding ethical corporate management?	V		1.The Company's legal affairs and intellectual property rights department regularly holds educational training on ethical corporate management to guarantee that all employees understand the responsibilities involved in protecting the Company's intellectual property, avoid the disclosure of information not to be disclosed and avoid engagement with any unethical vendors and clients, maintaining the Company's philosophy on ethical corporate management. And when the freshman check-in, the Company would explain the relevant regulations and require the employees to sign an employment contract. The Company would hold irregular internal meetings with any forms to announce and promote. When newcomers check-in, the Company holds the internal education related to the integrity operation topics to highlight its importance (the courses including integrity operation, regulation compliance, intellectual property rights, prevention of insider trading, and so on). 2. In 2024, a total of nine education sessions on the prevention of insider trading, as well as the prohibition of forgery and improper benefits were held, with 98 employees participating.	None
3. Operating Status of the Company's Reporting System A. Has the Company established a concrete reporting and rewards system and provided convenient channels for reporting in addition to assigning appropriate personnel dedicated to handling the matters reported?	V		The Company has set up concrete handling procedures, channels for reporting and a rewards system in the "Rules Governing Handling Procedures for Reported Cases of Illegal, Immoral and Unethical Behaviors". The Company has also set up the "Praise/Complaint Mailbox (speak-up@alechem.com)" on its website, providing people in and outside of the Company a means of reporting any irregularities. The legal affairs and independent audit departments are responsible for carrying out investigations and taking appropriate legal action. There are established appeal mechanisms for persons reported and hearings are held when needed in the pursuit of justice.	None
B. Has the Company established standard operating procedures for the investigation on complaints and the follow-up measures to be adopted after the investigation is completed as well as the relevant confidentiality mechanisms?	V		The Company has established standards and procedures for investigation and confidentiality mechanisms in the "Rules Governing Handling Procedures for Reported Cases of Illegal, Immoral and Unethical Behaviors".	None

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
C. Has the Company adopted measures to safeguard the personnel who filed the report from receiving any unfair or inappropriate treatment?	V		The Company handles reported cases with confidentiality, protecting the confidentiality of the identity of the person who filed the report. If the person who files the report is an employee of the Company, the Company guarantees that said employee will not receive unfair or inappropriate treatment.	None
4. Improving Information Disclosure Has the Company disclosed the details of its Ethical Corporate Management Best Practice Principles and information regarding its effectiveness on the Company's website in addition to MOPS?	V		In addition to disclosing the details of its Ethical Corporate Management Best Practice Principles on the Company's website and MOPS, the Company has also disclosed information related to the effectiveness of the Ethical Corporate Management Best Practice Principles in its annual report and Sustainability report.	None
5. According to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", if the Company has established its own Ethical Corporate Management Best Practice Principles, the details of its operations and differences shall be listed below: None				
6. Other Information Important to Helping Understand the Status and Operations of Ethical Corporate Management:				
<p>❖ Compliance in Moral and Ethical Management</p> <p>Ethical Corporate Management is the basis of the corporate culture of the Company. To strengthen the employees' moral and professional capabilities, the Company has established the "Rules Governing Ethical Corporate Management Best Practice Principles" and the "Rules Governing Codes of Ethical Conduct". The compliance of which is a responsibility that shall be followed by all the directors, managers and employees of the Company.</p> <p>❖ Principles of Integrity, Transparency and Responsibility in Operations</p> <ul style="list-style-type: none"> • The offering and accepting of bribes are prohibited. • The offering of illegal funding for political parties is prohibited. • The offering of unjustifiable charitable donations and sponsorship is prohibited. • The offering and accepting of irrational gifts, special treatment and other forms of profiteering are prohibited. • The direct or indirect offering, commitment, request and acceptance of any form of profiteering and the performing of other behaviors considered to be unethical, illegal or in violation of fiduciary duty are prohibited. • The intention to gain profits or the gaining profits from using the company's assets, information or taking advantage of business is prohibited. <p>❖ Management and Penalties for Acts Performed in Business Operations:</p> <p>The Company's "Employee Work Regulations" clearly state that employees are prohibited from the direct or indirect acceptance of gifts, special treatment and any other forms of profiteering. Through the establishment of these principles and systems, the Company has provided complete behavioral guidelines for the employees. Any behaviors that violate the Company's morals and ethics, no matter what position the violator holds, shall be received punishment according to the guidelines stipulated in the "Employee Work Regulations" and the "Rules Governing Employee Rewards and Penalties". In addition to internally requiring all employees to comply with the moral and ethical norms, the Company also externally requires suppliers, contractors and other entities the Company has a contractual relationship with to comply with the terms written in the contracts regarding ethical behavior. Both parties are prohibited from engaging in bribery, sales commission, brokerage, and the giving and receiving of inappropriate gifts and services. The Company's managers shall lead by example and be models for the establishment of norms for ethical behavior.</p>				

(7) Other Important Information to Helping Understand the Status and Operations of Corporate Governance:

The links to “Corporate Social Responsibility” and “Exclusive Zone for Investors” were established on the company’s website (<http://www.aleees.com>). Sustainability Report is updated every year to disclose the promotion outcomes for Ethical Corporate Management Best Practice Principles.

(8) The Status of Execution of the Internal Control System

- i. Declaration of Internal Control: Please refer to page 117 of this annual report.
- ii. Report by the CPAs on the Review of the Internal Control System: None

(9) Major Resolutions of the Shareholders’ Meeting and the Board of Directors in the most recent year up until the date this report was published

i. Major Resolutions of the Shareholders’ Meeting in 2024

Meeting Date	Major Resolutions	Implementation
June 28 th , 2024 (Regular Shareholders’ Meeting)	1. The Company's 2023 (Year 112) annual business report and financial statements proposal.	Resolution passed
	2. The Company's 2023 (Year 112) loss compensation proposal.	Resolution passed
	3. It is proposed to change the cash capital increase fund utilization plan handled by the Company in 2023.	Resolution passed
	4. The company intends to handle the case of capital reduction to make up for losses.	Resolution passed and execution completed as resolved in the Shareholders’ Meeting
	5. The Company's proposal to conduct private placement of common stock.	Resolution passed and execution completed as resolved in the Shareholders’ Meeting
	6. The proposal to amend the Company's "Articles of Incorporation".	Resolution passed and execution completed as resolved in the Shareholders’ Meeting
	7. By-election of one independent director of the Company.	Elected list: Independent Director : Ying-Chou Wang
	8. The case to lift the restriction on new directors from competing with the company.	Resolution passed and execution completed as resolved in the Shareholders’ Meeting

ii. Details of major resolutions adopted by the Board of Directors in the most recent year up until the date this report was published:

Meeting Date	Major Resolutions
2024/01/25	1. The issuance of performance bonuses and the implementation of performance appraisal of the company's managers in 2023. 2. A statement on the progress of the dispute over the strategic alliance between the Company and FDG Electric Vehicles (Holdings) Limited, FDG Power Limited and FDG Dynamics Investment Limited.
2024/03/08	1. Annual business report and financial statement of the company for the year 2023. 2. Internal control statement of the company and its subsidiaries for the year 2023. 3. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary.
2024/04/11	1. Annual business report and financial statement of the company for the year 2023. 2. The company intends to handle the case of capital reduction to make up for losses. 3. Discontinuation of private placement of common shares approved at the 2023 shareholders' meeting. 4. Private placement of common shares for capital increase. 5. Appointment of the accounting firm for the public expense and independence evaluation of the independent accountant for the financial statement of the company for the year 2023. 6. It is proposed to change the cash capital increase fund utilization plan handled by the Company in 2023. 7. By-election of one independent director of the Company. 8. Revision of certain articles of the company's bylaws. 9. Prepare the date, time, place and agenda of the 2024 annual general meeting of shareholders of the Company. 10. The 2024 Annual General Meeting of Shareholders will accept shareholder proposals and proposals on the period and venue of nominee directors and independent directors. 11. The company plans to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.

Meeting Date	Major Resolutions
2024/05/10	<ol style="list-style-type: none"> 1. Nomination of candidates for independent directors. 2. The case to lift the restriction on new directors from competing with the company. 3. It is proposed to amend the "Operating Regulations for the Acquisition or Disposal of Assets" of a subsidiary, Advanced Lithium Electrochemistry Co., Ltd.. 4. Prepared the company Aleees India Technology Private Limited. "Methods of acquiring or disposing of assets". 5. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary. 6. The Company intends to increase its capital in cash in its subsidiary, Aleees US, Corp., and indirectly in its subsidiary, Aleees Texas, LLC.
2024/08/14	<ol style="list-style-type: none"> 1. To discuss the remuneration of newly-elected independent directors of the Company. 2. Proposal for the appointment of the members of the 4th Nomination Committee and the 5th Remuneration Committee of the Company. 3. The financial report of the first half of the year 2023 for the company and its subsidiaries. 4. Proposal to Not Establish Regulations for the Loaning of Funds and Regulations Governing Endorsement & Guarantee Operations for the Company's sub-subsidiary, Aleees India Technology Private Limited (hereinafter referred to as Aleees India).
2024/11/08	<ol style="list-style-type: none"> 1. Preparation of the 2025 audit plan for the company and its subsidiaries. 2. Nomination for the appointment of CEO. 3. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary. 4. Proposal to amend the company' "Operating Measures for Acquisition or Disposal of Assets." 5. Revision of certain provisions of the Company' s Rules of Procedure for Board of Directors Meetings. 6. The company proposes to replace the stock transfer agent.
2024/12/26	<ol style="list-style-type: none"> 1. The implementation of performance appraisal and the issuance of performance bonuses of the Company' s managers in 2024. 2. Operating plan and budget for the company and its subsidiaries for the year 2024. 3. Revision of certain provisions of the Company' s Audit Committee Charter. 4. Revision of certain provisions of the Company' s Internal Audit Implementation Rules. 5. The Company intends to increase its capital in cash in its subsidiary, Aleees US, Corp., and indirectly in its subsidiary, Aleees UK Ltd.
2025/03/14	<ol style="list-style-type: none"> 1. A Settlement case on the progress of the dispute over the strategic alliance between the Company and FDG Electric Vehicles (Holdings) Limited, FDG Power Limited and FDG Dynamics Investment Limited. 2. Proposal for the remuneration adjustment of the Company' s managers. 3. Annual business report and financial statement of the company for the year 2024. 4. Proposed allocation of losses for the year 2024. 5. Discontinuation of private placement of common shares approved at the 2024 shareholders' meeting. 6. Private placement of common shares for capital increase. 7. Appointment of the accounting firm for the public expense and independence evaluation of the independent accountant for the financial statement of the company for the year 2025. 8. Internal control statement of the company and its subsidiaries for the year 2024. 9. Revision of certain articles of the company's bylaws. 10. Prepare the date, time, place and agenda of the 2025 annual general meeting of shareholders of the Company. 11. The 2025 Annual General Meeting of Shareholders will accept shareholder proposals and proposals on the period and venue. 12. Application for fund loan to Advanced Lithium Electrochemistry Co., Ltd., a subsidiary. 13. The company plans to provide an endorsement guarantee for its subsidiary, Advanced Lithium Electrochemistry Co., Ltd.
2025/04/08	The Company intends to lease the land and factory building located at No. 236, Huannan Road, Guanyin District, Taoyuan City, from Chung-Hsin Electric & Machinery Manufacturing Corporation.

(10) In the most recent year and as of the printing date of this Annual Report, different opinions posed by the directors and supervisors` to the major resolutions passed in the Board of Directors, as backed with written records or declarations in writing: None.

3. Information on the Certified Public Accountant (CPA) fees

Unit: NT\$ thousand

Names of CPA firm	Name of CPA	Duration covered in the audit	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Wei-Hao Wu Yen-Na Li	Jan 1, 2024 ~ Dec 31, 2024	5,010	1,170	6,180	Non-audit fees refer to fees other than audit fees, including cash capital increase and decrease to offset losses review, tax certification, and transfer pricing reports, etc.

- (1) When the Company changes accounting firms and the audit fee in the year of change is lower than the audit fee in the previous year prior to the change, the total amount in audit fees for the two years in question and the reasons for the discrepancy should be disclosed: N/A
- (2) When the audit fee decreases by 10% or more in comparison to the preceding year, the decreased amount, ratio of decrease and reasoning should be disclosed: N/A.

4. Information on the Change in the CPAs

(1) Information on the Former CPAs

Date of change	Since 2023 first quarter		
Cause and explanation of change	In 2023, due to the internal office rotation of PricewaterhouseCoopers Taiwan in accordance with the law, Since 2023 first quarter Certified Public Accountants Wei-Hao Wu and Yu-Kuan Lin were replaced by Certified Public Accountants Wei-Hao Wu and Yan-Na Li.		
Explanation about whether the change resulted from voluntary termination or rejection of appointment or reappointment by the appointer or the CPAs	Parties concerned		
	Facts	By the CPAs	By the Appointer
	Voluntary termination		
	Rejection of appointment or reappointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	N/A		
Differences with the company	Yes		Accounting principles and practices
			Disclosure of financial statements
			Scope or steps of audit
			Others
	No	V	
	Explanation		
Other facts of disclosure (Facts to be disclosed under Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None		

(2) About the succeeding CPAs

Name of CPA House	PwC Taiwan
Names of CPAs	CPA Wei-Hao Wu /CPA Yan-Na Li
Date of retaining	Since 2023 first quarter
Consultation results and opinions on accounting procedures or principles with respect to specified transactions and the company's financial reports that the CPA might have issued prior to the appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

- (3) The opinions provided by the former CPAs according to Items 1 and 2-3, Subparagraph 6, Article 10 Regulations Governing Information to be Published in Annual Reports of Public Companies:

N/A

5. The Company's Chairman, CEO(GM), the manager in charge of financial affairs or accounting affairs having served with the verifying Certified Public Accountant House or its related companies over the past year

None

6. Transfer of shares, pledge or change in equity by the directors, supervisors, managers and major shareholders holding over 10% of the aggregate total in the recent fiscal year and as of the printing date of this Annual Report

- (1) Status of change in shares held by directors, supervisors, managers and main shareholders holding over 10% of the aggregate total

Unit: shares

Title	Name	2024		As of May 15, 2025	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman (Note1) (Note6)	Sheng-Shih Chang	(49,000)	—	—	—
Director cum CEO (Note1) (Note6)	Re-Yang Chu	(6,708)	—	—	—
Director	Yu-Mei Lee	—	—	—	—
Independent Director	Chao-Chin Li	—	—	—	—
	Neng-Chieh Shih(Note3)	—	—	—	—
	Pao-Sheng Wei	—	—	—	—
	Chuan-Chang Chang(Note2)	—	—	—	—
	Ying-Chou Wang (Note4)	—	—	—	—
Chief, Finance & Accounting Dept.	Siang-Cyuan Zeng	—	—	—	—
Corporate Governance Officer	Ling-Ta Chiu(Note5)	—	—	—	—
	Yen-Ling Chao(Note5)				
	Song-PO Lin(Note5)				
Shareholder with over 10% ownership	FDG Kinetic Limited's custodian account with KGI BANK	(1,677,676)	—	—	—

Note1: On November 8, 2024, the board of directors approved Re-Yang Chu new head of Ceo and dismissed Sheng-Shih Chang as the head of Ceo.

Note 2: The resignation of independent director Chuan-Chang Chang will take effect on January 1, 2024.

Note 3: The resignation of independent director Neng-Chieh Shih will take effect on May 15, 2024.

Note 4: The election of that independent director was effective on June 28, 2024.

Note 5: On January 25, 2024, the board of directors approved Yen-Ling Chao new head of corporate governance and dismissed Ling-Ta Chiu as the head of corporate governance. ; On November 8, 2024, the board of directors approved Song-Po Lin new head of corporate governance and dismissed Yen-Ling Chao as the head of corporate governance.

Note 6: The capial reduction was to compensate for the decreased number of shares due to business loss

- (2) Information on the relationship between counterparties with regards to share transfer: None.
- (3) Information on the relationship between counterparties with regards to pledged shares: None.

7. Information on the top-10 shareholders of the Company being related parties, spouses, or relatives within the second degree of kinship among themselves

April 30, 2025; Unit: shares

Name (Note 1)		Shareholding		Spouse & Minor Shareholding		Shareholding in the Name of Others		Names and Relations of Top 10 Shareholders who have Spousal Relationships or are within the Second Degree of Kinship of each other (Note 3)		Remarks
		Number of Shares	Share-holding Rate	Number of Shares	Share-holding Rate	Number of Shares	Share-holding Rate	Title (Or Name)	Relation	
FDG Kinetic Limited's custodian account with KGI BANK		7,605,470	11.18	N/A	N/A	—	—	None	None	
Jie-Rong Ciou		1,130,565	1.66	—	—	—	—	None	None	
WILL TREND CORPORATION	Legal Person	1,009,398	1.49	N/A	N/A	—	—	None	None	
	Representative: Miao-Ying Shen	—	—	—	—	—	—	None	None	
RONG FENG INDUSTRIAL CO., LTD.	Legal Person	781,361	1.15	N/A	N/A	—	—	None	None	
	Representative: Tian-Rong Huang	—	—	—	—	—	—	None	None	
Jia-Ling Tsai		393,727	0.58							
Jui-Che Tsai		389,797	0.58	—	—	—	—	None	None	
Chuan-Yi Huang		388,174	0.57	—	—	—	—	None	None	
Shi-Han Huang		371,770	0.55	—	—	—	—	None	None	
Ching-Yi Tseng		371,758	0.55	—	—	—	—	None	None	
AMAZING MICROELECTRONIC CORP.	Legal Person	362,289	0.54	N/A	N/A	—	—	None	None	
	Representative: Jun-Chang Li	38,686	0.06	—	—	—	—	None	None	

Note 1: The top-10 shareholders shall be fully listed and if the shareholder is a corporate shareholder, the names of the corporate shareholder and representative shall be separately listed.

Note 2: Calculation of shareholdings ratio refers to the shareholdings ratio held in the name of the shareholder, spouse, underaged children, or using the name of others.

Note 3: The listing above of shareholders disclosed shall include corporations and individuals, as well as their relationships according to the Regulations Governing the Preparation of Financial Reports by Issuers.

8. Company, company directors, supervisors, managers and businesses controlled by the Company directly or indirectly pertaining to the same re-investment business supporting share volume, and the consolidated shareholdings rate combined and calculated

March 31, 2025; Unit: shares

Name of Related Companies (Note 1)	Investment by the Company		Investment by directors, supervisors, managers and the directly or indirectly controlled company		Comprehensive investment	
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate
Advanced Lithium Electrochemistry Co., Ltd.	246,640,000	100.00%	—	—	246,640,000	100.00%
Advance Lithum Electrochemistry (HK) Co., Ltd	19,330,000	100.00%	—	—	19,330,000	100.00%
Advance Lithium Electrochemistry (Shanghai) Co., Ltd	(Note2)	100.00%	—	—	(Note2)	100.00%
Aleees Eco Ark Co., Ltd. (Note 3)	52,800,000	100.00%	—	—	52,800,000	100.00%
Aleees US, Corp. (Note 4)	44,500,000	100.00%	—	—	44,500,000	100.00%

Aleees AU Pty. Ltd. (Note 5)	1,630,000	100.00%	—	—	1,630,000	100.00%
Aleees Texas, LLC	1,800,000	100.00%	—	—	1,800,000	100.00%
Aleees EU SARL	100,000	100.00%	—	—	100,000	100.00%
Aleees UK, Ltd.	950,000	100.00%	—	—	950,000	100.00%
Aleees India Technology Private Limited.(註 6)	800,000	100.00%	—	—	800,000	100.00%

Note 1: The related company adopts the equity method for long-term investments.

Note 2: Refers to limited liability companies and has no shareholdings.

Note 3: This company has been dissolved by resolution in the twentieth meeting of the seventh session of the Board of Directors, and is currently undergoing liquidation.

Note 4: Advanced Lithium Electrochemistry (US), LLC., renamed to Aleees US, Corp. on April 15, 2022.

Note 5: Aleees AU Pty. Ltd, renamed to Aleees AU Pty. Ltd. on May 20, 2022.

Note 6 : The company registered and acquired 100% ownership of Aleees India Technology Private Limited. on November 28, 2023.

III. Capital Raising Status

1. Capital and Shares

(1) Source of Capital

i. Process of Capital Formation

Unit: shares; NT\$

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid by property other than cash	Other
Jul 2011	NT\$10	200,000,000	2,000,000,000	103,081,251	1,030,812,510	Execute share swap (Note)	—	—
Jun 2012	NT\$10			113,081,251	1,130,812,510	Capital Increase in cash of NT\$100,000,000	—	—
Jul 2012	NT\$10			112,953,654	1,129,536,540	Cancellation of treasury stock of NT\$1,275,970	—	—
Jun 2013	NT\$10			127,953,654	1,279,536,540	Capital Increase in cash of NT\$150,000,000	—	—
Dec 2013	NT\$10			142,073,654	1,420,736,540	Capital Increase in cash of NT\$141,200,000	—	—
Feb 2015	NT\$10			164,573,654	1,645,736,540	Capital Increase in cash of NT\$225,000,000	—	—
Aug 2016	NT\$10	300,000,000	3,000,000,000	210,573,654	2,105,736,540	Issue and private placement of new shares of NT\$460,000,000	—	—
Jul 2019	NT\$10	300,000,000	3,000,000,000	241,573,654	2,415,736,540	Capital Increase in cash of NT\$310,000,000	—	—
May 2020	NT\$10	300,000,000	3,000,000,000	130,019,664	1,300,196,640	capital reduction plan to offset company losses of NT\$ 1,115,539,900	—	—
Jul 2020	NT\$10	300,000,000	3,000,000,000	160,019,664	1,600,196,640	Capital Increase in cash of NT\$300,000,000	—	—
May 2021	NT\$10	300,000,000	3,000,000,000	92,099,689	920,996,890	capital reduction plan to offset company losses of NT\$ 679,199,750	—	—
Nov 2021	NT\$10	300,000,000	3,000,000,000	60,000,000	600,000,000	capital reduction plan to offset company losses of NT\$ 320,996,890	—	—
May 2022	NT\$10	300,000,000	3,000,000,000	70,000,000	700,000,000	Capital Increase in cash of NT\$600,000,000	—	—
Sep 2023	NT\$10	300,000,000	3,000,000,000	83,000,000	830,000,000	Capital Increase in cash of NT\$130,000,000	—	—
Aug 2024	NT\$10	300,000,000	3,000,000,000	68,000,000	680,000,000	capital reduction plan to offset company losses of NT\$ 150,000,000	—	—

Note: The Company has applied for listing in Taiwan and the face value of each share is NTD10. Upon the resolution passed by the Board of Directors on Jun 27th, 2011, the face value of the Company capital stock has changed from USD 0.10 to NTD 10 according to the laws of the Cayman Islands. Based on 10,882,247 new shares with the face value of NTD10 per share, the Company has exchanged them with 34,360,417 issued common stock shares with the face value of USD 0.10 from shareholders listed in the Registry of Shareholders. The Company has also transferred NTD 921,990,040 from its capital stock premium account into its capital stock, paying the difference of the subscribed shares of 92,199,004 shares with the face value of NTD 10 per share (hereafter referred to as “shares paid-in capital stock”), to be used in the issuance and distribution to all Company shareholders. After this issuance and transferring in of shares paid-in capital stock, the Company has issued a total of 103,081,251 NTD-denominated shares with the face value of NTD 10 per share. The amount of issued capital is NTD 1,030,812,510.

ii. Types of shares issued

April 30, 2025 ; Unit: shares

Type of share	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common Shares	68,000,000	232,000,000	300,000,000	(1) TPEX primary listed stocks (2) Privately placed 7,605,470 shares not listed (note)

Note: The number of shares outstanding is 60,394,530 shares. The remaining 7,605,470 shares, are held by private placement investors.

According to Article 43-8 of the Securities & Exchange Act, unless in the situations otherwise specified by laws, the shares issued to private placement investors are not freely transferrable within three years after issue. We intend to apply to the competent authorities for the public trading of these shares after this three-year period according to the related laws and regulations.

iii. Relevant information on shelf registration: N/A

- (2) List of main shareholders: The names, number of shares held and shareholding ratio for shareholders holding more than 5% of total issued shares of the Company or ranking as one of the top-10 shareholders are listed clearly below:

April 30, 2025; Unit: shares

Names of Main Shareholders	Number of shares held	Shareholding rate %
FDG Kinetic Limited's custodian account with KGI BANK	7,605,470	11.18
Chien-Jung Chiu	1,130,565	1.66
RONG FENG INDUSTRIAL CO., LTD.	1,009,398	1.49
WILL TREND CORPORATION	781,361	1.15
Jia-Ling Tsai	393,727	0.58
Jui-Che Tsai	389,797	0.58
Chuan-Yi Huang	388,174	0.57
Shi-Han Huang	371,770	0.55
Ching-Yi Tseng	371,758	0.55
AMAZING MICROELECTRONIC CORP.	362,289	0.54

- (3) The Company's share dividend policy and status of implementation

i. Share dividend policy as defined in the Company's Articles of Incorporation

If the Company reports profit in any given year, 1-10% of said profits shall be given to the Company's employees and no more than 1% shall be given to the Directors as a bonus. However, when the Company has accumulated losses, funds to compensate for the losses shall be retained in advance. Employee bonuses must take the forms of either stocks or cash; the receivers of the bonuses must include subordinates who fit the criteria set by the Board of Directors or authorized personnel. The distribution of employee bonuses must be passed through resolution in a meeting of the Board of Directors in which at least two-thirds of the directors are present and more than half of those presents vote yes; the results shall be reported to the Shareholders' Meeting. The Board of Directors shall adhere to the methods listed below to propose guidelines for the distribution of dividends and said guidelines have to pass through ordinary resolution in the Shareholders' Meeting.

- (i) Pay taxes
- (ii) Compensate for previous losses
- (iii) Deposit 10% as a statutory surplus reserve. This does not apply if the statutory surplus reserve has reached the company's total capital.
- (iv) When necessary, set aside or reverse special reserves.

The Board of Directors shall make proposals for the allocation of the remaining profit (based on the amount after items one to four above have been deducted, and with the initial non-allocated profit added) and distribute the profit based on resolution in the Shareholders' Meeting.

Any remaining profits may be allocated as a dividend. The company is in the initial stages of industry development, and the corporate life cycle is in a stage of positive growth. To respond to plans in the future for the expansion of operations, and considering the dividend balance and shareholders' rights, the dividend shall be allocated to shareholders in the form of cash or newly issued stocks (meaning that shareholders shall apply such sums to paying in full the unissued shares for allotment and distribution, crediting the shares as paid in full and can be distributed amongst them in the proportion aforesaid) in a combination of both cash and stocks, or in the form of a bonus. The actual issuance ratio authorized by the Board of Directors is in accordance with the Company Act and other public company regulations. Finance, business and management factors are considered before making the allocation. However, a dividend allocation shall not be less than 10% of the remaining profit, and the cash dividend portion of the allocation shall not be less than 10% of the total dividend amount.

- ii. Proposed distribution of share dividends in the current year: None.
- (4) The impact of the issuance of bonus shares proposed in the current Shareholders' Meeting on the Company's business performance and earnings per share (EPS): None.
- (5) Bonuses and Compensation to Employees, Directors and Supervisors
 - i. The percentage or range of employee bonuses and compensation for directors and supervisors are stated in the Company Articles of Incorporation: Please refer to Subparagraph (6)-i above on the explanation of the policy of share dividends.
 - ii. The accounting process used in the event that the basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation in the current period has discrepancy with the actual amount being disbursed: N/A
 - iii. Information on any approval by the Board of Directors of the distribution of compensation:
 - (i) The case for distributing earnings for 2024 was proposed to not be carried out by the Company's Board of Directors.
 - (ii) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors: N/A
 - (iii) The amount of any employee compensation distributed in the form of 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 reports or individual financial reports for the current period and total employee compensation: N/A
 - iv. The actual distribution of employee, director, and supervisor compensation in the previous fiscal year: The Company did not distribute any employee, director or supervisor compensation in 2023. The Board has decided not to distribute employee bonuses for 2024. The compensation expected to be paid to the directors is NTD 4.8398 million.
- (6) Information on the Company's stocks being repurchased by the Company: No repurchasing of Company shares occurred in the most recent year up until the printing date of this annual report.

2. Status of Company debt (including overseas Company debt) arrangements

None

3. Issuance of preferred shares

None

4. Issuance of overseas deposit receipt certificates (DRC)

None

5. Issuance of employee stock option certificates

None

6. Restriction upon employees in rights over new shares

None

7. Status of Merger

None

8. Inward transfer of other firms' new shares

None

9. Implementation of Capital Utilization Plans

- (1) The information regarding implementation of the plans for the use of funds collected through capital increase through the private placement of marketable securities in 2023 is as follows:
 - i. Contents of the Plan
 - (i) Date and file number of approval granted by the competent authorities in charge of the subject enterprise: Jin-Guan-Cheng-Fa-Zi 1120338936 dated July 27, 2023.
 - (ii) Total funds required for the Project: NT\$559 million.
 - (iii) Source of capital: Private placement to issue 13,000,000 new shares at NT\$10 par value, and issue them at NT\$43 per share, to raise a total of NT\$559 million.
 - (iv) Contents of the Plan and schedule to use the fund:

A. Originally projected progress:

Unit: NT\$ Thousand

Contents of the Plan	Scheduled Date of Completion	Total funds required	Scheduled disbursement of the funds					
			2023	2024				2025
			Q4	Q1	Q2	Q3	Q4	Q1
Replenish operational capital	2024 Q2	187,000	135,000	42,000	10,000	—	—	—
Purchase of machinery and equipment	2025 Q1	200,000	40,000	2,000	54,000	32,000	6,000	66,000
Repay bank loan	2023 Q4	172,000	172,000	—	—	—	—	—
Total		559,000	347,000	44,000	64,000	32,000	6,000	66,000

B. Projected progress after the change:

On April 11, 2024, the Board of Directors passed a resolution to amend the capital utilization plans for cash capital increase in 2023. The initially proposed expenditure of NT\$ 200,000,000 for the purchase of machinery and equipment has been revised downward to NT\$ 80,000,000. The remaining funds will be redirected towards replenishing operational capital, with the initially planned NT\$ 187,000,000 will now be increased to NT\$ 307,000,000. This adjustment is due to a significant depreciation in equipment values, necessitating the postponement of machinery and equipment purchase to minimize expenses. The existing factory space will be utilized for configuring production lines, leveraging the commonality of certain machinery and equipment. Consequently, the purchase amount for machinery and equipment has been revised down to NT\$ 80,000,000 to improve flexibility in fund utilization and efficiency. The revised schedule is expected to proceed as follows:

Unit: NT\$ Thousand

Contents of the Plan	Scheduled Date of Completion	Total funds required	Scheduled disbursement of the funds					
			2023	2024				2025
			Q4	Q1	Q2	Q3	Q4	Q1
Replenish operational capital	2024 Q2	307,000	135,000	42,000	10,000	40,000	40,000	40,000
Purchase of machinery and equipment	2025 Q1	80,000	—	—	—	—	25,000	55,000
Repay bank loan	2023 Q4	172,000	172,000	—	—	—	—	—
Total		559,000	307,000	42,000	10,000	40,000	65,000	95,000

ii. Implementation Status

Units: NT\$ Thousand

Contents of the Plan	Facts of implementation		Q1 2025	Progress ahead of or behind schedule, the reasons and the improvements of plan
Replenish operational capital	Amount disbursed	Anticipated	307,000	Follow the original plan and implemented
		Actual	307,000	
	Progress of implementation (%)	Anticipated	100%	
		Actual	100%	
Purchase of machinery and equipment	Amount disbursed	Anticipated	80,000	Due to delays in the scheduled delivery of certain equipment, the payment for the equipment will not be made as planned in Q1 2025.
		Actual	67,882	
	Progress of implementation (%)	Anticipated	100%	
		Actual	84.85%	
Repay bank loan	Amount disbursed	Anticipated	172,000	Follow the original plan and implemented
		Actual	172,000	
	Progress of implementation (%)	Anticipated	100%	
		Actual	100%	
Total	Amount disbursed	Anticipated	559,000	
		Actual	546,882	

	Progress of implementation (%)	Anticipated	100%	
		Actual	97.83%	

iii. The discrepancy between the anticipated benefits and the actual achievement

- (i) The 2023 capital increase by cash project of the Company was completed on Sep 6th, 2023, with a total amount NTD 559,000,000 collected. On April 11, 2024, the Board of Directors, followed by the the Shareholders' Meeting on June 28, 2024, approved changes to the 2023 Cash Capital Increase Fund Utilization Plan. According to the revised plan, the funds allocated for enhancing working capital, purchasing machinery and equipment, and repaying bank loans, are now 97.83% utilized, indicating no significant discrepancies between the anticipated and actual outcomes.

- (ii) The analysis for achieved benefits is shown as follows:

Units: NT\$ Thousand

Item/Year		2022 (Before fundraising)	2023 (After fundraising)
Financial information	Current assets	680,951	726,426
	Current liabilities	470,716	558,092
	Total liabilities	586,042	558,092
	Operating Revenues	707,524	810,294
	Interest expense	11,360	21,964
	Net loss before tax	(398,099)	(467,406)
	EPS	(6.0)	(7.0)
Financial Structure	Debt to asset ratio	45.08	42.47
	Long-term funds to property, plant and equipment ratio	165.97	153.52
Solvency	Current ratio	144.66	130.16
	Quick ratio	81.28	93.62

After examining the relevant ratios of the company's financial structure and solvency before and after the fund-raising, the company's debt-to-equity ratio decreased from 45.08% in 2022 to 42.47% in 2023, the ratio of long-term funds to property, plant, equipment decreased from 165.97% to 153.52%, the current ratio decreased from 144.66% to 130.16%, and the quick ratio increased from 81.28% to 93.62%. These fluctuations primarily resulted from the delayed full collection of fundraising proceeds until September 2023, necessitating short-term financing to manage daily operational needs until the funds were fully available. Additionally, the postponement in purchase of machinery and equipment has not yet yielded any benefits. Overall speaking, the company's cash increase has obtained long-term and stable funds from the capital market, thereby improving flexibility in fund utilization and efficiency while potentially reducing interest expenses. Therefore, the implementation status of this fund-rising plan is reasonable.

IV. Operational Highlights

1. Business Activities

(1) Scopes of business

i. Main contents of operating business

The Company is an investment holding Company established on November 16, 2007 in the Cayman Islands. According to its business development strategy, the subsidiaries, Aleees (Taiwan) primarily engaged in the production, R&D and sales and marketing of cathode materials for Lithium battery, while Aleees SH acts as a sales and marketing point for the Mainland China market. Starting from 2022, the company will expand its business model to focus on patent technology licensing and transfer, which is a light asset business model, to increase new momentum for stable growth of the company's operations.

ii. Main products and business proportion

Unit: NT \$ thousand;%

Main products	2022		2023		2024	
Cathode materials for LFP battery	602,581	85.17	678,297	83.71	574,355	97.14
Others(Note)	104,943	14.83	131,997	16.29	16,901	2.86
Total	707,524	100.00	810,294	100.00	591,256	100.00

Source: Annual consolidated financial reports of the Company signed and checked by certified accountants.

Note: Other items include revenue from technology services, consulting services, etc.

iii. Existing products (services) :

(i) Cathode materials for LFP battery

Since its establishment, Aleees (Taiwan) has been committed to the R&D, production and sales and marketing of cathode materials for LFP battery, and has chosen to use the olivine-structured cathode materials that provide high level of safety as its development direction. It is mainly due to the olivine-structure materials has stable structure and strong intermolecular bonding, therefore, it can provide high level of safety and relatively long cycle life. Among current commercialized lithium battery materials, LFP is featured with the highest level of safety, its cycle use reaches more than 2,000 times, as well as low environmental pollution, and its sources of raw materials are abundant. Therefore, it is considered to be the next generation lithium battery as it is an ideal cathode material that can be applied in the fields like electric vehicles, wind-solar power storage system and alternative to lead-acid battery.

Product Item	Application
Cathode materials for LFP battery	<ul style="list-style-type: none"> •Electric vehicles •Wind-solar power storage system and smart grid •Emergency Power supply system •12 V automobile starter •48V micro hybrid power batteries •Batteries for 4G and 5G bases •Special application for military use and space exploration

(ii) Technical service revenue

A. Licensing fees

The company licenses its patented technology for phosphate-based cathode materials to customers and charges them for the right to use intellectual property at the time of licensing.

B. Royalties

After the licensed customer begins production until 2041, the company collects a certain percentage of the amount based on the production/sales volume of the licensed customer each year.

iv. New products (services) development projects

Cathode materials for lithium battery

(i) Improvement and optimization of existing products

A. The use of more advanced powder design concepts and powder post-processing

processes to increase production capacity and production yield, reduce production costs, and enhance products competitiveness in the global market for continually expanding market shares of products.

B. Actively introducing a new generation of manufacturing process and equipment to manufacture cathode materials for lithium battery with higher purity, lower impurities and better processing performance by expanding customer base with high-end product application needs.

(ii) Continue to develop high voltage cathode materials for lithium battery.

Due to the continuous improvement of the energy density of lithium-ion batteries, the Company has been devoted to the development of high-voltage cathode materials such as lithium iron manganese phosphate, lithium vanadium fluorophosphates, and lithium nickel fluorophosphates. Lithium manganese iron phosphate can be used with ternary material, lithium vanadium fluoride phosphate can be used with special electrolyte systems, and lithium nickel fluoride phosphate can be used with solid electrolytes for use in electric vehicles, unique batteries with high energy density and high safety requirements. In the market, some products are developed in cooperation with major overseas battery manufacturers to adjust the material properties according to customer test results. We also focus on clear directions in market application and joint development with customers. These strategies can accelerate development and launching of new products, and provide electric vehicles and energy storage to provide the market the best choice of materials with high quality.

(iii) Developing the Ternary Cathode Material

The ternary cathode material market is gradually shifting towards the high-nickel direction. Combining our rich experience in material development, our company has invested in the development of high-nickel ternary cathode materials with higher energy density, such as lithium-nickel-cobalt-manganese, nickel-cobalt-manganese-aluminum, lithium-nickel-manganese, etc. Some products have been sent overseas for testing. We are committed to commercializing our R&D products, hoping to expand our leading position in the lithium battery material market and enhance our market competitiveness and profitability.

(2) Industry Overview

i. Current Situation and Development of Industry

The development of sustainable energy is seen as an important trend of environmental protection in global. Currently, over 130 countries have adopted (or announced) the goal of net zero emissions by 2050, and the development of green power has become a global consensus. As countries continuously facilitate the development of renewable energy and increase the proportion of green energy, the construction of energy storage systems in the later stage shall follow. Therefore, the energy storage system is able to smooth the green power output, improve the utilization rate of renewable energy, and maximize the effectiveness of each electric power. These are the key reasons for the development of energy storage. Energy storage equipment is widely used in the power systems, and spans from the power generation terminal, transmission, distribution, to the client terminal, including residential, industrial, commercial enterprises and so on. Because the entire power system is involved, the main driving force lies in the support from the government policies. In addition to government policies, customer demand is also expected to increase, have installed the energy storage systems independently in homes in order to obtain the stable power supply. Driven by the promise of net zero emission, the green power at the enterprise end has increased, and the demand for the energy storage has also increased.

In the wave of green energy transformation, Bloomberg Energy Finance estimates that by 2030, the global investment in stationary energy storage equipment will exceed \$262 billion, with the main markets concentrated in the United States, China, and EU countries. The top five countries in installed capacity will account for 85% of the global total. The United States is expected to continue to hold the throne as the world's largest market until 2025. Overall, the global energy storage industry is expected to enter a period of high-speed growth in the context of carbon neutrality and green energy.

Energy storage batteries do not require high energy density, but are more concerned with battery cost, cycle performance, and lifecycle cost. Lithium iron phosphate batteries have low production costs and high cycle times, making them a preferred option for the energy storage market. While ternary lithium batteries have safety concerns due to frequent explosion incidents, lithium iron batteries have become the first choice for the energy storage market. BNEF believes that rapidly developing battery technology is driving the energy storage market, which is currently dominated by lithium-ion batteries. LFP will be the preferred choice for lithium-ion batteries in stationary energy storage systems.

The global electric vehicle market is developing rapidly, with over 20 countries worldwide setting goals to electrify their vehicles or ban the sale of fossil fuel vehicles, with the target timeline falling between 2025 and 2050. In other words, the transition from fossil fuel vehicles to electric vehicles ranges from as short as 1 year to as long as 16 years. Over half of these electric vehicles are expected to come from China. In response to the inevitable "Red Wave", automakers in Japan, Europe, and the United States are gradually raising trade barriers or increasing government subsidies. Directly impacting companies from China, Russia, South Korea. European Union countries are offering subsidies for electric vehicle purchases, restricted to local production. With significant investments from various automakers in the global electric vehicle market, the demand for electric vehicles is showing a clear trend of growth.

TrendForce believes that as the core component with the highest cost in electric vehicles, reducing the cost of power batteries will be an important strategy for companies' future competition. Companies will pay more attention to reducing battery material costs and ensuring supply chain security, two major issues related to future competitiveness. In order to reduce the cost of electric vehicle batteries, both automakers and EV battery manufacturers are directing their focus towards the implementation of new technologies and chemical compounds. According to data from the International Energy Agency (IEA), batteries constitute 40% of the total costs of an electric vehicle. Therefore, there is a strong emphasis on adopting new chemical compounds while reducing reliance on expensive metals such as lithium carbonate, nickel, and cobalt. Shifting towards the use of cost-effective EV batteries will allow EV companies to continue reducing prices and develop more attractive pricing strategies for the mass market.

Currently, several automakers have shifted towards or initiated investments in more cost-effective battery technologies. With the vigorous development of the electric vehicle market and the continuous development of customers, it is expected to drive the company's operational growth in the future after the completion of certification and mass production.

In the future, the energy storage and electric vehicle industries will be the two main application markets for lithium batteries, and the lithium iron phosphate market will steadily grow in the foreseeable future.

ii. Industry relevance of upstream, midstream and downstream companies

Upstream	Midstream	Downstream Applications
Cathode material of lithium iron Anode materials Electrolytes Separator membranes Other parts	•Battery(cells) manufacturing industry •Battery module management	•Power battery application →Electric vehicles →48V microV hybrid power •Energy storage battery applications →Energy storage equipment →Smart grid •Replace lead acid battery →12V Car start battery →Emergency power supply system →Batteries for 4G and 5G bases

iii. Various product development trends

- (i) Lithium iron phosphate batteries are applied in the energy storage battery market
 Under the trend of energy conservation and carbon reduction, the countries have successively launched supporting policies to promote the energy storage and electricity

consumption environment; The global installation capacity of renewable energy continuously increases, so the solar and wind energy markets have grown significantly. Because of the instability of renewable energy power, the energy storage equipment can supply the power in stable, extending energy storage business opportunities such as homes, industries, and electric vehicles. Also, with the increasing demand for 5G, big data, and cloud computing, the data center market keeps growing, resulting in the increasing demand for energy storage. Currently, over 97% of the world's energy storage solutions are "pumped energy storage", which uses water pumps to deliver water to reservoirs, and sometimes drains water to drive turbines to generate electricity. However, there are geographical restrictions on energy storage in reservoirs. In case of water shortage in the dry season, there is nothing to do. In contrast, the battery energy storage is more flexible in use. The battery can be placed anywhere without being affected by the weather, and the power supply response is extremely fast, so that the battery assists the power grid for any emergency.

Energy storage is about to go through a ten-year sprint. According to the latest forecast of Bloomberg Energy Finance (BNEF), the global energy storage installations are expected to reach 358GW/1,028 GWh by the end of 2030. The United States and China will be the two main markets, accounting for more than half of the global energy storage installations in 2030. According to the BNEF data, India, Australia, Germany, the United Kingdom and Japan are also important energy storage markets. Whatsoever the incentive policies, the ambitious climate goals and increasing demand for stable power grids, these reasons have promoted the vigorous development of energy storage systems. BNEF considers that the energy storage market is driven by the rapid development of battery technology. Currently, the lithium-ion batteries is the majority, and in the market of fixed energy storage systems, Until 2030, it's believed that LFP is the first choice for lithium-ion batteries.

(ii) The application of lithium iron phosphate materials in the idle-stop vehicle market.

Because of the continuous improvement of automobile fuel consumption standards and the adoption of strict standards by the European Union, automakers started to add the Idle Stop & Start System (ISS) into the vehicles. This system allows the engine to automatically turn off and initiate when at idle speed, thereby reducing the carbon dioxide emissions and fuel consumption. The idle start-stop system was originally powered by the lead-acid batteries. Because the recycling process of lead-acid battery more easily generates the pollution, it will gradually be replaced by the lithium iron phosphate batteries driven by the environmental protection regulations in the countries.

(iii) The lithium iron phosphate material returns to the mainstream automotive lithium battery market.

The trend of green energy drives the rapid development of electric vehicles. Impacted by the rising prices of raw materials in batteries, the global new energy vehicle brands raise the prices of electric vehicles one after another. Reducing the cost on power batteries will be a key factor of competition for companies in the future. That the power batteries are the most expensive but essential components in electric vehicles, so reducing the cost on power batteries will be an important strategy of competition for companies in the future. Because of its cost-effective advantages, the lithium iron phosphate batteries, with the continuous progress of technology, With the improvement of battery technology and Tesla's shift to LFP battery, the lithium iron phosphate battery suddenly becomes the priority option. The expansion scale and expansion speed of the lithium iron phosphate materials will exceed those of ternary materials, based on the production capacity planning of the global new energy battery cathode material industry in the past two years.

iv. Competitive Landscape

At present, there are many well-known manufacturers around the world are developing cathode materials for LFP battery: In addition to the Company, other manufacturers like Shenzhen Dynanonic, Süd-Chemie, , Umicore, Sumitomo Osaka Cement, Pulead Technology, Hunan Shanshan and Shenzhen BTR, etc are active in the market.

The Company uses the sol-gel method to manufacture LFP, its advantage is the synthesis and sintering of phosphate-iron eutectic are carried out first, and then the iron phosphate eutectic and the lithium salt are sintered to obtain a LFP high end product with stable structures and high purity. The application for patent protection of this special manufacturing process has been submitted at home and abroad.

At present, the mass-produced products are better than those produced by the competitors in the industry regarding capacity of electricity, sustainability, and product quality stability. The company actively introduces products with various levels of performance to meet the needs of various customers. We also cooperate with major battery manufacturers to adjust the material properties according to test results offered by customers. To customers buying the batteries, the products that adopts our company's lithium iron phosphate battery cathode materials have high capacity and good quality stability. The battery capacity and product quality stability are relatively high, which can create more benefits for customers.

The company is committed to developing more cost-effective products for customers, and we make more sophisticated improvements in the manufacturing process to produce high-quality products to keep up with the development of new energy vehicles (including hybrid vehicles) and energy storage battery market. In addition, the company is also committed to the development of extending battery life and improving the energy density of battery materials, so as to enhance the competitiveness of the company's products in the global market.

(3) Technology and R&D Overview

i. Technology level and R&D status of Operating Business

Since its establishment in 2005, Aleees (Taiwan), a subsidiary of the Company, has been committed to the development of olivine-structure materials, the key materials for power lithium-ion battery. The development supplemented by the strategy of improving the energy density capacity and cycle life of the product as the main technology roadmap, provides a core technology with competitive advantages in promoting the promotion of electric vehicles and power storage businesses. At present, Aleees (Taiwan) has with its own patented nano-metal oxide co-crystallized lithium iron phosphate, and in response to the needs of different customers, Customized production.

In view of the fact that the battery is still an important part of the current development in the electric car industry, and its high cost is an important consideration as the cathode material accounted for the highest proportion in the overall material cost of battery, as well as being the most significant part in affecting battery performances. In order to resolve the overly high pricing issue which affects the marketization of electric car, the Company has successfully introduced a new manufacturing process, and developed a new generation of long-acting and power-type cathode materials for LFP battery, which hopes to gradually reduce the cost of battery for each use. In addition, the Company continues to invest in the development of high compacted density olivine-structured cathode materials and high-voltage olivine-structured cathode materials, these two types of cathode materials will make the battery's energy density even higher, making the electric vehicle's endurance farther, these two points will effectively promote the relevant new energy industry.

ii. Researchers and their academic qualifications/experience

Year		2022	2023	2024
R & D Personnel		21	27	35
Average years of service		5.90	5.11	4.65
Academic Distribution	Doctorate Degree Holder	14.29%	10.71%	11.43%
	Master's Degree Holder	85.71%	85.71%	62.86%
	Bachelor's Degree Holder			
	and College Graduate	—	3.57%	25.71%

iii. R&D expenses invested in the most recent year and as of the publication of annual report

Unit: NT\$ thousand

Year	2024	As of March 31,2025
R&D expenses	97,372	28,875

Net Operating Revenue	591,256	194,211
Percentage of Net Operating Revenue	16.47%	14.87%

iv. Technology (product) development accomplishments

Business Segment	Period	Results of Product R&D
Cathode Material Business	2019	Completed the test phase for mass production line of new-generation energy-type cathode material, lithium iron phosphate.
		New-generation high-power cathode material, lithium iron phosphate, has officially entered the mass production phase.
		Small samples of cathode material, NCM811, were sent to customers.
		Small samples of high-voltage materials, lithium vanadium fluorophosphate and lithium cobalt phosphate, were sent to customers.
		Completed the second phase of technology commissioned research with the Advanced Battery Materials R & D Center in cooperation with Industrial Technology Research Institute (a total of three phases)
	2020	To complete the development of high voltage Lithium iron phosphate in the laboratory
		To send samples of Lithium vanadium material in kilograms to the client
		To complete high voltage Lithium iron phosphate for 5V and above in the laboratory
		To complete the development of high power file Lithium iron phosphate in the laboratory
		To send samples of new high power file Lithium iron phosphate in small amount to the client
		To complete the development of the latest high power file Lithium iron phosphate for the low-speed mobile gadgets in the laboratory
		To complete development of NCA Lithium iron phosphate in the laboratory
		To complete development of NCA Lithium iron phosphate in the laboratory
		To conduct development of LNMO Lithium iron phosphate in the laboratory
		To send samples of LNMO Lithium iron phosphate containing high amount of manganese in kilograms to clients
		To have the new energy Lithium iron phosphate put in mass production
		To carry out the third phase of the commissioned research project for innovative battery materials of research and development center which collaborates with Industrial Technology Research Institute
	2021	Carry out the development stage of the high-voltage lithium-cobalt fluorophosphate cathode material in the laboratory
		Completed the delivery for the kilogram sample of lithium vanadium fluorophosphate cathode material to the customers
		Completed the trial production stage of a new generation of the advanced high-power lithium iron phosphate cathode material.
		Carry out the trial production and the sample delivery to customer for a new generation of advanced high-power lithium iron phosphate cathode material.
		Completed the trial production of a new generation of the lithium iron phosphate cathode material for the slow-speed electric vehicles in the field of walking.
		Carry out the sample delivery of a new generation of the lithium iron phosphate cathode material for the slow-speed electric vehicles in the field of walking.
		Carry out the laboratory development stage of a new generation of precursor cathode materials for lithium iron phosphate

Business Segment	Period	Results of Product R&D
		Carry out the sample delivery to customers and test stage of the high nickel ternary (NCA87) cathode material.
		Carry out the sample delivery to customers and test stage of the high nickel ternary (NCM811) cathode material.
		Carry out the sample delivery to customers and test stage of the high nickel ternary (NCMA83) cathode material.
		Completed the laboratory development stage of the spinel structure of lithium nickel manganese oxygen (LNMO) cathode materials.
		The energy-type lithium iron phosphate cathode material has obtained the customer's certification and has achieved to ship in tons.
		Completed the full battery verification of LMFP cathode material with high manganese content
		Completed the third phase of the technical commissioned research plan with ITRI for the establishment of the Research and Development Center of the Advanced Battery Material.
	2022	Completed the laboratory development stage of the new generation of fluorophosphate vanadium lithium cathode materials, and sent kilogram-level samples to customers.
		Completed the first phase of the collaborative research and development project with National Taiwan University and National Taiwan University of Science and Technology - High-capacity and high-safety all-solid-state lithium metal batteries for green energy.
		Conducted trial production of samples for the new advanced high-power type lithium iron phosphate cathode material production line and sent them to customers.
		Conducted trial production of samples for the new generation of lithium iron phosphate cathode materials for electric vehicles and sent them to customers.
		Conducted trial production of the new generation of energy-type lithium iron phosphate cathode materials production line, and passed the certification of Japanese energy storage customers.
		Sent sample quantities of high-manganese content LMFP cathode materials to customers.
		Promoted the sample sending of new customers for energy-type lithium iron phosphate cathode materials.
		Conducted laboratory development stages for high-nickel ternary (NCM88) cathode materials.
		Conducted laboratory development stages for high-nickel ternary (NCMA88) cathode materials.
	2023	Completed the second phase of the collaborative research and development project with National Taiwan University and National Taiwan University of Science and Technology – High-capacity and high-safety all-solid-state lithium metal batteries for green energy.
		Conducted laboratory development stages for high compacted density lithium iron phosphate cathode materials.
		Conducted trial production for the new high tapped density lithium iron phosphate cathode material production line and sent sample to Japanese automakers.
		Conducted trial mass production for the new energy-type lithium iron phosphate cathode materials production line and sent sample to new customers.
		Conducted trial mass production for the production line of new lithium iron phosphate cathode materials for electric vehicles and sent sample to German automakers.
		Sent sample quantities of high-manganese content LMFP cathode materials to customer.
		Conducted trial production for high-manganese content LMFP cathode materials production line.

Business Segment	Period	Results of Product R&D
		Promoted the sample sending of new customers for energy-type lithium iron phosphate cathode materials.
		Conducted laboratory development stages for high-nickel ternary (NCA88) cathode materials for solid-state batteries.
		Conducted laboratory development stages for high-nickel ternary (NCA90) cathode materials.
		Conducted laboratory development stages for high-nickel ternary (NCMA93) cathode materials.
	2024	Conducted pilot-scale production development stages for the high compacted density lithium iron phosphate (M126) cathode materials.
		Conducted laboratory development stages for the high compacted density lithium iron phosphate (M127) cathode materials.
		Conducted laboratory development stages for the high tapped density LMFP cathode materials.
		Completed trial mass production for the production line of new lithium iron phosphate cathode materials for electric vehicles (A20) and sent samples to the Japanese automakers.
		Conducted laboratory development stages for the new generation of high-capacity anode materials.
		Conducted laboratory development stages for the new generation of manganese cathode materials.
		Conducted laboratory testing and verification stages for the synthesis of lithium iron phosphate cathode materials from recycled lithium battery materials.

(4) Short and long term business development plans

i. Short term business development strategies and plans

- (i) Provide a comprehensive solution: The Company provides recommended use of products to customers, and provides suggestions on the combination of other key materials, as well as information on equipment purchase, use, and environmental control.
- (ii) Product line integrity: In order to meet the needs of different customers, the Company will gradually develop different types of products for customers with different processes in order to reduce the costs of introducing products of customers. The long cycle life cathode materials developed specifically for electric modes of transport applications are used to accelerate market applications.
- (iii) Provide better Pre-sale & After sale technical services: The subsidiary in China, Aleees SH, has a full-fledged FAE team that able to assist customers effectively and quickly in solving problems in use, and rapid introductions of products and provide more added value.

ii. Long term business development strategies and plans

- (i) Continue to invest in the R&D of key technologies and patents to strengthen the competitiveness in the industry
- (ii) Optimize product and customer portfolios so as to increase the percentages of high unit price products and sales customers.
- (iii) Conduct industry-university collaboration plans with professional research units and academic institutions at home and abroad, and conduct research on the directions like material synthesis and material application science, etc. through collaboration, and cultivate talents needed by enterprises during the collaboration process to enhance long-term competitiveness of enterprises.
- (iv) Implement corporate governance, strengthen risk control, and sustainable management of the Company, creating a win-win-win situation for customers, employees and shareholders
- (v) Transformation into a lithium intellectual property supplier, conducting LFP patent and technology licensing, authorizing customers to establish automated production factories for lithium battery materials with a scale of more than 100,000 tons in Europe, America, and Asia.

2. Market and Sales Overview

(1) Market Analysis

i. Sales regions of main products

Our company's product sales are mainly in Asia and Europe. In 2022, we transformed into a LFP Intellectual Property Supplier that focuses on LFP patents and technology licensing. We have successfully signed a technology licensing agreement with our first customer and recognized intellectual property licensing revenue. Additionally, with the successful signing of a technology licensing agreement with our second client and recognized intellectual property licensing revenue, the Company implemented adjustments to our production and sales policies in 2024, focusing on reducing the production and sale of low-margin products. As a result, the Company's consolidated revenue for 2024 decreased by approximately 27.03% compared to 2023.

Unit: NT\$ thousand; %

Region	2022		2023		2024	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Asia	536,537	75.84	567,763	70.07	416,050	70.37
Europe	166,717	23.56	120,140	14.83	157,288	26.60
Others	4,270	0.60	122,391	15.10	17,918	3.03
Total	707,524	100.00	810,294	100.00	591,256	100.00

ii. Market Share

Since 2022, the company has gradually achieved stable revenue growth by collecting royalties through technology licensing.

iii. The future supply and demand situation and growth of the market

In December 2015, the countries committed in the Paris Agreement to achieve the goal of "carbon neutrality in global" from 2050 to 2100. Carbon neutrality is that the amount of the carbon emissions eliminated from the environment exceeds the emitting amount. It is usually achieved the relatively "zero emission" through replacing the fossil fuels by the low-carbon energy sources, affording trees, energy conservation and emission reduction. So far, more than 50 countries have declared to reach carbon neutrality by the middle of 21 century, and more than 100 countries have mentioned in their policies. 2050 is the target year for most countries.

From a global perspective, power lithium batteries account for the majority of lithium battery production, reaching 70.8%, followed by consumer lithium batteries with a market share of 22.2%, and energy storage batteries with the smallest market share at 7%. With the proposal of "carbon peak" strategies by countries worldwide, companies are deploying power and energy storage battery production lines, and the vigorous development of new energy vehicles and energy storage markets is expected to further increase the market share of power and energy storage lithium batteries. According to Research and Markets research data, the market is expected to reach nearly \$92 billion by 2026 with a GACR growth rate of 14.6%.

BNEF believes that rapidly developing battery technology is driving the energy storage market, and currently, lithium-ion batteries are the main type of battery used. Additionally, in stationary energy storage systems, LFP will be the preferred choice for lithium-ion batteries until at least 2030. TrendForce believes that as power batteries are the highest cost component of electric vehicles, reducing power battery costs will be an important strategy for companies in the future. With its cost-effectiveness advantage, LFP batteries are expected to exceed 60% of the global power battery market installation rate by 2024, as technology continues to advance.

iv. Competitive Niches

(i) Possess a professional management team

The Company has extensive technical collaboration and exchanges with academia to enhance the R&D technology of battery materials. The management team has many years of relevant industry experience and is keenly responsive to the market, and meticulous and quick in decision-making, as well as continue to attract outstanding talents to join the business and R&D. The team is properly mastered the key technologies of the products, and capable to develop new products by themselves, hence they can fully grasp the

changes in the overall market, maintain a good competitive advantage, and maintain its leadership position.

(ii) Excellent manufacturing process and R&D technology

The Company's products have the characteristics of small battery cell volume and weight, good applicability; high product consistency, can effectively improve battery reliability; high price-performance ratio, can increase customer profits and other advantages, customers are satisfied with the product performance, and safeguard customers from becoming the victims of immature products.

(iii) Complete patent portfolio

The Company has put a strong emphasis on the development of intellectual property rights and patents, committed to its management and maintenance, and builds a complete patent protection umbrella.

(iv) Encourage innovation and implement quality management

The Company encourages employees to actively engage in innovative development. Employees can engage in activities which can exceed customer needs, reduce production costs, improve existing technologies, create advanced technologies, encourage basic research, improve various administrative processes, improve efficiency, reduce costs, etc. Positive rewards are given according to the internal "Innovative Proposal Incentive Regulations" of the Company. In addition, the Company's production quality has passed ISO9001, ISO14001, TS16949 and OHSAS18001 certifications, and it has led the industry by introducing 6 standard deviation as the basis for the Company's continuous innovation and improvement to ensure the consistency of products, services and Company management. In addition, the Company plans to continuously introduce quality-related certifications in the future for further quality assurance of the products.

v. Development outlook - favorable and unfavorable factors and countermeasures

(i) Favorable factors

A. In line with the green energy industry policy orientation of governments

Driven by rising environmental awareness and the common goal of reducing carbon emission, various countries have placed the development of energy storage battery and power battery to the strategic national development level, and the intensity of funding and policy support are very strong. The LFP battery and the NCM cathode materials will become the mainstream of power battery and energy storage battery as the LFP battery features high-level safety, high power capacity, and relatively high cycle life and relatively environmentally friendly, while the NCM cathode materials feature high energy density. Governments have committed to promoting of new energy vehicles, and propose strategic plans to promote the development of the electric vehicle industry, and will focus more on LFP battery and NCM.

B. Lithium battery is widely used

In the past, the global lithium battery application market has been mainly focused on mobile phones and notebook computers, and it is suitable to be used for lithium-cobalt and ternary lithium battery with high energy density. Recently, LFP and NCM are the revolutionary new materials for lithium battery. Their superior characteristics have aroused extensive researches and rapid development, and have greatly expanded the application fields of lithium battery, expanding to new realms of electric bicycles, hybrid vehicles, electric vehicles and energy storage battery.

C. Lithium battery material technology has high patent barriers to avoid excessive competition

The primary obstacle to the entry of lithium battery materials is the patent barriers. Many companies that entered this field early have completed their patent deployment, resulting in the high possibility of patent litigation for latecomers. Hence, there is not many people who have ventured into its production.

(ii) Unfavorable factors

- A. Concentration source of raw materials risk: At present, the mining of lithium is concentrated in a few regions worldwide and the main sources of supply still rely on foreign imports.

Countermeasures:

In order to eliminate the concentration source of raw materials risk, in addition to maintaining close relationship with manufacturers, more than two suppliers are established for each main material to meet the needs of emergencies.

- B. Disorderly competition among Mainland players: Due to the good development prospects of the industry, hence, there are more than 200 suppliers of cathode materials for battery in Mainland China. However, most of them have no mass production capacity, the material capacity is low and the product quality is unstable, but they frequently attempted to enter the market with low price strategy, which creates pressure on the market for price reduction.

Countermeasures:

In order to overcome the low price competition in the market, the Company not only accelerates the development of new products and improves product quality to widen its gap with competitors. At the same time, it attracts new customers by establishing brand awareness and actively providing other additional services to enhance customer satisfaction in all aspects.

In addition, the Company has the following competitive advantages over the lithium battery cathode material manufacturers in Mainland China:

- a. Stable process capability, leading to market leadership

The stability of cathode materials for lithium battery is usually the key that affects the battery products of downstream battery manufacturers. As there are many different manufacturing processes for cathode materials of battery, and the types, quantity and timing of chemical compounds to be added will all affect the cathode materials being produced. Therefore, the biggest issue for lithium battery cathode materials manufacturers is how to produce the products with consistent quality. Although the Company faces competition from Chinese manufacturers like other industries, however, the Company has a stable process capability, and the quality of the products produced is highly consistent. The company is well recognized by customers. With the patent deployment owned, the company may develop new customers in Europe, America, Japan and South Korea.

In addition, the supply chain of automotive industry requires terminal automotive manufacturer certification. Once the company has become the main supplier for battery manufacturers, they will not easily change the supplier due to high conversion costs. Furthermore, the Company has reached a leading position with brand awareness in the market of cathode materials for LFP batteries, as well as having absolute competitive advantages despite facing competition from Chinese competitors.

- b. Acquire patent licensing, helps customers to obtain overseas orders outside of Mainland China

There are many customers of battery cell manufacturers in Mainland China are located outside of Mainland China. In view of the layout of patent licensing globally, they definitely will face patent issue as long as they are exported to the main markets (including countries such as Europe, America, Japan, Korea, etc.). Moreover, all international manufacturers put an emphasis on intellectual property rights when purchasing battery cells. Therefore, the use of the products of Aleees (Cayman) that have been granted global patent licensing can significantly eliminate patent concerns during the production and marketing processes of end products.

- c. The US-China trade war and Covid-19 pandemic have prompted global industries to relocate their production sites or supply chains.

The US-China trade war reflects the fact that production bases of some industrial have been excessively concentrated in mainland China. Due to the "de-sinicization"

trend and the Covid-19 pandemic in 2020, people realize how vulnerable the industry could be with over reliance on mainland China in terms of supply chain, so the production line or supply chain have been transferred and withdrawn from China, which has become a new trend. The lithium iron phosphate battery cathode material manufacturers outside of mainland China have also obtained business opportunities.

The Company has the aforementioned three characteristics, making the company take on the leading position in the layout of global markets outside China comparing to horizontal competitors in mainland China.

In sum, although the Company faces competition from its peers in Mainland China, with company's stable manufacturing capacity, patented products, and considering the fact that its diversified downstream industries can dilute the risk of centralizing productionsites in Mainland China, the Company will have the opportunity to lead its peers in Mainland China in the future. The company will continue to develop new products and maintain its leading position in the market.

C. Competitors may capitalize on patent litigation as a means of commercial obstruction.

Countermeasures:

- a. The Company has abundant experience in working with lawyers in Mainland China, America, and Europe, and these firms are highly specialized in intellectual property rights and have extensive experience in handling transnational cases. Hence when any dispute arises in any country, the Company is able to promptly resolve the dispute with the assistance of the well-prepared law firms.
- b. The Company and LiFePO₄+C Licensing AG completed the patent license signing on July 4, 2011, and acquired 85 patents including the earliest patents developed by Professor Goodenough, carbon cladding patents and NTT patents, etc., which completely solving the patent concerns of the major battery manufacturers in Europe, America, Japan and Korea. It helps the Company to accelerate in exploring business opportunities in markets outside mainland China. It can also help the customers of the battery factory in the Mainland to develop overseas market.

In addition to obtaining the aforementioned patent authorization, the company has always valued the importance of independent research and development since its establishment and had a complete patent layout in the field of cathode materials.

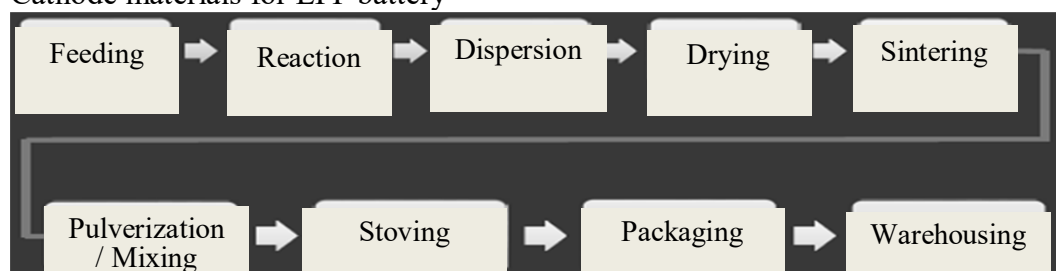
(2) Important use and production process of main products

i. Important use of main products

Main products	Purposes
Cathode materials for LFP battery	The cathode material determines the battery capacity characteristic, and choosing the right cathode material not only increases the power capacity of the battery, but also greatly improves the safety at the same time. In the green era which promotes energy conservation and emission reduction, the demand for electric vehicles is rising, and the demand for large-scale energy storage equipment is expanding. There are not many choices available for the battery which have high level of safety and high capacity, thus the use of LFP as the cathode materials for lithium battery fortuitously meet the needs of this emerging market.

ii. Production process of the main products

Cathode materials for LFP battery



(3) Supply situation of main raw materials:

Cathode materials for LFP battery

Main raw materials	Suppliers	Supply situation
Lithium compounds	Albemarle 、 FMC	Normal
Phosphoric acid	Zimi , San Fu	Normal
Iron-based compound	Höganäs , Well-Being Enterprise	Normal

(4) List of main customers for inbound/outbound sales

- i. Details of suppliers accounted for more than 10% of total purchase in any of the last two years, and explanation of increase/decrease. However, due to the contractual agreement, some of the supplier name may not be disclosed, and it is represented by alphabetical symbols.

Unit: NT\$ thousand

Item	2023				2024				As of March 31, 2025			
	Name	Amount	Net annual share of purchases (%)	Relationship with the issuer	Name	Amount	Net annual share of purchases (%)	Relationship with the issuer	Name	Amount	Net annual share of purchases (%)	Relationship with the issuer
1	Company W	92,231	17.40%	None	Company W	59,303	22.98%	None	Company E	14,471	31.81%	None
2	Company L	91,466	17.25%	None	Company E	55,526	21.52%	None	Company W	8,148	17.91%	None
3	Company E	88,255	16.65%	None	Company M	38,300	14.84%	None	Company M	7,101	15.61%	None
	Others	258,255	48.70%	—	Others	104,893	40.66%	—	Others	15,776	34.67%	—
	Net purchase	530,207	100.00%		Net purchase	258,022	100.00%		Net purchase	45,496	100.00%	

Explanation of increase/decrease:

In 2024 the situation of supplier changes varied depending on factors such as order status, product quotes, and product demand adjustments. This is still reasonable.

- ii. Details of customers accounted for more than 10% of total sales in any of the last two years, and explanation of increase/decrease. However, due to the contractual agreement, some of the customer name may not be disclosed, and it is represented by alphabetical symbols.

Unit: NT\$ thousand

Item	2023				2024				As of March 31, 2025			
	Name	Amount	Net annual share of purchases (%)	Relationship with the issuer	Name	Amount	Net annual share of purchases (%)	Relationship with the issuer	Name	Amount	Net annual share of purchases (%)	Relationship with the issuer
1	Company K	227,447	28.07%	None	Company K	340,410	57.57%	None	Company K	116,668	60.07%	None
2	Company L	142,661	17.61%	None	Company F	142,042	24.02%	None	Company F	40,098	20.65%	None
3	Company G	136,775	16.88%	None	Company I	43,395	7.34%	None	Company H	17,198	8.86%	None
4	Company I	114,897	14.18%	—	Company H	39,072	6.61%	None	Company T	6,985	3.60%	None
	Others	188,514	23.26%	—	Others	26,337	4.46%	—	Others	13,262	6.82%	—
	Net sales	810,294	100.00%		Net sales	591,256	100.00%		Net sales	194,211	100.00%	

Explanation of increase/decrease:

In 2024, adjustments in production and sales policies were made to reduce the production and sale of low-margin products. Additionally, the recognition of intellectual property licensing revenue from technology licensing decreased compared to 2023. As a result, the overall operational performance for 2024 declined compared to 2023. Overall, the situation of customer changes is still reasonable.

3. Update of employees in the last two years and up to the publication of the annual report

Unit: Number of people

Year		2023	2024	As of March 31, 2025
Number of employee	Manager	3	3	3
	Manager (R&D)	—	—	—
	R & D Personnel	27	35	33
	General staff	137	113	106
	Total	167	151	142
Average age		37.51	37.59	38.40
Average length of service		4.93	5.39	5.87
Education level distribution percentage	Ph. D.	4.19%	4.64%	4.23%
	Master	27.54%	25.83%	28.17%
	University / College	44.31%	48.34%	45.07%
	High School	21.56%	18.54%	19.72%
	Below high school	2.40%	2.65%	2.82%

4. Disbursements for environmental protection

- (1) Total amount of losses and penalties due to environmental pollution in recent years and up to the publication of the annual report: None
- (2) Countermeasures and possible expenditures in the future
 - i. At present, there has been no occurrence of environmental pollution which has affected the operation and competitive position of the Company. The Company also actively handles various environmental issues and complies with the laws and regulations to improve the work, so there will be no major impact on the Company's operation, competitive position and capital expenditure.
 - ii. The Company continues to improve various environmental pollution preventive equipment, and investing in environmental protection can enhance environmental benefits of the Company. The Company is committed to environmental protection to enhance its corporate image and product competitiveness. The major capital expenditure for environmental protection in recent years and ongoing capital expenditure are as follows

Serial number	Company	Types of Equipment Invested	Investment Amount (NTD)	Possible Benefits
1	Aleees (Taiwan)	Off-gas treatment equipment and maintenance (Including dust collector and scrubbing tower maintenance, and estimated to set up new scrubbing tower)	4.81 million	Reduction of particulate matter pollution and PM2.5 dust emissions
2	Aleees (Taiwan)	Waste water treatment equipment and maintenance (including all the consumables of the sewage plant and the personnel cost for maintaining the sewage plant)	4.08 million	Maintain the normal operation of the sewage plant to comply with the Environmental Protection Law

5. Labor Relations

- (1) Listed below are the various aspects of employee welfare initiatives, continuing education, training, retirement system and their implementation status, as well as labor agreements, and the maintenance measures of various employees' rights and interests:
 - i. Employee welfare initiatives
 - (i) The company provides facilities such as employee cafeteria, lounge area, and free parking lots for employees' cars and motorcycles.
 - (ii) The company offers a flexible working hours policy, allowing employees to adjust their schedules to suit their individual needs.
 - (iii) Insurance: In addition to statutory labor and health insurance, the Company has group

insurance (life insurance, accident insurance, cancer insurance and hospitalization insurance) for employees or dependents at their own expense.

- (iv) Health and safety: The company arranges an employee health check once a year at public expenses, and actively assists in follow-up treatment or observation regarding the test results to ensure the health of employees. To help employees release stress and stretch their muscles, visually-impaired masseurs were hired to provide services to the factory every week. Seminars such as stress management and stress relief meditation are held regularly to promote physical and mental health of employees.

In order to strengthen employees' awareness of fire prevention and disaster prevention and avoid accidents caused by temporary fires or other disasters, a self-defense firefighting team is established and fire drills are regularly conducted.

- (v) Travelling: The Company Employees Welfare Committee will occasionally organize employee travel in order to build rapport among employees and relieve work pressure.
- (vi) Birthday: Each unit will organize birthday celebration activities every month. The Employee Welfare Committee will also provide birthday vouchers, for employees who have served for more than three months.
- (vii) Wedding / funeral: Provide subsidies, compensation money and condolences for wedding, funeral and accidental injuries for employees who have served for more than three months.
- (viii) Maternity subsidy: In view of the impact of Taiwan's low birth rate, the Employee Welfare Committee provides NTD 3,000 of subsidy for one child to the employees who have served for more than three months or their spouse. In addition, in order to contribute to the health protection plan for maternal and female employees, the company provides the following measures:

Menstrual leaves	Offering 12 days of half-paid medical leave per year, which are not counted toward sick leave hours and have no impact on performance evaluations.
Maternity leave for miscarriage within 12 weeks of pregnancy	Offering full-pay leave.
Pregnancy checkup accompaniment and paternity leaves	Offering 8 days of full-pay leave.
Nursery room	Setting up nursery room managed by dedicated staff.

- (ix) Other subsidies: In addition to the abovementioned subsidies, the Employee Welfare Committee of the Group also provides gift vouchers during the Dragon Boat Festival and Mid-Autumn Festival each year to the employees who have served for more than three months. Besides, there are also subsidies for dinner parties for employees.

ii. Continuing education and training status

In order to improve the quality and work skills of employees, and to enhance the efficiency and quality of work, the Company organizes various employee education and training according to the contents of the annual education and training plan, which is mainly divided into management competency, core competency, and professional competency training in order to nurture outstanding talents, and thereby enhancing operational performance and achieving the goal of sustainable operations. An internal part-time lecturer system is established in the Company to achieve the purposes of experience transfer and sharing.

iii. Retirement system and its implementation status

The affiliated companies of the Company that belonged to the Republic of China should all adopt a definite allocation system in accordance with the "Labor Pension Act". Their pensions are paid by the company's subsidiaries on a monthly basis. The company and subsidiaries pay 6% of the employee's monthly salary as a pension which is stored in a personal account for labor pensions, the employee shall voluntarily allocate the pensions, which is within 6% of monthly salary. No employees are eligible under the Old System.

Pension system	All employees are subject to the New System.
Applicable legal sources	Labor Pension Act
Allocation method	Allocate 6% based on the employees' grade of insurance salary to their individual accounts at the Bureau of Labor Insurance
Allocation amount	A total of NT\$ 8,044,873 has been allocated in 2024

Those fulfilling with the retiring qualification shall propose to the company and get the approval of the supervisor responsible, then conduct the retirement procedure. The employee has two ways to receive the retirement pension, one is monthly release and another is receiving in one time.

Subsidiaries outside the Republic of China will be allocated in accordance with relevant local laws and regulations.

- iv. Labor agreements and maintenance status of various employees' rights and interests
The company has safeguarded the legitimate rights and interests of labor in accordance with relevant labor regulations in the main place of operation. The Company has convened regular labor meetings, and adopted a two-way coordination approach on the labor issues in order to create a harmonious labor relations. In addition, the Company has a well-established document management system, which clearly defined employee rights and obligations and welfare plans in various management measures, and through regular meeting of labor union, the Employee Welfare Committee will adjust the welfare contents in a timely manner according to the reasonable requests of employees to ensure the employees' rights and interests could be maximized.

- (2) Explanation for any loss sustained by the Company as a result of labor disputes in recent years (including labor inspection results violating Labor Standards Act, the date of punishment; the date of disposition, No. for the disposition, articles of the regulations in violation, the content of the regulations in violations and the content of the disposition shall be listed) up to the publication of the annual report, and disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate contingency measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect

The Company's labor relations are harmonious, and the Company has always respected the opinions of colleagues. Employees can always reflect their opinions through meeting, labor opinion mailbox, e-mail or E-Portal. As the labor-management communication channels are smooth and unimpeded, hence, there is no major labor disputes have occurred so far.

6. Informatic Security Management

- (1) Specify the information security risk management structure, information security policies, specific management plans, and resources invested in information security management, and so on.

The company referenced the COSO structure, measured the elements, such as the controlled environment, risk assessment, controlled activities, information, communication and supervision, established a business management system for enterprise and included the function of risk management and internal supervision in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies". The risk management system for information security is stated hereafter:

- i. The information security management structure

The information department of the Company is in charge of the information security and related matters. In addition, the Department formulates, regarding the relevant regulation and operation requirement of the company, the internal controlled circulation of electric computing system, information system and information security management for the entire employees to follow.

- ii. Policies of Information Security

In order to ensure the sustainable operation of company sales, the Company strengthens the information security management; prevent the company information, system, equipment

and internet from being invaded or from being saved by the unauthority; ensure the confidentiality, integrity and utility.

iii. Management Solution for Information Security

In line with the information security policies, the Company evaluates the negative impact on corporate operation by the relevant information security risk, and takes the corresponding management solutions as following.

The evaluated risk of information security and plan for the management solution for information security:

No.	Items	Specific management solutions
1	Computer room management	Transfer information system services to cloud machine room (cloud machine room complies with ISO 27001)
2	Establish network firewall	Connection rules of the firewall. Any special connection requirement is opened after the additional approval.
3	Manage and control emails	Mail settings automatically scan and filter the threats. Block the risky attachment files, phishing emails, spam emails, malicious links before the users receive emails.
4	Set up Antivirus software	Use the anti-virus softwares and automatically update the virus code to reduce the chance of virus infection.
5	Control the security of files and equipment	Important files from the departments of the company are stored on the server altogether.
6	Social engineering	Conduct occasional social engineering pentest and phishing test, complemented by educational training programs, to enhance cybersecurity awareness.

The management executives of the Company implement the internal control and supervise the risk management in accordance with its business scope and operation management mechanism.

iv. The management and inspection of the information security policies

The company has listed inspection and control procedures for information security as annual audit project. The audit unit should audit at least once a year. Also, the company should conduct self-inspection procedures in accordance with the internal control system each year, and summarize the implementation performance for internal control to the committee and the board and they will review, confirm and issue a statement of internal control system based on the results of the assessment.

v. Allocation of Resources to Cybersecurity Management

Conduct regular information security meetings annually to review and assess the implementation status.

(1)Subscribe to firewall security protection and update system versions.

(2)Subscribe to antivirus software and update the main system.

(3)Implement information security controls for terminal devices, including software and hardware asset inventory.

(4)Control network environment access based on operational requirements and security levels, effectively segregating network environment access control.

(5)Schedule regular data preservation backups, including electronic files, documents, emails, core systems, etc.

(6)Conduct occasional social engineering pentest and phishing test.

- (2) In the most recent year and as of the date of publication of the annual report, if it is impossible to reasonably estimate the losses, possible effects and countermeasures suffered from major information security incidents, the Company shall state the facts that cannot be reasonably estimated.

The Company did not encounter the major information security incidents until 2024 and as of the date of publication of the annual report.

7. Important contracts

Item	Nature of Contracts	Party	Contract Duration	Key Contents	Restrictive Clauses
1	Supply Contract	Aleees(TW) Air Products Co. Ltd.	2011.11.01 to 2018.10.31	Long term supply of gas required in the manufacturing process to Aleees (Taiwan).	1. Confidentiality obligations 2. Minimum monthly usage 3. Not permitted to purchase from other manufacturers or self-production for the contractual volume
2	Memorandum of Agreement	Aleees(TW) Air Products Co. Ltd.	2018.07.01 to 2019.10.31 (Signed on August 23, 2018.)	(1) Price Adjustment (2) The following amendments are made to the aforementioned contract of item 9 extended the effective date of the contract to 2023.10.31	None
3	Supply Contract	Aleees(TW) Air Products Co. Ltd.	2024.01.01 to 2026.12.31	Long term supply of gas required in the manufacturing process to Aleees (Taiwan).	1. Confidentiality obligations 2. Minimum monthly usage 3. Not permitted to purchase from other manufacturers or self-production for the contractual volume
4	Short-term bank loan contract secured with equipment	Aleees(TW) Sunny Bank	2025.03.14 to 2026.03.14	Borrowed NTD 380 million using Lextar Electronics (Taiwan) land and factory building as collateral.	Typical terms and conditions of bank loans
5	Patent and Technology Service Licensing Agreement	Aleees(TW) FREYR BATTERY	From October 10, 2022 to the termination date specified in the agreement.	Licensed Lextar Electronics (Taiwan) patented technology FREYR to set up a factory, manufacture, produce and sell positive electrode materials.	Confidentiality obligations
6	Patent and Technology License Agreement	Aleees(TW) ICL SPECIALTY PRODUCTS INC.	From February 27, 2023 to the termination date specified in the agreement.	Licensed Lextar Electronics (Taiwan) patented technology to ICL to set up a factory, manufacture, produce and sell positive electrode materials.	Confidentiality obligations of the Patent and Technology Licensing Agreement
7	Memorandum	Aleees(TW) FIB S.p.A	From September 15, 2023 to the termination date specified in the Memorandum.	Licensed Lextar Electronics (Taiwan) patented technology FIB S.p.A to set up a factory, manufacture, produce and sell positive electrode materials in the Italy or other European regions.	1. Confidentiality obligations 2. Will sign an official licensing agreement during the valid period
8	Memorandum	Aleees(TW) Neogen Chemicals Ltd.	From October 21, 2023 to the termination date specified in the	Licensed Lextar Electronics (Taiwan) patented technology Neogen Chemicals Ltd. to set	1. Confidentiality obligations 2. Will sign an

Item	Nature of Contracts	Party	Contract Duration	Key Contents	Restrictive Clauses
			agreement.	up a factory, manufacture, produce and sell positive electrode materials in the India or other regions.	official licensing agreement during the valid period
9	Memorandum	Aleees(TW) Delta Finochem Pvt. Ltd.	From November 3, 2023 to the termination date specified in the agreement.	Licensed Lextar Electronics (Taiwan) patented technology Delta Finochem Pvt. Ltd. to set up a factory, manufacture, produce and sell positive electrode materials in the India.	1. Confidentiality obligations 2. Will sign an official licensing agreement during the valid period
10	Memorandum	Aleees(TW) Indian Farmers Fertiliser Cooperative Ltd.	From December 4, 2023 to the termination date specified in the agreement.	Licensed Lextar Electronics (Taiwan) patented technology Indian Farmers Fertiliser Cooperative Ltd. to set up a factory, manufacture, produce and sell positive electrode materials in the India and Jordan.	1. Confidentiality obligations 2. Will sign an official licensing agreement during the valid period
11	Memorandum	Aleees(TW) Waaree Technologies Limited	From January 18, 2024 to the termination date specified in the agreement.	Licensed Lextar Electronics (Taiwan) patented technology Waaree Technologies Limited to set up a factory, manufacture, produce and sell positive electrode materials in the India.	1. Confidentiality obligations 2. Will sign an official licensing agreement during the valid period

V. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Position

Unit: NT\$ thousand; %

Item \ Year	2023	2024	Change in Increase/Decrease	
			Amount	Amount
Current assets	726,426	413,407	(313,019)	(43.09)
Non-current financial assets at amortised cost	—	4,000	4,000	100.00
Property, plant and equipment	492,537	505,451	12,914	2.62
Right-of-use assets	1,377	—	(1,377)	(100.00)
Intangible assets	3,012	2,959	(53)	(1.76)
Deferred tax assets	13,465	13,465	—	—
Other non-current assets	77,401	106,863	29,462	38.06
Total assets	1,314,218	1,046,145	(268,073)	(20.40)
Current liabilities	558,092	511,958	(46,134)	(8.27)
Long-term loan	—	13,333	13,333	100.00
Total liabilities	558,092	525,291	(32,801)	(5.88)
Capital stock	830,000	680,000	(150,000)	(18.07)
Capital reserves	429,000	429,000	—	—
Loss absorbing capacity	(529,783)	(615,054)	(85,271)	16.10
Other equity	26,909	26,908	(1)	(0.00)
Shareholders' equity (attributable to shareholders of the parent Company)	756,126	520,854	(235,272)	(31.12)
Total Equity	756,126	520,854	(235,272)	(31.12)

The following are the major changes amounted to NT\$10 million and the ratio of change rate is more than 20%:

Explanation on the major changes:

- Current assets: The major changes are detailed as follows:
 - Cash and cash equivalents: Mainly due to the significant decrease in cash and cash equivalents compared to the same period last year, resulting from the completion of a cash capital increase totaling NT\$ 559 million in 2023, coupled with subsequent payments made for operational needs in 2024.
 - Current financial assets at amortised cost: Mainly due to the decrease in time deposits maturing over three months that matured but were not renewed.
 - Current contract assets: Mainly due to the recognition of consulting and supportive services provided for the production of lithium battery cathode materials as contract assets during the period in which services are rendered to the customers.
- Other non-current assets: Mainly due to the increase in the recognition of other assets during the current period.
- Long-term loan: Mainly due to the application made to the bank during the current period to convert the initial short-term borrowings into installment repayments.

2. Financial Performance

(1) Operating results analysis table

Unit: NT\$ thousand; %

Item \ Year	2023	2024	Change in Increase/Decrease	
			Amount	Amount
Operating Revenues	810,294	591,256	(219,038)	(27.03)
Gross profit	(93,371)	63,633	157,004	(168.15)
Net loss	(447,056)	(233,921)	(213,135)	47.68
Non-Operating revenues and expenditures	(20,350)	(1,350)	(19,000)	93.37
Net loss before tax	(467,406)	(235,271)	(232,135)	49.66
Net loss for the current period	(519,356)	(235,271)	(284,085)	54.70
Net loss for the current period (attributable to the shareholders of the parent Company)	(519,356)	(235,271)	(284,085)	54.70

Explanation on the major changes:

- Operating Revenues: Mainly due to the adjustments in production and sales policies starting from the current period, which involved reducing the production and sale of low-margin products, as well as the decrease in the recognition of intellectual property licensing revenue compared to 2023.
- Gross profit: Mainly due to the increase in gross profit resulting from adjustments in productions and sales

Unit: NT\$ thousand; %

Item \ Year	2023	2024	Change in Increase/Decrease	
			Amount	Amount
	policies starting from the current period, coupled with the price increase for customers and effective management of production cost.			
3.	Net loss: Mainly due to the decrease in operating losses compared to the same period last year, resulting from an increase in gross profit, coupled with a decrease in operating expenses compared to the same period last year.			
4.	Non-Operating revenues and expenditures: Mainly due to the decrease in interest expenses resulting from repaying bank loans.			
5.	Net loss before tax: Mainly due to the decrease in pre-tax net losses compared to the same period last year, resulting from a decrease in operating losses compared to the same period last year, coupled with a decrease in interest expenses.			
6.	Net loss for the current period: The decrease in net loss for the current period compared to the same period last year is mainly due to the increase in gross operating losses, resulting from the absence of recognition of one-time income tax expense based on revenue sources in accordance with local taxation regulations.			

(2) The expected sales amount and its basis

Starting from 2022, we will sign patent technology licensing contracts with major overseas battery manufacturers and recognize technology licensing income, and our revenue will gradually grow steadily. For relevant market research analysis and the current status and development of the industry, please refer to V. Operation Overview.

(3) The Company's future financial performance and the plan for any possible impact

The company has more than ten years of experience in the production of lithium-ion battery cathode materials in the phosphate system, and has a complete phosphate-based lithium-ion battery cathode material manufacturing technology and patent that does not rely on foreign precursors. However, the company's past self-produced and self-sold operating model is no longer sufficient to meet the global demand for the company's products. Therefore, since 2022, the company has been expanding its lithium intellectual property technology licensing and transfer business, dividing technology licensing targets into two categories: professional chemical companies and battery manufacturing customers. Through technology transfer and technical support, professional chemical technology licensing customers can supply to the company's lithium battery customers after completing plant construction, while battery manufacturing technology licensing customers can produce and sell on their own after completing plant construction. The company will focus on R&D for global customers, complete mass production verification, continue to develop IP, and help the company shift to a light asset operation, enhancing the company's operational efficiency.

3. Cash Flow

(1) Cash flow analysis for the recent year

Unit: NT\$ thousand

Item \ Year	2023	2024	Change in Increase/Decrease	
			Amount	Ratio of change
Operating activities	(349,039)	(248,912)	100,127	(28.69)
Investment activities	(29,593)	(79,685)	(50,092)	169.27
Financing activities	523,135	(3,044)	(526,179)	(100.58)
Analysis of changes:				
1. Cash flow from operating activities: The decrease in net cash outflow from operating activities was mainly due to the recognition of income tax expenses in 2023, as well as the decrease in interest expenses from repaying bank loans.				
2. Cash flow from investing activities: The increase in net cash outflow from investing activities was mainly due to the recognition of expenses related to the design and verification of clean production for both pilot-scale and mass production of lithium iron phosphate products.				
3. Cash flow from financing activities: The increase in net cash inflow from financing activities was mainly due to the receipt of cash capital increase during the period.				

(2) Insufficient liquidity improvement plan: The Company still has sufficient cash and cash equivalents, and there is no liquidity shortage. As the operational scale continues to grow, it should be able to support the relevant cash outflows, and there is no liquidity concerns.

(3) Cash flow analysis and liquidity improvement plan for the next year (2025)

Beginning cash balance (1)	Net cash flow from annual operating activities(2)	Annual cash outflow (3)	Residual cash (Cash shortage) (1)+(2)-(3)	Cash shortage contingency plan	
				Investment plan	Financing plan
51,586	(150,915)	16,001	(115,330)	—	180,000
1. Analysis of changes in cash flow changes over the next year: (1) Net cash outflow from operating activities: It is mainly due to the decrease in expected working capital required for the next year. (2) Net cash outflow from investment activities: It is mainly due to the increase in the purchase amount of fixed assets expected in 2024. (3) Net cash outflow from financing activities: It is mainly due to the repayment of short-term and long-term borrowings. 2. Cash shortage contingency plan and liquidity analysis: In response to future operational needs, financing or financing borrowings will be used as a remedy to support cash shortfalls.					

4.Impact of major capital expenditure on financial operation in the most recent fiscal year

In the most recent year, the main capital expenditures of the Company came from the procurement cost incurred by the addition or replacement of equipment used for the business development. The Company has sufficient funds to support this expenditure, so there was no significant impact on the Company's financial business.

5.Re-investment policy for the most recent fiscal year, the main reasons for the profits and losses, improvement plans and investment plans for the coming year

(1) Re-investment policy for the most recent fiscal year

The current re-investment policy for the Company is primarily based on the basic business-related investment targets and does not engaged in investment in other industries. The implementation by the relevant executive department is complies with the internal control system of “Investment Cycle” and “Acquisition or Disposal of Assets Procedures”, etc. The aforementioned regulations or procedures are discussed and approved by the Audit Committee, the Board of Directors or the Shareholders' Meeting.

(2) The main reasons for the profits and losses or the improvement plans for the most recent fiscal year

Unit: NT\$ thousand; %

Re-Investment Business	Share Holding Ratio	2024 Investment Return	Main Reasons for Profit or Loss	Improvement Plan
Advanced Lithium Electrochemistry Co., Ltd.	100.00	(158,720)	The adjustments in productions and sales policies starting this period, along with the price increase for customers and effective management of production cost, have resulted in a decrease in after-tax net loss for 2024 compared to the same period last year.	The company will continue to strive to optimize its product and customer portfolio, actively expand into the energy storage battery market and electric vehicle battery market, and shift towards a model of collecting royalty fees for technology licensing to lay a solid foundation for the company's future development and enhance its operational stability and growth.
AdvanceLithumElectr ochemistry(HK)Co.,L imited	100.00	(405)	The re-investment loss in Advanced Lithium Electrochemistry (Shanghai) Co., Ltd., was recognized.	
Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.	100.00	(404)	The subsidiary has not generated revenue and is showing losses.	
Aleees US, Corp.	100.00	(40,161)	Losses were recognized for the investment conversion of Aleees US, Corp., Aleees AU Pty Ltd., Aleees Texas, LLC, Aleees EU SARL, and Aleees UK, Ltd.	
Aleees AU Pty Ltd.	100.00	(3,201)	The subsidiary has not generated revenue and is showing losses.	
Aleees Texas, LLC	100.00	(19,751)	The subsidiary has not generated	

Re-Investment Business	Share Holding Ratio	2024 Investment Return	Main Reasons for Profit or Loss	Improvement Plan
			revenue and is showing losses.	
Aleees EU SARL	100.00	(196)	The subsidiary has not generated revenue and is showing losses.	
Aleees UK, Ltd.	100.00	(16,476)	The subsidiary has not yet commenced substantial operations.	
Aleees India Technology Private Limited	100.00	(362)	The subsidiary has not yet commenced substantial operations.	
Aleees Eco Ark Co., Ltd.	100.00	(3,307)	Dissolution and liquidation procedures were carried out in this volume.	The Board of Directors agreed to conduct dissolution and liquidation proceedings at the end of December 2018, and the application for dissolution was approved by the Ministry of Economic Affairs in February 2019.

(3) Investment plans for the coming year:

Based on the business development or product development, the Company plans to set up the equipment and processes, expand the laboratories and so on to expand the product line in the future, so that the company will have a solid foundation in responding to business adjustments and expanding new product lines to meet customer capacity needs.

6. Risk analysis and evaluation in recent years and up to the publication of the annual report

- (1) The impact on the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate in recent year and contingency measures to be taken in the future

Unit: NT\$ thousand; %

Item	2023		2024	
	Amount	Percentage of revenue	Amount	Percentage of revenue
Interest revenue	2,604	0.32	1,832	0.31
Interest expenses	21,964	2.71	6,578	1.11
Profit (Loss) on exchange	2,396	0.30	3,147	0.53

i. Interest rate

The interest expenses of the Company and the subsidiary are mainly from long-term bank borrowings. The short-term and long-term bank borrowings are used for short-term operating turnover and purchase of machinery equipment and plant modifications. The interest expenses for 2023 and 2024 were NT\$21.96million and NT\$6.58million respectively, which accounted for 2.71% and 1.11% of the annual net revenue respectively.

Contingency measures

In response to the risk of changes in interest rates, the Company and the subsidiary will continue to monitor the trend of future market interest rates and collect information on interest rates of various banks, evaluate existing borrowing rates in a timely manner, and continue to establish good relationships with banks in order to obtain a preferential borrowing rate with good financing and credit records. When financing is necessary, the long-term and short-term bank borrowings will be planned depend on the actual circumstances of capital requirement in order to minimize the risk for the Company's and the subsidiary operation caused by fluctuations in interest rates and cost of capital.

ii. Exchange rate

The Company's manufacturing operations are based in Taiwan, and the transaction of raw material procurement is denominated in USD, while the customers are mainly for the export market, the transaction currency is mostly denominated in US dollars and RMB.

Therefore, fluctuations in exchange rates for the US dollar and RMB is the risks that must be faced by the Company's operating activities. The loss on exchange of the Company in 2023 and 2024 were NT\$2.40million and NT\$3.15million respectively, which accounted for 0.30% and 0.53% of net revenue of the current fiscal year, respectively. The overall profit (loss) on exchange does not constitute a risk to the profitability, therefore, it has not caused any major impact to the Company.

The company had to face the exchange rate risks associated to the continuous growth of future revenue and continuous business improvement. In addition, the Cayman Holdings listed in Taiwan may need to distribute dividends in NTD to domestic investors or to raise capital in NTD domestically and then require to exchange them into USD for use, etc., where there will be an exchange rate risk between USD, RMB and the NTD. Possible contingency measures may be adopted by the Finance Department of the Company are as follows:

Contingency measures

- (i) The foreign currency exchange risk adopts the principle of natural offset. As the Company's main sales revenue and raw material procurement will eventually be offset in USD-denominated settlement, therefore, it will continue to offset the natural hedging effect generated by the accounts receivable/payable to reduce the foreign currency exchange needs. Forward exchange contracts and debts denominated in foreign currencies, etc. are used as required at appropriate time to reduce the impact of changes in foreign exchange on the profit and loss of the Company.
- (ii) The finance unit shall closely monitor information on the changes in exchange rate, and maintain close liaison with the principal bankers in order to understand thoroughly the exchange rate trends at all time, as well as provide the full picture of changes in exchange rate trend to the relevant managers, and timely adjustment can be made immediately.
- (iii) When giving out quotations, business department has considered the impact of exchange rate fluctuations on the sales price and adjusted the quoted prices of the products in consideration of changes in exchange rate to appropriately reflect fluctuations in exchange rates and to ensure the profit of the company's products.
- (iv) The Company has established the "Acquisition or Disposal of Assets Procedures" to regulate the operations engaging in transactions, risk management, supervision and auditing of derivatives to reduce the transaction risk arising from operating exchange rate-related derivatives.

iii. Inflation

The past profit and loss of the Company has not been significantly affected by inflation. If the cost is increased due to inflation, it will also be correspondingly reflected in the selling price of the product. Also, the manufactured products of the Company and sales region of its terminal products end products will be distributed worldwide in the future. By controlling the global political and economic changes, the fluctuations in the market prices of raw materials and end products, maintaining a good interaction with suppliers and customers, and promptly adjusting the procurement and sales strategies, cost structure and trading conditions, the impacts of inflation or deflation can be effectively responded, so it would not pose significant impact on the Company.

- (2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions in recent year and up to the publication of the annual report; the main reason for the profits / losses generated thereby; and contingency measures to be taken in the future

The Company has established the "Acquisition and Disposal of Assets Procedures", "Operational Procedures for Endorsements and Guarantees" and "Operational Procedures for Lending Capital to Others", etc. as the basis for the Company and its subsidiaries to engage in relevant operations. As of the publication date of the annual report, the Company and its subsidiaries have not engaged in any high-risk, highly leveraged investments and high-risk derivatives trading. Based on sound principles and pragmatic management philosophy, the

Company and its subsidiaries have not considered the business of engaging in high-risk, highly leveraged investments and high-risk derivatives trading in the future. In addition, because the company and the reinvested subsidiary or sub-subsidiary have the capital needs in operation, it comes to situations that the subsidiary's funds are lent, and the situation that the Company endorses and guarantees the subsidiary, and so on. However, the lending of capital and endorsements / guarantees are conducted according to the matters listed in the “Operational Procedures for Lending Capital to Others” and “Operational Procedures for Endorsements and Guarantees”. In the future, the Company will comply with the “Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies” promulgated by the competent authorities in Taiwan and the internal control operation rules and regulations of the Company for handling relevant matters.

- (3) Research and development work in recent years and future, and further expenditures expected for research and development work

The Company will continue to strive toward the goals of extending battery life and enhancing energy density based on its research results of cathode materials accumulated over the years, thereby, developing new products and actively expanding R&D and sales of battery. The R&D expense of the Company in 2024 was NT\$ 97.37 million, which accounted for 16.47% of the net operating revenue, indicating that the Company continues to focus on R&D resources, refined R&D and mass production technology to maintain its position in the industry and advantages. The future R&D directions are listed as follow, the Company is expected to invest approximately NT\$115.90 million in response to the future R&D plans and gain market advantage:

- i. The use of advanced powder design and powder post-processing techniques to increase production yields and reduce production costs.
- ii. Actively introduce a new generation of manufacturing process technology and equipment to produce cathode materials for lithium battery with higher purity, lower impurities and better processing performance to meet the customer needs for high-end product applications.
- iii. Continue to develop cathode materials for high-energy density battery, such as invest in the development of cathode materials like LMFP, LiVPO₄F, and LiNiPO₄.
- iv. Actively cooperate with domestic and foreign research units to develop joint development plans. In addition to various collaborations with the lithium laboratories in Taiwan universities, Aleees also collaborates with Industrial Technology Research Institute in a three-phase long-term technical cooperation project. Currently, the project has reached the third phase.

- (4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad in recent year and up to the publication of the annual report, and contingency measures to be taken

The main sales market of the Company is distributed and expanded in Europe, America, Japan and South Korea in the field of energy storage and electric vehicle(including hybrid and power vehicle). Therefore, the Company is relatively sensitive to international policies regarding the promotion on green energy and low-carbon vehicles.

The development of sustainable energy is seen as an important trend of environmental protection in global. Currently, over 130 countries have adopted (or announced) the goal of net zero emissions by 2050, and the development of green power has become a global consensus. As countries continuously facilitate the development of renewable energy and increase the proportion of green energy, the construction of energy storage systems in the later stage shall follow. Therefore, the energy storage system is able to smooth the green power output, improve the utilization rate of renewable energy, and maximize the effectiveness of each electric power. These are the key reasons for the development of energy storage. Energy storage equipment is widely used in the power systems, and spans from the power generation terminal, transmission, distribution, to the client terminal, including residential, industrial, commercial enterprises and so on. Because the entire power system is involved, the main driving force lies in the support from the government policies. In addition to government policies, customer demand is also expected to increase. It is expected that the United States will continue to be the world's largest market until 2025. The extension of the tax benefits of the Investment Tax Credit (ITC) drives the construction plan of many solar photovoltaic and energy storage systems. Overall, the global output value of the energy storage industry enters to a rapid growth period under the topics of carbon neutral and green energy.

The global electric vehicle market develops rapidly. More than 20 countries around the world have proposed for automobile electrification or the bans on fuel vehicles, the target schedule of which is between 2025 and 2050. The European countries act progressively the most. Many countries have long-term pushed the car manufacturers on the sale of electric vehicles by policies (such as the European's emission target on carbon dioxide), or subsidies to buyers of electric vehicles (such as China's subsidies and local incentives), or use the tax system or related measures to stimulate buyers (such as federal tax incentives in the United States and state incentives), so that the automakers engage heavily in the global electric vehicle market, resulting in the increasing demand for electric vehicles.

The Company continuously improves the battery performance in the future, and has proactively adjusted the operating strategy and policies since 2019. Therefore, the important policies and the changes in domestic and foreign regulation shall not have a significant impact on the Company's finance and business.

- (5) Effect on the Company's financial operations of developments in science and technology(including the information security risks) as well as industrial change in recent year and up to the publication of the annual report, and contingency measures to be taken

Compared with traditional lead-acid energy storage batteries, the lithium-ion batteries have some advantages such as low pollution and long cycle life. Lithium-ion batteries are increasingly used for the energy storage of new batteries and gradually replace the lead-acid batteries, increasing in the energy storage market. Moreover, the requirement of energy storage batteries is mainly on battery cost, cycle performance, and life cycle costs other than the energy density. Lithium iron phosphate batteries have lower production costs and higher cycle times, while ternary lithium batteries have safety concerns due to frequent explosions. Therefore, lithium-ion battery is the first choice in the energy storage market. BNEF considers that the energy storage market is driven by the rapid development of battery technology. Currently, the lithium-ion battery is the majority, and in the market of fixed energy storage systems, Until 2030, it's believed that LFP is the first choice for lithium-ion batteries.

TrendForce thinks that the power batteries are the most expensive but essential components in electric vehicles, so reducing the cost on power batteries will be an important strategy of competition for companies in the future. Because of its cost-effective advantages, the lithium iron phosphate batteries, with the continuous progress of technology, are estimated to account for more than 60% of the installment in the global power battery market by 2024. In addition, as a result of the Russo-Ukrainian war and other uncertain factors, the growth rate between the the supply and demand of the global battery industry will be different in the short-term, and companies will focus more on reducing battery costs and ensuring supply chain security in the future. The costs-effective advantages of lithium iron phosphate batteries are expected to become more prominent under this trend, and they may become a mainstream part of the terminal market over the next two to three years. By 2024, the global installed capacity ratio of lithium iron phosphate batteries to ternary batteries will change from 3:7 to 6:4.

In the past three to four years, the rise and implementation of the electric vehicle concept has made the supply chain of automotive electronics and lithium batteries become one of the most popular industries. To establish and strengthen their position in the market, the international companies have been expanding their production capacity, joint ventures and mergers and acquisitions. The electric vehicle industry will undoubtedly become the largest market for lithium batteries in the next decade. With the use of lithium iron phosphate batteries on a large scale by the leading electronic vehicle companies, and with several traditional car manufacturers indicating that they will use lithium iron phosphate batteries in their entry-level models, the electronic vehicle market begins to focus on these kinds of batteries. Driven by market demand, OEM factories understand the lithium iron phosphate (LiFePO₄)'s advantage in cost-price, so they have taken the initiative to develop and design vehicles equipped with lithium iron phosphate (LiFePO₄) batteries, leading to a resonance in the industry chain.

Regarding the R&D directions for the materials, the company assisted customers to enhance the price-performance ratio of their products, develop long-lasting battery technologies with high energy density and high security, and promote the development of energy storage applications and electric vehicles (including hybrid power vehicles). With the maturity and expansion of the industry

supply chain, the industry practices formed will help extend the cycle life of LFP battery and lower the impact of new technologies. Also, the Company has invested considerable R&D resources and combined with external academia resources to carry out R&D of various new lithium battery materials, hoping to maintain its leadership position in the field of new battery materials to ensure the sustainable operation of enterprises. The Company keeps following the technology changes and information security risks of related industry; continuously collects the industrial intelligence for market trends; timely adjusts the research and development directions, and keeps paying attention to the potential impact of information security risks on the company's operations; regularly evaluates and adjusts the information security policies in order to effectively control and reduce the information security risks. Therefore, developments in science and technology(including the information security risk) as well as industrial change should not have a significant impact on the financial operations of the Company.

- (6) Effect on the Company's crisis management of changes in the Company's corporate image in recent year and up to the publication of the annual report, and contingency measures to be taken

Based on the operating philosophy of "Human Safe and Eco-friendly", the Company and the subsidiary actively innovates and improves to pursue the most optimum and people-oriented management model. The Company and the subsidiary continues to introduce outstanding talents from domestic universities and colleges to work in the Company, deeply embedded the competitiveness of the industry, and 6 standard deviations are used as the basis for the evaluation of the Company's production management, and ultimately, the results of the operation will be returned to the shareholders and the community. Since the establishment of the Company, we have established a good corporate image of young and innovative, and there is no crisis management of significant changes in the Company's corporate image.

- (7) Expected benefits and possible risks associated with any merger and acquisitions in recent year and up to the publication of the annual report, and contingency measures being or to be taken

The Company did not conduct any mergers and acquisitions (M&A) in recent year and up to the publication of the annual report, and there is no plan for M&A. In the event that the Company and the subsidiary discovers any potential M&A targets of companies or groups in the future, the Company will adopt a prudent approach in assessment, consider the synergy effects of merger, and consult with relevant professionals, as well as reasonable conditions are formulated timely for M&A decision making in order to protect the overall right and interests of shareholders.

- (8) Expected benefits and possible risks associated with any plant expansion in recent year and up to the publication of the annual report, and contingency measures being or to be taken

The Company officially signed a patent sublicense contract with LiFePO₄+C Licensing AG on July 4, 2011. The contract originally required the Company to set up a plant for the production of cathode materials for LFP battery in Quebec, Canada, and accomplish the scale of 1,000 tons of annual output within three years of the contract.

However, the Company considered that the demand in the European and American markets were not as good as expected, and it has completed the supplemental contract of the patent sublicense contract with LiFePO₄+C Licensing AG on August 26, 2013. The two parties agreed that the timeframe for plant construction and operating period may be extended for 12 months. In the event that the Company fails to complete the factory establishment according to the contract, LiFePO₄ +C Licensing AG is entitled to claim extension fee of US\$300,000 from the Company and to terminate the patent sublicense contract.

The Company considered the development potential of electric vehicles and energy storage systems in Europe, the United States and Canada, and it has completed the supplemental contract of the patent sublicense contract with LiFePO₄+C Licensing AG on November 19, 2014, stipulating that the Company may choose to establish powder factory, battery factory, battery module factory or electric bus system integration plant.

The requirement to establish a cathode material plant, a cell plant, a Pack plant (battery module plant), or an electric bus system integration plant in the province of Quebec, Canada by July 4, 2015, ceased to be applicable. Both parties confirmed the expiration of the cause of action for the plant establishment requirement via email correspondence during the contract period. As a result, the company is no longer obligated to fulfill the factory construction obligations. Despite LiFePO₄+C Licensing AG still has reservations; further negotiations are pending.

Contingency measures

However, with the continuous growth in demand in the current European and American markets becoming a trend, most battery factories or customers now require a production capacity of over 10,000 tons per year. This is compared to building a plant with a capacity of 1,000 tons per year, there shall be no risk or potential loss for the company. Nevertheless, any plans for expanding our factory premises remain subject to prioritizing shareholder interests.

- (9) Risks associated with any consolidation of sales or purchasing operations in recent year and up to the publication of the annual report, and contingency measures being or to be taken
- Risk of concentration for purchase
The main raw materials used in the production of the cathode materials for LFP battery are lithium compounds and phosphoric acid, which are not highly specific. The market supply sources are not oligopolistic or monopolized by a single manufacturer. As the Company continues to increase the number of certified suppliers, there should be no risk of concentration.
 - Risk of concentration for sales
The top 10 customers by product sales amount of the Company and subsidiaries accounted for 95.09% and 98.48% of the net sales in 2023 and 2024 respectively, of which customer with the largest sales proportion was 28.07% and 57.57% respectively. The main reason for the concentration is the cathode materials for LFP battery developed by the Company is mainly used in energy storage battery, hybrid electric vehicles and electric buses. Due to the aforementioned product applications of the battery materials, the certification is relatively time-consuming based on safety and stability considerations. Therefore, the sales of the Company are concentrated in some customers mainly due to industry characteristics, long time is required for product certification and maintain a good business relationship with the battery manufacturers.
- (10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor; or shareholder holding greater than 10 percent share in the Company has been transferred or has otherwise changed hands in recent year and up to the publication of the annual report, and contingency measures being or to be taken
- In recent year and up to the publication of the annual report, the directors, supervisors; or majority shareholders who hold more than 10% share of the Company had made no significant transfer or replacement of shares.
- (11) Effect upon and risk to the Company associated with any change in governance personnel or top management in recent year and up to the publication of the annual report, and contingency measures being or to be taken
- There were no changes in the Company's right to operate in recent year and up to the publication of the annual report. The Company has strengthened various corporate governance measures and introduced independent directors to set up an audit committee with a view to enhancing the protection of the overall shareholders' equity. Moreover, the Company's daily operations rely on professional managers. The strong professional manager team has a considerable contribution to the Company's operating results, and should be able to continue receiving the support from shareholders in the future. Therefore, if there is a change in the Company's right to operate, it should not have a major negative impact on the Company's management and operational advantages.
- (12) Any litigation or non-litigation shall clearly state
- Lawsuits, non-litigation disputes, or administrative disputes that have been judged or are currently pending as of the end of the most recent fiscal year and the date of printing of the annual report, and whose results may have a significant impact on shareholders' equity or securities prices, should disclose the disputed facts, the amount of the subject matter, the date of the lawsuit, the main parties involved in the dispute, and the current status of the proceedings.

Aleees Eco Ark (Taiwan), a subsidiary of the Company, received the 2016 First Instance for Major Common Litigation No. 147 on July 18, 2016 and an additional indictment on April 6, 2017 (referred hereafter as First Instance for Major Common Litigation No. 147) from Taiwan Hsinchu District Court, and the 2018 First Instance for Major Common Litigation No.

216 on October 31, 2018 (referred hereafter as First Instance for Major Common Litigation No. 216) from Taiwan Hsinchu District Court. According to the above-mentioned First Instance for Major Common Litigation No. 147 and No. 216, the plaintiff HsinChu Transportation Co., Ltd. requested Aleees Eco Ark (Taiwan) to pay \$34,946 and \$51,030, respectively as the driving services fee, with interest of 5% per annum is calculated to the date of payback. For the First Instance for Major Common Litigation No. 147, Taiwan HsinChu District Court judged that the defendant Aleees Eco Ark (Taiwan) should pay the plaintiff HsinChu Transportation Co., Ltd. on September 11, 2018. The Company has evaluated that the incurred driving services fee is not entirely attributable to Aleees Eco Ark (Taiwan), as it also involved the land use issue for battery charging/swapping stations, hence the judgment of the first instance is obviously wrong due to wrong identifying usage. The Company has filed an appeal with the Civil Court of Taiwan High Court (Case No.: Taiwan High Court 2018 Major Appeal No. 805), referred hereafter as “Major Appeal No. 805”. On June 27, 2019, the company received the verdict of rejecting the appeal and assessed Hence, Aleees (Taiwan) appealed for the trial. On August 18, 2022, the Supreme Court, with reference to Judgement Filed 2020 No. 002292, judged that “the original judgement is revoked, and the case is remanded to Taiwan High Court” (Case No.: 2022 Major Appeal No. 150 Retrial No. 1 (Section Yu)). Subsequently, on November 29, 2023, the Taiwan High Court revoked the judgement concerning Aleees Eco Ark (Taiwan) to pay over NT\$ 10,032 thousand with an interest rate of 5% per annum calculated to the date of payback, starting from July 17, 2016. The Company and Hsinchu Bus Company, Ltd. both declared dissatisfaction with the judgment and each filed an appeal. The case has been transferred to the Supreme Court (Case No.: Judgement Filed 2024 No. 629). On November 20, 2024, the Supreme Court ruled to dismiss both parties’ appeals, making the case final and binding. For the First Instance for Major Common Litigation No. 216 which was originally scheduled for oral arguments on January 24, 2019, however, the issue of this case is same as the aforementioned retrial in the Taiwan High Court (Case No.: 2022 Major Appeal No. 150 Retrial No. 1 (Section Yu)), which the incurred driving services fee is not entirely attributable to Aleees Eco Ark (Taiwan), the Court decided to stop the proceedings on January 22, 2019 in order to prevent judgment discrepancy, hence, it is unable to estimate the effect on the Company as of the publication date of the annual report.

The competent authority has confirmed that the land for battery swapping stations is illegally used by Aleees Eco Ark (Taiwan), that is, the land for battery charging/ swapping stations is transferred from Department of Transportation, Hsinchu City Government to HsinChu Transportation Co., Ltd., and then it is handed over to Aleees Eco Ark (Taiwan) for battery charging/ swapping stations establishment. However, now due to land use problem, Aleees Eco Ark (Taiwan) unable to provide battery charging/ swapping services, and it is mandatory to remove the ground objects as soon as possible and restore the original state of the land, which has resulted in loss of Aleees Eco Ark (Taiwan). In response to the alleged illegal land use, Aleees Eco Ark (Taiwan) has filed a national compensation litigation against the Hsinchu City Government to Taiwan Hsinchu District Court on July 6, 2017 to request amount of compensation of \$10,000, and retain rights to monetary compensation for the remaining amount. The case has been accepted by Taiwan Hsinchu District Court (Case No.: 2017 National Compensation for Major Litigation No. 2), the Court decided to stop the proceedings on October 24, 2018 in order to prevent judgment discrepancy with Major Appeal No. 805. On March 5, 2025, the Company received a ruling from the Taiwan Hsinchu District Court, revoking the suspension of the litigation proceedings. Hence, it is unable to estimate the effect on the Group as of the publication date of the annual report.

The second-tier subsidiary of the Company, Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. received the verdict from the China International Economic and Trade Arbitration Committee on November 9, 2020. It was ruled that Jiangxi Hengdong New Energy Co., Ltd. must pay about 3,735 thousand Yuan (RMB) to its second-tier subsidiaries. On November 20, 2020, it applied to the Intermediate People's Court of Nanchang City, Jiangxi Province for compulsory execution in order to claim the company's rights and interests. Because the previous compulsory procedures were unsuccessful, the compulsory procedures were closed on May 27, 2021. The company submitted the Case to the Intermediate People's

Court of Nanchang City, Jiangxi Province on July 29, 2021 and applied for bankruptcy. Additionally, the company declared our claims with the insolvency administrator to protect the rights and interests of the Company.

The company and Wulong Electric Vehicle (Group) Co., Ltd. (hereinafter referred to as Wulong Electric Vehicle Company) established a long-term cooperative relationship in 2016, and the two parties completed mutual investment for the joint venture project. The company issued a request to Wulong Electric Vehicle Company for early settlement of convertible corporate bonds in August 2020, but it has not yet been repaid; in order to claim the rights and interests of the company and shareholders, the Company issued a request to Wulong Electric Vehicle Company through its subsidiary Wulong Power Investment Co., Ltd. (hereinafter referred to as Wulong Power Investment), and applied for false sanctions of the 7,605 thousand private equity shares of the Company (after the completion of the capital reduction in the second half of 2021), which was indirectly held by the above-mentioned car company. That after the company provides a guarantee of 50 million yuan, Wulong Power Investment shall not transfer, establish mortgage rights, or conduct any other disposals to all or part of the company's private common stock. The Company has paid the guarantee, and in December 2020, it has received an execution order from the Taipei District Court of Taiwan (Bei Yuan Zhong 2020 Si Zhi Quan Mu Zi No. 644). Subsequently, the company requested the court to limit FDG Kinetic Limited on exercising the shareholders' rights with 7,605,000 shares of the Company's private common stock (after the completion of the capital reduction in the 2024). The company provided a guarantee of NTD 9,380 thousand to the Taoyuan District Court of Taiwan and received an enforcement order from the court in April 2021 (the 2021 R.O.C Si Zi Juan No. 78).

In order to protect the interests of the company's shareholders, in March 2021, the company has already filed an arbitration request with the Chinese Arbitration Association against FDG Kinetic Limited (hereinafter referred to as FDG Kinetic) and Wulong Power Investment regarding the aforementioned strategic alliance and requested for the return of 7,605,000 shares of the company's private common stock (after the completion of the capital reduction in the 2024). However, on March 14, 2023, the Chinese Arbitration Association issued an arbitration award rejecting the company's request. Following legal counsel and a written correspondence confirming FDG Electric Vehicles Limited's acknowledgement of the strategic alliance, it appears that the Chinese Arbitration Association erroneously omitted FDG Electric Vehicles Limited as a party to the arbitration. The company has appeal to revoke the arbitration award (Case No.: 2024 Arbitration Revocation No. 5), however, on March 6, 2025, the Company received a ruling from the Taipei District Court of Taiwan, dismissing the case. In order to protect the interests of the Company's shareholders, the Company has engaged legal counsel to assess whether to file an appeal. Furthermore, prior to the arbitration decision, on December 13, 2022, the company filed a civil lawsuit against FDG Electric Vehicles Limited, FDG Kinetic, and Wulong Power Investment for compensation for any injury incurred with the Intellectual Property and Commercial Court (subsequently transferred to the Taiwan Taipei District Court for adjudication under Case No.: 2023 Major Common Litigation No. 832). As of the date of the annual report, the impact on the company cannot be estimated.

In May 2023, the company received a ruling from the Taoyuan District Court granting revocation of the false sanctions limiting FDG Kinetic from exercising shareholders' rights. However, on May 18, 2023, the company filed an appeal against this ruling. Subsequently, on October 30, 2023, the company received a ruling from the Taiwan High Court, under Notice No.: 2023 Appeal No. 749, revoking the revocation issued by the Taoyuan District Court and rejecting Wulong Power Investment's complaint made at the Taoyuan District Court. In response, Wulong Power Investment filed another appeal. On January 22, 2024, the company received a ruling from the Supreme Court, under Notice No.: 2023 Appeal No. 1076, overruling the ruling of the Taiwan High Court, under Notice No.: 2023 Appeal No. 749, thereby confirming the matter. Wulong Power Investment claims to have suffered damages as a result and has filed a lawsuit against the Company, seeking compensation of NT\$ 27,420,246 (Case No.: 2024 International Trade No. 12). The court has yet to hear the case. Hence, it is unable to estimate the effect on the Group as of the publication date of the annual report.

Wulong Power Investment requested the revocation of the false sanctions limiting the transfer of the company's aforementioned private common stock, citing the arbitration award issued by the Chinese Arbitration Association on March 14, 2023. On February 7, 2024, the company received a ruling from the Taiwan High Court, under Notice No.: 2023 Complaint No. 451, revoking the complaint made by Wulong Power Investment. Therefore, the false sanction remains valid. As of the date of printing of the annual report, Wulong Power Investment remained prohibited from transferring, establishing mortgage rights, or conducting any other disposals to all or part of the company's aforementioned private common stock.

- ii. For the directors, supervisors, general manager, substantial responsible person, major shareholders holding more than 10% of the shares, and subsidiary companies of the company, any lawsuits, non-litigation or administrative litigation cases that have been confirmed by judgment or are currently pending, and may have a significant impact on the company's shareholder rights or security prices should be disclosed, including the facts in dispute, the amount of money involved, the date the lawsuit began, the main parties involved and the current processing situation. °

There are no such cases.

- iii. Regarding the occurrence of any situation under Article 157 of the Securities and Exchange Act by the company's directors, supervisors, executives, and major shareholders holding more than 10% of the shares during the most recent fiscal year and up to the date of printing of the annual report, and the current situation being handled by the company:

There are no such cases.

- (13) Other important risks in recent year and up to the publication of the annual report, and contingency measures being or to be taken

- i. Patent infringement and litigation risk

The cathode materials for LFP battery were officially published by the battery laboratory of University of Texas in 1996 and officially commercialized since 2004. However, due to the continuous litigation on cathode materials for LFP battery at the time, which has resulted in the internationally renowned battery factory has not actively invested in large-scale development of LFP battery. The European and American electric vehicles manufacturers also adopted a conservative approach towards the use of LFP battery. Many electric vehicle manufacturers stated that if the patent dispute could not be effectively resolved, the market of cathode materials for LFP battery could not be expanded rapidly. Therefore, since its establishment, the Company has actively developed its own patents and has progressively acquired a number of patents for manufacturing processes and materials. There is no patent infringement since its mass production to date, however, the Company understands that if it is unable to eliminates the patent concerns of customers, and reduces the risk of litigation, the industry of cathode materials for LFP battery could not be developed rapidly. Therefore, the Company officially signed a patent sublicense contract with Quebec Water Conservancy Corporation, Montreal University, France National Centre for Scientific Research (CNRS) and LiFePO₄+C Licensing AG established by Süd-Chemie, Germany on July 4, 2011. This patent licensing effectively reduced customer concerns and expanded the European and American markets.

As of today, despite the expiration of the aforementioned patent sublicense contract, the Company has become the world's foremost provider of lithium iron phosphate materials and LFP Intellectual Property Provider. This achievement is a result of the Company's relentless innovation and the accumulation of production expertise. Additionally, the Company have emerged as one of the few companies outside of China equipped with comprehensive manufacturing technology and patents for lithium iron phosphate battery cathode materials. As of the date of printing of the annual report, the Company holds more than 164 exclusive patents worldwide , with an additional 140 patents currently pending, serving a diverse customer base including renowned energy storage and EV battery manufacturers across Europe, the United States, Japan, Korea, and other Asian regions. Collaborating with more than forty customers globally, the Company actively engaged in joint development efforts for LFP and LMFP products. Leveraging the patented technologies and production expertise, the Company manufacture high-quality, low-cost, and long lifetime, high compacted density lithium iron phosphate battery materials. This strategic approach not only facilitates the establishment of

highly autonomous lithium battery supply chains worldwide but also enables our customers to improve their manufacturing capabilities, ensuring both quality and competitive pricing. Additionally, it effectively reduces the risks associated with patent infringement and related litigation.

Contingency measures

The Company's team consistently maintains an understanding of the characteristics of cathode materials in the market and customer demands, continuously monitoring market products, and proactively advocating for the Company's patents and technological rights. Prior to the submission of patent applications, the Company actively conducts patent searches on relevant technological developments to improve the patent layout. In 2022, the Company successfully transformed into a LFP Intellectual Property Supplier. Before engaging in any external licensing, the Company comprehensively evaluates the developmental direction of the licensee, gaining a full understanding of the upstream and downstream supply chains of the battery industry. This approach not only reduces the risks of patent infringement but also minimizes litigation risks of the licensing partners. Additionally, considering the timeframe and costs associated with the patent applications in various countries, the Company expands the scope of patent applications while strategically acquiring patents to further accelerate the patent layout process.

ii. Market competition risk

The market position of the Company and the relationships with its main customers in the past do not necessarily assure continued growth in shipments and profitability in the future. The Company's R&D of high-energy density products continue to improve product performance, as well as continue to enhance the price-performance ratio of product and customer satisfaction. It is believed that the Company's competitors are also working towards the same goal, the market competition and fluctuation will always exist. In addition, cathode materials for LFP batteries have lower energy density comparing to materials for lithium ternary batteries, hence, it still have to face the competition with the materials for lithium ternary battery.

Contingency measures

Cathode materials for lithium battery are the most critical material in battery, and have a critical impact on battery performance and unit cost of battery. According to the development trend of other cathode materials in the past, as for the long term, there is generally a phenomenon in which the big are getting bigger, the strong are getting stronger. The current annual shipment of cathode materials for LFP battery of the Company has exceeded reached 150,000 tons, but this does not mean that the Company will stay in the same position for a long time, and can maintain or expand market share.

Secondary batteries (accumulator battery) refer to batteries that can be recharged and discharged repeatedly(equivalent to reusable). Although the lithium batteries are the latest one to be commercialized, they account for 40% of the secondary battery market due to their high energy density and no memory effect, while the rest 60% of the market that has not yet been captured by lithium batteries is occupied by lead-acid batteries.(such as starter batteries, electric bicycles, uninterruptible power systems(UPS), and so on.) However, the lithium batteries will gradually replace the lead-acid batteries because of environmental protection and zero carbon emission requirements. Two main material technical roadmaps of lithium batteries are lithium iron phosphate and ternary lithium. Lithium iron phosphate batteries have a longer life, are cheaper and safer, but have a lower energy density. This kind of battery is mostly used for energy storage devices, affordable electric vehicles (more cost-effective), electric buses and so on; In contrast, ternary lithium batteries have higher energy density and a strong battery life, but they have a poor stability and higher cost. The battery is mostly used in 3C digital products and the higher-end electric vehicles. The market competition between lithium iron phosphate batteries and ternary batteries is continuing. At the same time, the industries are constantly pursuing the technological improvements to meet the high cost-effective market demand for the high energy density, long lifetime, high safety and low cost.

Compared with traditional lead-acid energy storage batteries, the lithium-ion batteries have some advantages such as low pollution and long cycle life. Lithium-ion batteries are increasingly used for the energy storage of new batteries and gradually replace the lead-acid

batteries, increasing in the energy storage market. Moreover, the requirement of energy storage batteries is mainly on battery cost, cycle performance, and life cycle costs other than the energy density. Lithium iron phosphate batteries have lower production costs and higher cycle times, while ternary lithium batteries have safety concerns due to frequent explosions. Therefore, lithium-ion batteries is the first choice in the energy storage market. Since the second half of 2021, core battery raw materials such as lithium, cobalt and nickel have risen significantly. In addition, as a result of the Russian-Ukrainian war, the Ebola outbreak, and other uncertain factors, the growth rate between the supply and demand of the battery industry will be different in the short term, and companies will focus more on reducing battery costs and ensuring supply chain security in the future. The two major factors related to future competitiveness are related to future competitiveness. Therefore, under this trend, TrendForce expects that the cost-effective advantages of lithium iron phosphate batteries continues to be prominent, and become the mainstream of the terminal market in the next 2 to 3 years.

LFP battery has exclusive features of high security, excellent circulation performances and rapid charging/discharging, making it suitable for applications in energy storage system and hybrid electric vehicles with voltage system above 12V, and it has been considered as a major product to replace lead-acid battery.

In addition to actively developing new cathode materials for LFP battery with better performance, the Company continues to improve manufacturing processes and reduce costs. The Company's battery laboratory manages to provide countermeasures to help customers introduce new materials into mass production. For specific customers and specific applications, the Company also provides customized services. Only by assisting customers to improve their competitiveness is the best strategy for the Company to win in the market.

iii. Risk of loss of R&D personnel

Since the establishment of the Company, with the spirit of the R&D team's unremitting efforts, it has acquired a number of manufacturing processes and materials patents for cathode materials for LFP battery, and there are still many patents pending for application or in the review process. If there is a significant change in the R&D personnel, it would cause operating risk.

Contingency measure

The Company is committed to improving the internal working environment, establishing employees' centripetal force towards the Company, and retaining talents through appropriate reward systems to reduce personnel turnover. In addition, all research projects must be conducted by at least two R&D personnel, and the R&D process is documented and archived, and the meeting is held regularly with the supervisor to prevent the R&D project come to a standstill due to R&D personnel changes. Therefore, the R&D personnel change should not have a major impact on the Company's operations.

iv. Protection of shareholders' equity

The Company is registered in the British Cayman Islands and its principal places of business are Republic of China. Therefore, the changes in the overall economic and political environment of the place of registration and the place of business as well as fluctuations in foreign exchange will affect the operation of the Company. There are many different regulations in the Company Act of British Cayman Islands and Company Act of the Republic of China. Although the Company has amended the Articles of Association according to the "Checklist for the Protection of Shareholders' Equity" as stipulated by the Taipei Exchange. However, there are still many differences for the Act governing the operation of the Company for both territories. Investors still need to understand and consult experts on the risks associated with the investment.

v. Risks related to the licensing model

(i) The risk of inflation and labor shortage

The US-China trade war, as well as the COVID-19 pandemic that has been burning since 2020 and is now coming to an end, have caused global economic turmoil. In addition, the shortage of shipping containers and the upward pressure on raw material costs and wage increases caused by inflation and supply-demand imbalances have led to labor shortages and information asymmetry in the global industry, which may affect the estimated construction

time and production and sales forecasts of authorized clients of the company.

Contingency measures

- A. Based on the company's 19 years of production experience, we provide guidance to authorized clients on safe inventory policies, qualified supply chain vendors for material reserves and quality information, and discuss with authorized clients about decentralized supply chain production locations and increased configurations to maintain supply chain flexibility in a correct, real-time, and transparent manner, demonstrating resilience, in addition to expanding Tier 1 suppliers.
- B. We recommend that authorized clients use fully automated production lines for new plant equipment. The previous semi-automated production model, which required high labor costs, no longer exists. For example, a new fully automated production line with an annual production capacity of 10,000 tons only requires about 88 production line workers to carry out production, greatly reducing the risk of labor shortages. The company also continues to monitor equipment update dynamics and provide feedback to authorized clients to improve their production processes.

(ii) Risk of Changes in Important Policies and Laws Abroad

The company's authorized customers are mainly located in the energy storage and electric vehicle (including hybrid vehicles) markets in Europe and America. Therefore, they are relatively sensitive to policies promoting green energy and low-carbon transportation internationally. Sustainable energy development has been regarded as an important trend in global environmental protection. Currently, more than 130 countries have passed or announced their goal to achieve net zero carbon emissions by 2050. Developing green electricity has become a global consensus. As countries continue to increase their efforts to develop renewable energy and increase the proportion of green electricity, the establishment of backend energy storage systems is also necessary. Energy storage systems can smooth out the output of green electricity and improve the utilization of renewable energy, maximizing the efficiency of each kilowatt-hour of electricity, which is the key reason for the development of energy storage. In addition, many countries have long-term policies to promote the sale of electric vehicles by giving subsidies to electric vehicle buyers, or by incentivizing buyers through taxation or related measures. For example, the European Union's carbon dioxide emission targets, which give subsidies to electric vehicle buyers, or the implementation of the IRA policy in the United States, which is driving major battery manufacturers in the United States to make rapid progress in production under policy trends. This has led various car manufacturers to enter the global electric vehicle market on a large scale, resulting in a significant growth trend in demand for electric vehicles. Therefore, if countries change their green energy or subsidy policies, it will inevitably affect the establishment of authorized customer plants or their sales performance.

Contingency measures

- A. The Company will continue to focus on improving material efficiency and developing new product models to help customers reduce costs and improve efficiency, while maintaining competitiveness in response to changes in subsidy policies.
- B. The Company will continue to diversify its authorized customers' regions, hoping to increase authorization in Australia or Southeast Asia. It will also seek authorization from other customers in the United States and Europe, as subsidy policies differ in various U.S. states or European countries, with the aim of reducing regional economic risks caused by regulatory changes.

(iii) Risks of technology changes and industry changes to licensing business

Compared with traditional lead-acid storage batteries, lithium-ion batteries have excellent performance such as low pollution and long cycle life. The increasing use of lithium-ion batteries in energy storage, gradually replacing lead-acid batteries, has become more and more widespread in the energy storage market. Energy storage batteries do not require high energy density, but are more concerned with battery costs, cycling performance, and lifecycle costs. Lithium iron phosphate batteries have low production costs and high cycle numbers, while ternary lithium batteries have safety concerns due to frequent explosion incidents, and lithium iron batteries have become the first choice in the energy

storage market.

TrendForce believes that as power batteries, which are the most expensive core components of electric vehicles, reducing the cost of power batteries will be an important strategy for companies' future competition. With the cost-performance advantage, lithium iron phosphate batteries are estimated to account for more than 60% of the global power battery market installation rate by 2024, in the global power battery supply chain coupled with the impact of uncertain factors such as the Ukraine-Russia conflict and the pandemic on the global power battery supply chain, the growth rates between the supply and demand of the industry chain will differ in the short term, and companies will focus more on the two major issues of reducing battery material costs and the safety of the supply chain. Under this trend, the cost-performance advantage of lithium iron phosphate batteries will become more prominent, and they may become the mainstream of the terminal market within the next 2-3 years. The global installation rate ratio of lithium iron phosphate batteries and ternary batteries will also change from 3:7 to 6:4 in 2024. With electric vehicle leader TSELA using lithium iron phosphate batteries on popular electric vehicle models and energy storage business, and several traditional car manufacturers stating that they will use lithium iron phosphate batteries on entry-level models, the cost-performance advantage of LFP batteries has begun to receive market attention.

The battery market continues to have strong demand for new materials such as LMFP, NCM811, NM, and even competitors in new types of power such as hydrogen energy continue to enter the market, so the industry's demand for various new materials has never stopped.

Contingency measures

- A. Our company's material development direction aims to assist customers in improving the cost-effectiveness of their battery products, developing long-lasting, high-energy-density, and high-safety battery technology, and promoting the development of energy storage applications and electric vehicles (including hybrid vehicles). Therefore, as each battery factory has its own niche technology and market, our company has set up subsidiaries in the United States, Europe, Australia (and radiated to Southeast Asia) to continuously expand the exploration of battery manufacturers, and promote all our product models for customer verification to expand the maximum utilization of our products.
- B. Our company has also invested considerable R&D resources and combined external academic resources to conduct R&D on various new lithium battery materials. We plan to establish fully automated product verification equipment, gradually reach mass production verification for other product models, authorize mass production to other manufacturers, and continue to maintain a leading advantage in the field of new battery materials to ensure the sustainable operation of the company.

Therefore, the impact of technological and industrial changes on the financial operations of our company's authorized business model should not be significant.

(iv) Risk of authorized customers expanding their factory

The company has two types of authorized customers: one is a battery manufacturer that licenses LITX's materials for in-house production, and the other is a specialized chemical company that produces large quantities of materials for supply to battery manufacturers. In response to the authorized customers' future production capacity of tens of thousands of tons, the company needs to have a considerable level of interaction to understand the customer's market policies, financial status, government support, etc., to ensure that the customer has the ability to build a factory before signing an authorization contract.

Regarding battery manufacturers, the company continuously understands the customer's shareholder background and government support status during the authorization process, and continues to understand its order-taking situation. For example, as for FREYR, the Norwegian government announced on June 30, 2022, its support for FREYR to establish a 29G battery factory in Norway, with an initial guarantee and loan of 400 million euros, and up to \$1.6 billion in loans to support battery production capacity expansion. According to the news released by FREYR in 2022-2023 and signing purchasing contracts with four customers, the demand for positive electrode materials will be as high as shown in the table

below, with the goal of supplying from 2024 or 2025 to 2030

Time.	Customer.	Order Size	Amount of Cathode Material Required
2022/5	Powin(USA)	28.5GWh	71,250(T)
2022/6	Honey(USA)	19 GWh	47,500(T)
2022/8	NIDEC(JAPAN)	38GWh(US\$3,000million)	95,000(T)
2023/1	Impact Clean Power (Poland)	10GWh	25,000(T)

Note: 1 GWh requires 2,500 tons of cathode material

Regarding specialized chemical plants, our company prioritizes American companies as our first choice because the United States continues to implement the Bipartisan Infrastructure Law and the IRA Act, requiring 80% of the upstream and downstream supply chain for electric vehicles made in the United States and recognized regions to be manufactured in the United States. Therefore, ICL only signed the authorization agreement with LITAC after receiving a \$197 million subsidy from the US government and will spend \$400 million to build a plant, ensuring that its production costs are highly competitive, reducing costs by 50% compared to other companies. After mass production, it can reasonably digest 30,000 tons of production capacity.

In summary, the expected benefits of authorizing customers to expand their plants not only reduce the significant commercial risks of European and American battery customers overly relying on Chinese lithium iron phosphate products but also enable authorized customers to control materials or expand their chemical field to enter the electric vehicle market, which is expected to bring good operational prospects for themselves and inject stable authorization income and operating funds for our company.

(v) Market competition risk

The company has a cooperative and competitive relationship with its authorized customers. In the short term, the company recommends verified battery customers to place orders with authorized customers for production. However, in the long term, authorized customers may also want to develop their own customers without being limited by the company's technology. In addition, a large number of Chinese competitors are constantly sharing this market. Moreover, compared with lithium ternary battery materials, lithium iron phosphate battery positive electrode materials have lower energy density, so they still need to face market competition from lithium ternary battery materials.

Contingency measures

Our company will continue to research and develop high-energy density products to continuously improve product performance, increase product value and customer satisfaction, in order to authorize different products to respond to the ever-present competition and changes in the market.

Compared with traditional lead-acid storage batteries, lithium-ion batteries have excellent properties such as low pollution and long cycle life. More and more new battery storage systems are using lithium-ion batteries, gradually replacing lead-acid batteries. In the energy storage market, and since energy density requirements for storage batteries are not high, but rather focus on battery cost, cycle performance, and lifecycle cost, lithium iron phosphate batteries have the advantages of low production cost and high cycle count, while ternary lithium batteries have safety concerns due to frequent explosion incidents, and therefore lithium iron phosphate batteries have become the preferred choice in the energy storage market. Moreover, with the significant increase in the prices of core battery raw materials such as lithium, cobalt, and nickel since the second half of 2021, and the impact of uncertain factors such as the Russian-Ukrainian war and the pandemic on the global power battery supply chain, enterprises will pay more attention to reducing battery material costs and ensuring the security of the supply chain. Under this trend, TrendForce expects that the cost-effectiveness advantage of lithium iron phosphate batteries will become more prominent and will become the mainstream in the terminal market within the next 2-3 years.

In addition to actively developing new and better-performing lithium iron phosphate cathode materials, our company is also constantly improving our processes and reducing costs. Our battery laboratory can provide countermeasures to assist customers in introducing new materials into mass production. For specific customers and applications, we also

provide customized services, which will bring more choices to authorized customers. Only by helping customers improve their competitiveness can our company have the best strategy to win in the market.

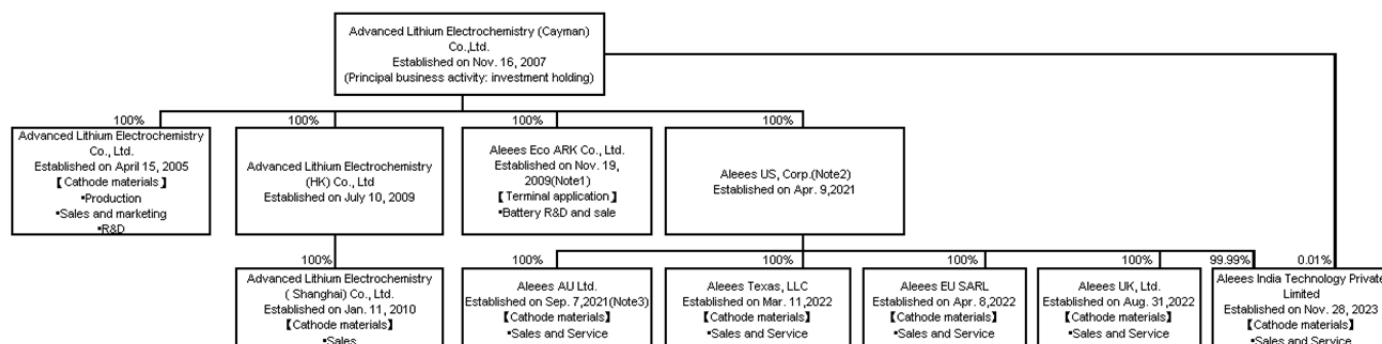
7.Other important matters:None

VI. Special Disclosure

1. Company organization

(1) Organizational chart of affiliate companies

As of April 30, 2025



Note1: This company has been dissolved by resolution in the twentieth meeting of the seventh session of the Board of Directors, and is currently undergoing liquidation.

Note2 : Advanced Lithium Electrochemistry(US), LLC. , renamed as Aleees US, Corp. on April 15, 2022.

Note3 : Alees AU Pty. Ltd. , renamed as Aleees AU. Ltd. on May 20, 2022.

(2) Basic information of affiliate companies

As of April 30, 2025;Unit: thousand

ame of affiliate Company	Date of incorporation	Address	Paid-in Capital	Principal business activity or production item
Advanced Lithium Electrochemistry Co., Ltd.	2005.4.15	No. 2-1, Guishan Industrial Park, Xinghua Road, Taoyuan City, Taiwan	NTD 2,466,400	Production, R&D and sales and marketing of cathode materials for LFP battery.
Advanced Lithium Electrochemistry (HK) Co., Ltd.	2009.7.10	Unit 706, Haleson Building, No. 1 Jubilee St., Central, Hong Kong	USD 19,330	Investment holding, reinvestment in Aleees SH.
Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.	2010.1.11	Room 1201-004, 12F., Building 2 ,No. 2020, Zhongshan West Road, Xuhui District, Shanghai, China	USD 15,660	(1)Sales and marketing of cathode materials for LFP battery (2)Equipped with of battery laboratory to provide customers with technical support service.
Aleees Eco Ark Co., Ltd. (Note1)	2009.11.19	No. 2-1, Guishan Industrial Park, Xinghua Road, Taoyuan City, Taiwan	NTD 528,000	R&D and sales and marketing of battery.
Aleees US, Corp.	2021.04.09	257 Old Churchmans Road, New Castle City, New Castle County, Delaware, USA.	USD 4,450	Investment holding, reinvestment in Aleees AU, Aleees TX, Aleees EU, Aleees UK
Aleees AU Pty Ltd.	2021.09.07	62-64 Burwood RD Burwood NSW 2134	AUD 1,630	Development and service of lithium battery cathode materials for overseas customers
Aleees Texas, LLC	2022.03.11	2245 Texas Drive, Suite 300, Sugar Land, TX, USA 77479	USD 1,800	Development and service of lithium battery cathode materials for overseas customers
Aleees EU SARL	2022.04.08	28 rue de l'Amiral Hamelin 75116 Paris France	EUR 100	Development and service of lithium battery cathode materials for overseas customers
Aleees UK, Ltd	2022.08.31	42-46 STATION ROAD EDGWARE ENGLAND HA8 7AB	GBP 950	Development and service of lithium battery cathode materials for overseas customers

As of April 30, 2025;Unit: thousand

ame of affiliate Company	Date of incorporation	Address	Paid-in Capital	Principal business activity or production item
Aleees India Technology Private Limited	2023.11.28	S-02 Kaledonia,Unit 1B,A wing,5 Floor,Sahar Rd,Andheri East,Mumbai Mumbai-400069 Maharashtra	INR 8,000	Development and service of lithium battery cathode materials for overseas customers

Note1: It has been dissolved by the resolution of the twentieth meeting of the seventh session of the Board of Directors of the Company and is currently undergoing liquidation.

- (3) Shareholders presumed to have control and subordinate relationship with the same information:
None.
- (4) The overall relationship between business enterprises covered by the industry. Those who are related to each other's business operations should explain the situation of their division of work
- The overall relationship of the business covers the business includes: production, R&D and sales and marketing of cathode materials for LFP battery, re-investment and international trade, etc.
 - Distribution of work situation with affiliate companies
 - The Company is an investment holding Company which responsible for business development strategies.
 - Aleees (Taiwan) primarily engaged in the production, R&D and sales and marketing of cathode materials for LFP battery, and Aleees SH acts as a sales and marketing point for Mainland China market.
 - Alees (AU) is engaged in the research and development and sales of cathode materials for phosphoric acid batteries, and serves as a sales office of certain overseas markets.
- (5) Information of directors, supervisors and general managers of affiliate companies

As of December 31, 2024

Name of affiliate Company	Title	Name or representative	Shareholding	
			Shares	Shareholding percentage
Advanced Lithium Electrochemistry Co., Ltd.	Chairman	Sheng-Shih Chang	—	—
	General Manager	Sheng-Shih Chang	—	—
Advance Lithum Electrochemistry (HK) Co., Ltd	Director	Sheng-Shih Chang	—	—
Advanced Lithium Electrochemistry (Shanghai) Co., Ltd.	Chairman	Sheng-Shih Chang	—	—
	General Manager	Sheng-Shih Chang	—	—
Aleees Eco Ark Co., Ltd.	Chairman	Sheng-Shih Chang	—	—
	General Manager	Sheng-Shih Chang	—	—
Aleees US, Corp.	Director	Sheng-Shih Chang	—	—
Aleees AU Pty Ltd.	Director	Sheng-Shih Chang	—	—
Aleees EU SARL	Director	Sheng-Shih Chang	—	—
Aleees Texas, LLC	Director	Sheng-Shih Chang	—	—
Aleees UK, Ltd.	Director	Sheng-Shih Chang	—	—
Aleees India Technology Private Limited	Director	Sheng-Shih Chang Re-Yang Chu	—	—

(6) Operation status of the affiliate companies

As of December 31, 2024 ;Unit: thousand

Name of affiliate Company	Paid-in capital	Total assets	Total liabilities	Net worth	Current operating revenues	Current profit(loss)	Current income (After tax)	Earnings per share(After tax)
Advanced Lithium Electrochemistry (Taiwan) Co., Ltd.	NTD 2,466,400	NTD 1,016,595	NTD 488,999	NTD 527,596	NTD 591,152	NTD (158,919)	NTD (158,720)	NTD (0.64)
Aleees Eco Ark Co., Ltd. (Note 2)	NTD 528,000	NTD 45,820	NTD 35,178	NTD 10,642	-	NTD (3,440)	NTD (3,307)	NTD (0.06)
Advance Lithium Electrochemistry (HK) Co., Ltd	USD 19,330	NTD (68)	-	NTD (68)	-	NTD (91)	NTD (405)	Not applicable
Advanced Lithium Electrochemistry (Shanghai) Co.,Ltd.	USD 15,660	RMB (600)	RMB 864	RMB (264)	RMB (24)	RMB (219)	RMB 76	Note1
Aleees US, Corp.	USD 3,990	USD 333	-	USD 333	-	(USD 5)	(USD 1,253)	(USD 0.03)
Aleees AU Pty. Ltd.	AUD 1,630	AUD 273	AUD 16	AUD 257	-	(AUD 171)	(AUD 153)	(AUD 0.09)
Aleees EU SARL	EUR 100	EUR 31	EUR 11	EUR 20	-	(EUR 6)	(EUR 6)	(EUR 0.06)
Aleees Texas, LLC	USD 1,600	USD 104	USD 80	USD 24	-	(USD 615)	(USD 615)	(USD 0.38)
Aleees UK Ltd	USD 750	USD 43	USD 14	USD 29	-	(USD 401)	(USD 402)	(USD 0.54)
Aleees India Technology Private Limited	INR 8,000	INR 7,156	INR 99	INR 7,057	-	(INR 943)	(INR 943)	(INR 0.12)

Note 1: Limited liability Company, therefore there is no shares.

Note 2: It has been dissolved by the resolution of the twentieth meeting of the seventh session of the Board of Directors of the Company and is currently undergoing liquidation.

- (7) Consolidated financial statements of affiliate companies: Same as the Consolidated Financial Statements of parent-subsidiary companies.

2. Transaction about the Company's private placement of securities in the recent fiscal year and up to the date of publication of the annual report

None.

3. Other matters necessary to be supplemented with explanation

During the initial applications for TPEx listing, the Company has previously undertaken the following matters and the current implementation status is as follows:

- (1) Undertaken is given to the Company that to introduce the following new matters in the “Acquisition or Disposal of Assets Procedures”, and if the regulation is revised thereafter, it shall be published on MOPS under disclosure of material news, and a written notification shall be provided to the Taipei Exchange for future reference.
 - i. The Company may not give up the capital increase for Advanced Lithium Electrochemistry Co., Ltd., Advanced Lithium Electrochemistry (HK) Co., Limited, in the future fiscal years; Aleees Eco Ark Co., Ltd. may not give up the capital increase for Advanced Lithium Electrochemistry (Shanghai) Co., Ltd. in the future fiscal years.
 - ii. In the future, if the Company is required to give up the capital increase or dispose the shares of the aforementioned companies due to the strategic alliance considerations or other consents of the “Taipei Exchange”, it must be approved by the Company’s Board of Directors. If the regulation is revised thereafter, it shall be published on MOPS under disclosure of material news, and a written notification shall be provided to the “Taipei Exchange” for future reference.
- (2) Current implementation status
 - i. The revision of the Acquisition or Disposal of Assets Procedures to introduce the aforementioned new matters was approved at the 2014 Company’s Annual General Meeting.

- ii. A special resolution that the Company will sign an equity sale and purchase agreement with the FDG Electric Vehicles Limited listed in Hong Kong was passed by the Board of Directors on April 14, 2016 due to the strategic alliance transaction, which the 100% issued shares of ALEES ECO ARK (CAYMAN) CO., LTD. will be transferred to the FDG Electric Vehicles Limited.
- iii. A special resolution that the Company to forfeit the subscription rights to shares upon cash capital increase of Empire Energy Co., Ltd. in 2016 was passed by the Board of Directors on December 1, 2016, and consent from the Taipei Exchange was granted for future reference.
- iv. A special resolution that the Company to transfer 950,000 shares of Empire Energy Co., Ltd. was passed by the Board of Directors on January 20, 2017, and consent from the Taipei Exchange was granted for future reference.
- v. A special resolution that the Company to dissolve Aleees Eco Ark (Taiwan) Co., Ltd 2016 was passed by the Board of Directors on December 28, 2018, and consent from the Taipei Exchange was granted for future reference.
- vi. The case of the company's subsidiary company AEEES ECO ARK (CAYMAN) CO., LTD equity in the second case, the securities counter trading center of the Republic of China, January 31, 2019, required to comply with the OTC listing. Commitment and related measures.
- vii. On February 26, 2019, the board of directors of the company passed the special resolution to dissolve the re-investment company, Emerald Battery Technologies Co., Ltd., which was approved and kept for reference by the Taipei Exchange.
- viii. On May 2, 2019, the board of directors of the company passed a special resolution to increase the assessment on disposal or dissolve the reinvestment company, Emerald Battery Technologies Co., Ltd., , which was approved and kept for reference by the Taipei Exchange.
- ix. On December 24, 2019, Cayman Aleees sent a letter Tzu No. AC191224001 to the center for applying the approval to cancel the following regulation in the commitments for listed companies, which was approved and kept reference by Taipei Exchange: the company promised not to give up the right to increase capital or dispose the shares of Aleees Eco Ark Co., Ltd. in future years.

4. Explanation of any material differences from the rules of the ROC in relation to the protection of shareholders' equity

Material matters on protection of shareholders' equity	Provisions of Articles and reasons for differences
<ol style="list-style-type: none"> 1. The shareholders' meeting shall be held within the territory of the Republic of China. If the shareholders' meeting is convened outside the Republic of China, the Taipei Exchange shall be notified for approval within two days after the resolution of the Board of Directors or the shareholders obtain the permission from the competent authority. 2. Shareholders holding 3% or more of the total number of issued shares for more than a year may request the Board of Directors to convene an extraordinary shareholders' meeting (EGM), and the requisition must state in writing the matters to be discussed at the EGM and the reason therefor. If the Board of Directors fails to give notice for convening an EGM within 15 days after the filing of the request, the proposing shareholder may, after obtaining an approval from the competent authority, convene an EGM on their own. 	<p>With regards to the part on the convening of EGM by shareholders themselves, it does not subject to the approval from the local competent authority of Cayman Islands according to the Company Act of Cayman Islands. Therefore, Article 47 of the Company's Articles of Association has not stipulated the requirement to obtain approval from the competent authority prior to convene an EGM by shareholders themselves.</p> <p>In addition, if the shareholders convene a shareholder's meeting outside the Republic of China, as the EGM convened by the shareholders themselves does not subject to the approval from the local competent authority of Cayman Islands, therefore, Article 47 of the Company's Articles of Association only stipulates "the proposing shareholder shall convene the shareholders' meeting in the same manner (as close as possible) as the shareholders' meeting convened by the Board of Directors." That is, in accordance with Article 46 of the Company's Articles of Association ("After the shares are listed on Taipei Exchange, if the Board of Directors decide to convene shareholders' meeting outside the Republic of China, the Taipei Exchange shall be notified for approval within two days after the resolution of the Board of Directors.") advance approval shall be granted from the Taipei Exchange, instead of the "Taipei Exchange shall be notified for approval within two days after the shareholders obtain the permission from the competent authority" as required by the checklist for the protection of shareholders' equity.</p>

Material matters on protection of shareholders' equity	Provisions of Articles and reasons for differences
<ol style="list-style-type: none"> 1. When the company convenes the shareholders' meeting, the shareholder is allowed to exercise the voting rights through paperwork and electronic. 2. The exercising method of voting right shall be declared in the convention notice of the shareholders' meeting is the company decides to exercise the voting right through paperwork and electronic. After exercising the voting rights by paperwork or electronic, the shareholder is seen as attending the shareholders' meeting in person. But it shall be taken as withdrawn in the case of the extraordinary motion or the amendment of original proposal. 	<p>With regards to the part of the shareholder is allowed to exercise voting rights by correspondence or electronic means, according to the explanation of the lawyer from the Cayman Islands pertaining to the part "A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person", however, it does not deemed to have attended the meeting in person according to the Act of the Cayman Islands. It is recommended that it shall be deemed as the chairperson of the shareholders' meeting being authorized to vote on behalf, but the authorization of the chairperson of the shareholders' meeting shall not be subjected to a 3% limit. As such, Article 62 of the Company's Articles of Association stipulates that "when a shareholder exercising voting rights by correspondence or electronic means in accordance with the preceding provisions, it shall be deemed to the chairperson of the shareholders' meeting is authorized to vote on behalf according to the instructions as set out in the correspondence or electronic means served by the shareholder", instead of the "a shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person" as required by the checklist for the protection of shareholders' equity. And in Article 72 of the Company's Articles of Association stipulates that the voting rights of the chairperson of the shareholders' meeting are not subject to a limit of 3% of the total voting rights of the issued shares.</p>
<p>The following resolutions concerning the material equity of shareholders, a resolution adopted at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at the shareholders' meeting whose shares have been issued in public is less than the preceding percentage of the total shareholdings required, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares:</p> <ol style="list-style-type: none"> 1. Enter into, amend, or terminate any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with others; transfer the whole or any essential part of its business or assets; or accept the transfer of another's whole business or assets, which has great bearing on the business operation of the Company 2. Modification or Alteration of the Articles of Association 3. A resolution shall be adopted at an EGM for any modification or alteration in the Articles of Association may prejudice the shareholders' equity of preferred share 4. Issuance of the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares 5. Resolution of dissolution, merger and split-up 6. Issuance of Restricted Stock Awards (RSA) 7. share exchange 	<ol style="list-style-type: none"> 1. Regarding the method of resolution of the shareholders' meeting, in addition to the ordinary resolutions and supermajority resolutions under the laws of the ROC, Article 1 of the Company's Articles of Association also has a "Special Resolution" defined under the Company Act of the Cayman Islands, that is, "under the provisions of the Company Act, in accordance with Article 60 of the Company Act, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares, which the votes cast by such shareholder as being entitled so to do, vote in person or, by proxy (where proxies are allowed) present at the shareholders' meeting (the notice of the meeting stated that the proposal to be adopted by a special resolution.)". 2. According to the provisions of the Company Act of the Cayman Islands, the following matters shall be adopted through special resolution: In accordance with the Company Act of the Cayman Islands, the following matters shall be specially resolved: <ol style="list-style-type: none"> (1) Modification or alteration of the Articles of Association According to the laws of the Cayman Islands, modification or alteration of the Articles of Association shall be adopted through special resolution in accordance with the Company Act of the Cayman Islands, therefore, Article 68 of the Company's Articles of Association has amended the threshold of Memorandum and Article of Association, instead of changing to the supermajority resolutions under the laws of the ROC as required by the checklist for the protection of shareholders' equity. In addition, in accordance with Article 17 of the Company's Articles of Association, "If any modification or change in the Articles of Association will prejudice the preferential rights of any class of shares, the relevant amendments or changes shall be adopted through special resolution, and shall be adopted through special resolution at the shareholders' meeting held

Material matters on protection of shareholders' equity	Provisions of Articles and reasons for differences
	<p>separately by the shareholders of such shares being prejudiced”.</p> <p>(2)Dissolution</p> <p>According to the laws of the Cayman Islands, the Company may be voluntarily wound-up and dissolved by a resolution in the shareholders' meeting when the Company is unable to pay its debt; however, if the Company may be voluntarily wound-up and dissolved due to the reasons other than the above, it shall be adopted through a special resolution in accordance with the Company Act of the Cayman Islands. Therefore, the resolution threshold of Article 70 of the Company's Articles of Association for liquidation and dissolution has not changed to the supermajority resolutions under the laws of the ROC as required by the checklist for the protection of shareholders' equity.</p> <p>(3)Merger</p> <p>As the Company Act of the Cayman Islands has mandatory provisions for way of voting of mergers as defined in the Company Act of the Cayman Islands, Article 69 (e) of the Company's Articles of Association stipulates that a merger shall be adopted through a supermajority resolution, however, in order to conform to the definition of “merger” of the Company Act of the Cayman Islands, a merger shall be adopted through a special resolution in the shareholders' meeting.</p> <p>The difference between the aforementioned matter and the checklist for the protection of shareholders' equity lies in it shall be adopted by supermajority resolution in the material matters on protection of shareholders' equity, while it is subject to supermajority resolution and special resolution respectively in the Company's Articles of Association. As these differences are due to the laws of the Cayman Islands, and the Company's Articles of Association has clearly listed and defined the supermajority resolution and special resolution in the material matters on protection of shareholders' equity, hence, it should have limited impact on shareholders' equity.</p>
<ol style="list-style-type: none"> 1. Appointments of supervisors of the Company shall be elected by the shareholders' meeting, at least one of the supervisors must be domiciled in the ROC. 2. The term of office of a supervisor shall not exceed three years. However, he may be eligible for re-election. 3. In case all supervisors of a Company are discharged, the Board of Directors shall, within 60 days, convene an EGM to elect new supervisors. 4. Supervisors shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect, transcribe or make copies of the accounting books and documents, and request the Board of Directors or managerial personnel to make reports thereon. 5. The supervisor shall supervise the business implementation of the company; investigate the company's business and financial status at any time; check, transcribe or copy the books and documents, and request the Board of Directors or managers to submit the report. 6. In performing the examination duties, the supervisors may appoint, on behalf of the Company, a practicing 	<p>There is no equivalent concept of supervisors in the laws of the Cayman Islands, and the Company has an audit committee. Therefore, the Company's Articles of Association has no relevant regulations on supervisors as required by the checklist for the protection of shareholders' equity.</p>

Material matters on protection of shareholders' equity	Provisions of Articles and reasons for differences
<p>lawyer and a certified public accountant to conduct the examination.</p> <p>7. Supervisors may attend the meeting of the Board of Directors to their opinions. In case the Board of Directors or any director commits any act, in carrying out the business operations of the Company, in a manner in violation of the laws, regulations, the Articles of Association or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the Board of Directors or the director, as the case may be, to cease such act.</p> <p>8. Supervisor may each exercise the supervision power individually.</p> <p>9. A supervisor shall not be concurrently a director, a managerial personnel or other staff/employee of the Company.</p>	
<p>1. Shareholders who have been continuously holding 1% or more of the total number of the outstanding shares of the Company over six month request in writing the supervisors of the Company to institute, for the Company, an action against a director of the Company, and Taiwan Taipei District Cour was assigned as the competent court for litigation.</p> <p>2. In case the supervisors fails to institute an action within 30 days after having received the request made by the shareholders, then the shareholders filing such request may institute the action for the Company, and Taiwan Taipei District Cour was assigned as the competent court for litigation.</p>	<p>As there is no equivalent concept of supervisors in the laws of the Cayman Islands. Therefore, Article 94-1 of the Company's Articles of Association stipulates that "Within the scope permitted by the laws of the Cayman Islands, shareholders who have been continuously holding 3% or more of the total number of the outstanding shares of the Company over one years may institute the action for the Company, and the Taiwan Taipei District Court shall be the court of jurisdiction for the first instance", instead of "requesting in writing the supervisors of the Company to institute, for the Company, an action against a director of the Company, in case the supervisors fails to institute an action within 30 days after having received the request made by the shareholders, then the shareholders filing such request may institute the action for the Company" as required by the checklist for the protection of shareholders' equity.</p> <p>However, according to the opinion of the lawyer from the Cayman Islands, the Company Act of Cayman does not allow minority shareholders to institute derivative action procedure against directors in the Cayman Court. In addition, the Company's Articles of Association is not a contract between the shareholders and the directors, but the agreement between the shareholders and the Company, therefore, even if the minority shareholders are allowed to institute derivative action against directors, the lawyer from the Cayman Islands considers the said contents to have no binding on directors. However, under the common law, all shareholders (including minority shareholders) have the right to institute derivative actions (including institute action against directors) regardless of their shareholding ratio or shareholding period. Once the shareholders have filed a lawsuit, the Cayman Court shall have full discretion to decide whether to continue the legal proceedings by the shareholders. In other words, even if the Company's Articles of Association (or shareholders with the required shareholding ratio or shareholding period) may institute the action for the Company, however, ultimately it depends on the Cayman Court to decide whether to continue the legal proceedings by the shareholders. According to relevant judgments made by the Cayman Court, when the Cayman Court reviews whether to approve the continuation of derivative action, the applicable criterion are whether the</p>

Material matters on protection of shareholders' equity	Provisions of Articles and reasons for differences
	<p>Cayman Court believes and accepts the request of the plaintiff's request on behalf of the Company is ostensibly substantial, the claimed illegal acts committed by the individual who are able to control the Company, and the controllers can prevent the Company from litigating it. The Cayman Court shall judge based on the facts of the case (although the court may refer to the provisions of the Company's Articles of Association, but this is not a decisive factor).</p>
<ol style="list-style-type: none"> 1. The directors of the Company shall faithfully conduct corporate affairs and perform the duty of care of a good administrator, and if the directors violated this provision, shall be liable for the damages to be sustained by the Company there-from. In case a director does anything for himself or on behalf of another person in violation of the provisions, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the Company. 2. If the director of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, the director shall be liable, jointly and severally, for the damage to such other person. 3. In performing within the scope of duties, the managerial personnel and supervisors of the Company shall be liable for the damages same as the directors of the Company. 	<p>Article 110-1 of the Company's Articles of Association has been amended in accordance with the material matters on protection of shareholders' equity, however the part of supervisor has not established.</p> <p>However, according to the opinion of the lawyer from the Cayman Islands, the responsibilities of the director for the Company under the laws of Cayman can be divided into the responsibilities under the common law (i.e. competence, care and diligence) and duty of loyalty. However, the directors are legally obligated under the provisions of various laws and, in certain circumstances, the directors also have obligations to third parties (such as creditors). If the Company is unable to pay off, the directors shall consider the interests of the creditors when performing their duties.</p> <p>As the Company's Articles of Association is an agreement between shareholders and the Company, the directors are not parties of the Company's Articles of Association. Therefore, all assertions against the director for compensation of damages for the violation of obligations shall be defined in the service agreement.</p> <p>Under the laws of the Cayman, in general, the managerial personnel or supervisor will not assume the same responsibilities as the director of the Company to the Company or shareholders. However, if the managerial personnel or supervisor is authorized to act on behalf of the executive, it will have the same obligations as the directors of the Company. For the avoidance of doubt, companies in Cayman generally define the responsibilities and obligations of the managerial personnel or supervisor to the Company and shareholders in the service agreement.</p> <p>Similarly, as the Company's Articles of Association is an agreement between the shareholders and the Company, the managerial personnel and supervisor are not parties of the Company's Articles of Association. Therefore, all assertions against the managerial personnel and supervisor for compensation of damages for the violation of obligations shall be defined in the service agreement.</p> <p>In addition, regarding the provisions of the directors' interests are deemed as earnings of the Company, however, the lawyer from the Cayman Islands considers such provisions are uncertain and too general, and has doubts if it is executable. For example, whether the violation of obligations of the director is left to the Court for final decision and how to define the benefit (and the period of receiving the benefit). The lawyer from the Cayman considers this clause does not limit the liability of the directors. The directors are still subject to various statutory responsibilities, common law responsibilities and duty of loyalty under the laws of Cayman.</p>

5. Any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities

None

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.
Statement of Internal Control System

Date: March 14, 2025

Based on the findings of a self-assessment, Advanced Lithium Electrochemistry (Cayman) Co., Ltd. states the following with regard to its internal control system during the year 2024:

1. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purposes are to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), and reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: i. Control environment, ii. Risk assessment, iii. Control activities, iv. Information and communication, and v. Monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2024, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report for the year 2024 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on March 14, 2025, with none of the six attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.



Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Chairman: Sheng-Shih Chang

Signature



General Manager: Re-Yang Chu

Signature



Inspection Report of Audit Committee

The Board of Directors handed over the Company's business reports, financial statements and proposals of deficit compensation 2024. The financial statements were entrusted by Wei-Hao Wu and Yen-Na Li, certified by PricewaterhouseCoopers Taiwan, and issued an audit report.

The above-mentioned business report, financial statements and proposals of deficit compensation have been checked by the audit committee, and it is considered that there is no disagreement. The report of Article 14-4, paragraph 3 of the Securities Exchange Act are as mentioned above, please review it.

To

Advanced Lithium Electrochemistry (Cayman) Co., Ltd.
2025 Shareholders' Meeting

Audit Committee Convener: PAO-SHENG WEI



March 14, 2025



Human Safe & Eco Friendly



董事長 張聖時

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