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Daxin Materials Corporation
2024 Annual Report

Printed on March 31, 2025

Daxin Materials Corporation
2024 Annual Report

Spokesperson

Name:	Tsung-Hsing Kuo
Title:	President

Deputy Spokesperson

Name:	Yen-Chen Liu
Title:	Chief Financial Officer
Tel:	(04) 24608889
Email:	ir@daxinmat.com

Location of Headquarters, Branch Office, and Factory Plants

Headquarters:	No. 15 Keyuan 1st Rd., Central Taiwan Science Park, Taichung City
Northern Area Branch:	Rm. B502J, 5F.-2, No. 185, Kewang Rd., Longtan Dist., Taoyuan City
Chungkang Branch:	No.2, Jian 8th Rd., Wuqi Dist., Taichung City
Plants:	Chungke Plant - No. 15 Keyuan 1st Rd., Central Taiwan Science Park, Taichung City
	Chungkang Plant - No.2, Jian 8th Rd., Wuqi Dist., Taichung City
Tel:	(04)24608889

Share Transfer Agency

Company Name:	Stock Transfer Agent, Taishin Securities Co., Ltd.
Address:	Rm. B1, No. 96, Jianguo N. Rd., Zhongshan Dist., Taipei City
Website:	https://www.tssco.com.tw
Tel:	(02)25048125

Auditing CPA and Accounting Firm

Name of CPA:	CPA Jun-Yuan Wu, CPA Chien-Hai Lu
Name of Accounting Firm:	KPMG Taiwan
Address:	68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Website:	https://home.kpmg/tw
Tel:	(02)81016666

Names of stock exchanges where foreign securities are listed and method of inquiry on the information of foreign securities

Name of stock exchanges where foreign securities are listed: None
Method of inquiry on the information of foreign securities: None

The Company’s website: https://www.daxinmat.com

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Chapter 1 Letter to Shareholders

Dear Shareholders,

In 2024, Daxin overcame numerous challenges while achieving significant successes, strengthening its operational foundation. After navigating two years of market volatility, the display industry has stabilized, and the company's long-term investments in semiconductor materials are beginning to yield results. Overall, the operating income in 2024 was NT$ 4.118 billion, a decrease of 3.4% from the previous year. In terms of display materials, revenue reached NT$3.651 billion in 2024, declining 8.0% year-over-year due to customers' technological transitions and strategic product line adjustments aimed at enhancing competitiveness. In terms of semiconductor materials, after years of strategic investment and substantial R&D resource allocation, revenue nearly doubled to NT$372 million in 2024, representing a 95.6% increase year-over-year and contributing 9.0% to the total company revenue.

In the past period, the semiconductor industry's mature process products have undergone inventory adjustment, while demand for advanced semiconductor processes has surged rapidly, driven by artificial intelligence (AI) and high-performance computing (HPC). Additionally, ongoing geopolitical tensions and trade conflicts between major economies have intensified the semiconductor industry's need for high-quality, competitive, and locally sourced upstream materials. We are experiencing growing product development requests from our customer base while also gaining more opportunities for collaborative development with major international companies. In 2024, multiple products have transitioned to mass production, and as our customers expand their manufacturing capacity, we anticipate accelerated growth momentum. Several products for sub-2nm advanced processes and advanced packaging are currently under joint development and validation with semiconductor clients. Furthermore, our strategic collaborations with leading international materials companies are starting to yield results. These developments have already begun contributing to our revenue, with forthcoming partnerships in related products will fortify and diversify our collaborations.

Due to stabilization in the display industry and strategic product portfolio adjustments, annual display materials revenue declined compared to the previous year. However, by optimizing the product portfolio and production processes, as well as increasing the proportion of self-manufactured raw materials, we successfully enhanced our products' overall competitiveness, resulting in improved gross profit performance.

Looking ahead to 2025, semiconductor materials are expected to experience rapid growth amid market opportunities and challenges. Meanwhile, the display materials segment will focus on stability, operational excellence, and competitive strengthening. By deepening industry partnerships and diversifying service models, we aim to create multifaceted growth opportunities.

Financial Performance

1. Operating revenue
   Consolidated operating revenue in 2024 was NT$4.118 billion, representing a NT$146 million or 3.4% decrease from NT$4.264 billion in 2023.
2. Operating income
   Consolidated operating income in 2024 was NT$607 million, representing a NT$4 million or 0.6% decrease from NT$611 million in 2023.
3. Profit after tax
   Profit after tax in 2024 was NT$571 million, representing a NT$47 million or 9.0% increase from NT$523 million in 2023.

Environmental, Social and Corporate Governance (ESG)

While driving profitable growth, Daxin actively supports national net-zero policies by prioritizing climate change issues. The company has established specific carbon reduction pathways and implemented diverse energy-saving solutions. In 2024, Daxin published its first Task Force on Climate-related Financial Disclosures (TCFD) report and plans to progressively increase RE100 renewable energy, contributing to its role as a responsible corporate citizen.

We strive to foster the growth and development of our diverse employees, and is committed to creating an inclusive workplace. As a partner in the “TALENT in Taiwan Alliance” and recipient of the 2024 “Health 99" company, we prioritize employee wellness. Since 2010, our Daxin Graduate Scholarship program has been cultivating future talents in scientific research.

Daxin values the rights and interests of all stakeholders. In 2024, all directors participated in the shareholders' meeting, which was also live-streamed to enhance interaction and engagement with investors. The Company revised its "Rules for Performance Evaluation of Board of Directors", stipulating that an external evaluation shall be conducted by independent professionals at least once every three years to improve board efficiency and corporate governance. We will continue to promote various sustainability and governance initiatives in alignment with the "Corporate Governance 3.0 – Sustainable Development Roadmap."

Research and Development

Daxin maintains a significant R&D investment, focusing on three major application areas: semiconductor materials, display materials, and key raw materials. We embrace a research and development model that equally emphasizes chemistry, processes, equipment, and AI, while continuously investing in innovative advanced materials and forward-looking technology projects.

We have actively promoted digital transformation in the chemical industry and achieved multiple breakthroughs in process innovation and chemical structure design:

- **Generative AI and Computational Science:** Utilizing AI for molecular structure design and screening, establishing patent analysis systems to accelerate product development.
- **Intelligent Process Control:** Balancing standardization with diverse production models to enhance production stability and line flexibility.
- **Comprehensive Quality Monitoring Mechanism:** Establishing complete traceability from raw materials sourcing through manufacturing processes to the client end.

Semiconductor Materials

The semiconductor market is expanding rapidly in scale, quality, and variety. Daxin provides a comprehensive product portfolio, with multiple products having obtained POR (Process of Record) certification and several already in mass production. We expect strong sales growth for existing products and more products entering mass production in the coming year.
Our solutions cover critical materials for semiconductor processes from front-end to advanced packaging, maintaining high competitiveness. Key products include:

- **Front-End Wafer Process Materials:** Selective metal etching solutions, post-dry etching cleaning solutions, high-purity cleaning solutions, photoresist stripping solutions, photoresist peripheral materials, wafer edge protection adhesives, high-purity polymers and surface treatment solutions.

- **Advanced Packaging Materials:** Multifunctional organic release layers, high selectivity metal etching solutions and high thermal stability photosensitive.

For future development, we will strengthen front-end wafer process technology capabilities, providing customized specialty chemicals aligned with customer process requirements, while establishing nanoparticle and ion purification and detection technologies. In advanced packaging, our photosensitive multilayer formation materials, supported by the Ministry of Economic Affairs in 2024 through the Critical Materials Guidance Program for Heterogeneous Integration Chips. Designed specifically for panel-level packaging applications, this technological breakthrough enables higher-density integration solutions for Fan-out, 2.5D, and 3DIC processes, positioning us strategically in the panel-level packaging market.

Display Materials

Daxin dominates the display materials market share with a comprehensive vertical solution portfolio. Amid intense competition, we focus on developing cost-effective products through customer collaboration. In 2024, we successfully developed the High Abrasion-Resistant FFS Liquid Crystal Alignment Layer and Cholesterol Liquid Crystal Alignment Layer.

In response to "net zero emissions" trends, panel manufacturers seek low-power, high-resolution production technologies. Daxin will continue to introduce ESG-focused energy-saving materials while actively developing environmentally friendly materials that reduce energy consumption, lower process temperature, and help customers address critical ESG challenges including carbon reduction, decreased production energy consumption, and mitigated operational impacts from rising electricity costs. We're also increasing solvent recovery, reducing waste liquid in the production process, introducing sustainable raw materials and expanding local supplier partnerships.

Key Raw Materials

With technologies cultivated through years of R&D, Daxin focuses on developing key raw materials for displays, semiconductors, lithium-ion batteries, advanced IC substrates, and other electronic materials, offering customized solutions. Our core technologies and products include Anode Binders for Lithium-Ion Batteries, Advanced IC Substrates and Key Functional Monomers. In the future, we will strengthen customer technical collaboration to accelerate development cycles, enhance responsiveness, and improve service quality.

Outline of Business Plan

Amid geopolitical uncertainties and economic volatility following the U.S. presidential election, our goal is steady investment and sustainable growth, prioritizing semiconductor materials development.

In 2024, semiconductor materials revenue nearly doubled compared to the previous year. We focus on advanced processes and packaging (sub-2nm process, 2.5D/3DIC packaging materials) to address market needs. Early-stage collaboration with key customers has secured market opportunities, with multiple projects in progress or POR-certified. We're expanding production capacity at the Chungkang new plant to meet customer demand while accelerating partnerships with international semiconductor material manufacturers to provide localized synthesis, purification, and formulation services. We aim to expand diversified businesses and drive the localization of semiconductor materials through a customer-oriented product portfolio.

For display materials, we're optimizing our product portfolio and production process, while increasing the proportion of in-house raw materials to reduce costs and enhance competitiveness. Liquid crystal alignment layer (PI) shipment growth has improved revenue and profitability. Our market-leading photosensitive spacers and copper etching solutions maintain competitive advantage while expanding customer base and product lines. We're collaborating with customers on MicroLED development, with several materials currently in testing phases. We are also actively developing high-performance, ESG-compliant low-temperature process materials to drive business growth.

Beyond semiconductor and display, we have identified opportunities in green energy, substrate manufacturing, and biomedical applications. Through partnership with industry leaders, we aim to co-develop specialty materials to establish a third major product line.

Future Outlook

Looking ahead to 2025, Taiwan's semiconductor supply chain outlook remains optimistic, driven by strong AI/HPC demand and international trade barriers. In response, the Company continues strategic investments across three business models: independent development, collaboration with leading global semiconductor manufacturers, and partnerships with international semiconductor materials companies. These strategies are expected to accelerate our growth trajectory in 2025 and beyond.

In the display industry, while market conditions are stabilizing, competition from the "red supply chain" introduces growth uncertainties. We remain focus on optimizing material costs and improving production efficiency while expanding market presence. Our future priorities include developing higher-specification materials and low-temperature processes aligned with ESG principles for low-carbon sustainability.

As the New Year brings both opportunities and challenges, Daxin's semiconductor materials are expected to deliver stronger results while our display materials reinforce its foundation for enhanced competitiveness. Through our team's collective dedication and continued close customer collaboration, we will pursue stable growth that creates mutual benefits and deliver solid business performance as a return for our shareholders' long-term support and trust.

Chairman:	*Cheng-Yih Lin*
President:	*Tsung-Hsing Kuo*
Chief Financial Officer	*Yen-Chen Liu*

Chapter 2 Corporate Governance Report

2.1 Information on the Company's Directors, President, Vice President, Associate Managers, and Managers of Each Departments and Divisions

2.1.1 Information on the Directors

Unit: Shares; % March 16, 2025

Title / Name	Gender/ Age	Date Elected	Nationality/ Place of Registration	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held through Nominees		Primary work or academic experiences	Position Concurrently Held in the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Cheng-Yih Lin	Male/ 71-80	2023.6.15	R.O.C.	3 Years	2014.7.1	2,299	2.24	2,299	2.24	0	0.00	0	0.00	· Ph.D., Chemical Engineering, Carnegie Mellon University · Chairman & Chief Strategy Officer, AUO Crystal Corp. · Senior Vice President, AUO Corp. · Director, AUO Corp.	· Chairman & Chief Executive Officer, Daxin Materials Corp.
Director Tsung-Hsing Kuo	Male/ 61-70	2023.6.15	R.O.C.	3 Years	2006.6.30	232	0.23	232	0.23	830	0.81	0	0.00	· B.S., Chemical Engineering, National Taiwan University · E.M.B.A., National Sun Yat-sen University · President, Eternal Chemical Industry (China) Co., Ltd.	· President, Daxin Materials Corp.

Title / Name	Gender/ Age	Date Elected	Nationality/ Place of Registration	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held through Nominees		Primary work or academic experiences	Position Concurrently Held in the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Director Eternal Materials Co. Ltd.	--	2023.6.15	R.O.C.	3 Years	2006.6.30	23,424	22.80	23,004	22.40	—	—	—	—	—	—
Representative: Chin-Cheng Pan	Male/ 51-60	—	R.O.C.	—	—	—	—	0	0.00	0	0.00	0	0.00	· M.S., Chemistry, National Cheng Kung University	· Chief Operating Officer of High Performance Materials Business Group and Chief Operating Officer of China Operation Center, Eternal Materials Co. Ltd. · President, Eternal (China) Investment Co., Ltd. · Chairman, Eternal Specialty Materials (Zhuhai) Co., Ltd. · Chairman, Eternal Specialty Materials (Suzhou) Co., Ltd. · Director, Eterkon Semiconductor Materials Co., Ltd. · Chairman, Eternal Materials India Private Limited. · Director, Winchain Material Technology Co., Ltd.
Director Konly Venture Corporation	-	2023.6.15	R.O.C.	3 Years	2006.6.30	19,114	18.61	19,114	18.61	—	—	—	—	—	—
Representative: Ting-Li Lin	Male/ 51-60	—	R.O.C.	—	—	—	—	7	0.01	0	0.00	0	0.00	· M.S., Applied Chemistry, National Chiao Tung University · Senior Vice President, AUO Corp.	· Senior Vice President, AUO Corp. · Director, AFPD Pte. Ltd. · Executive Director, BriView (Xiamen) Corp.

Title / Name	Gender/ Age	Date Elected	Nationality/ Place of Registration	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held through Nominees		Primary work or academic experiences	Position Concurrently Held in the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Wei-Shun Cheng	Male/ 61-70	2023.6.15	R.O.C.	3 Years	2020.6.19	0	0.00	0	0.00	0	0.00	0	0.00	· M.S., Accounting, Northern Illinois University · Chief Financial Officer and Senior Vice President, AUO Corp. · Director, Darwin Precisions Corporation · Director, Raydium Semiconductor Corporation · Director and Vice President, M.SETEK Co., Ltd. · Director, Lextar Electronics Corp.	· Director, SHIRRE LAB Corp. · Independent Director, Raydium Semiconductor Corporation · Independent Director, Chenbro Micom Co., Ltd. · Independent Director, Unictron Technologies Corporation
Independent Director Xin-Wu Lin	Male/ 51-60	2023.6.15	R.O.C.	3 Years	2020.6.19	0	0.00	0	0.00	0	0.00	0	0.00	· Ph.D., Economic, National Taiwan University · Committee Member, 6th term of the Fair Trade Committee, Executive Yuan · Director of Research Division III & Research Fellow, Taiwan Institute of Economic Research	· Vice President & Research Fellow, Taiwan Institute of Economic Research · Independent Director, Taiwan Business Bank, Ltd. · Chief Consultant of Antitrust Compliance, AUO Corp.
Independent Director Chiao-Mou Cheng	Male/ 71-80	2023.6.15	R.O.C.	3 Years	2023.6.15	0	0.00	0	0.00	0	0.00	0	0.00	· B.S., Chemistry, Chung Yuan University · Assistant Vice President & Vice Director of Research Division, Eternal Materials Co. Ltd.	—
Independent Director Chih-Chun Tsai	Male/ 61-70	2023.6.15	R.O.C.	3 Years	2023.6.15	0	0.00	0	0.00	0	0.00	0	0.00	· M.S., Computer Science, Utah State University · Senior Director, Asia/ Pac Business, Taiwan Semiconductor Manufacturing Company Limited · Assistant Researcher, Engineering Division, National Science Council	· Independent Director, Leadtrend Technology Corporation · Director, Coretech Optical Company, Ltd. · Chairman, Hua Jieh Investment Co., Ltd. · Director, Egis Technology Inc.

Remark:

1. **Any Manager or Director who is a spouse or relative within the second degree of kinship:** None.
2. **If the chairman, president or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed:** None.

Major Shareholders of the Corporate Shareholders

Name of the Corporate Shareholder	Major Shareholders of the Corporate Shareholders
Konly Venture Corp.	AUO Corp. (100.00%)
Eternal Materials Co. Ltd. (Note)	Kwang Yang Motor Co., Ltd. (9.99%) Ying-Shih Kao (6.33%) Kuo-Lun Kao (4.34%) Kwang Hsing Industrial Co., Ltd. (4.04%) CHINA F.R.P. Corp. (1.70%) LGT Bank AG in custody of Standard Chartered (1.64%) Jia-Cheng Co., Ltd. (1.46%) Norges Bank investment account in custody of Citibank (Taiwan) (1.38%) Ying-Chih Kao (1.35%) Jim-Ming Yang (1.22%)

Note: The shareholdings are as of Jul. 18 2024, the book closure date of Eternal Materials Co. Ltd.

Major shareholders of corporation who are the major shareholders of the Company's corporate shareholders

Name of the corporate	Major shareholders of the corporation
AUO Corp. (Note 1)	Qisda Corporation (6.90%) Trust Holding for Employees of AUO Corporation (5.46%) Quanta Computer Inc. (4.61%) Yuanta Taiwan Dividend Plus ETF (4.00%) ADR of AUO Corp. (2.38%) New Labor Pension Fund (1.65%) Nan Shan Life Insurance Company, Ltd. (1.56%) Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds (1.12%) JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.96%) Government of Singapore (0.88%)

Name of the corporate	Major shareholders of the corporation
Kwang Yang Motor Co., Ltd. (Note 2)	TrustWin Co., Ltd. (11.31%) SunBright Investment Co., Ltd. (7.99%) Kuang Chou Investment Co., Ltd. (6.66%) Daming Investment Co., Ltd. (6.33%) Kwang Hsing Industrial Co., Ltd. (5.39%) Chia-Cheng Ke (1.05%) Hung-Ming Ko (1.03%) Shu-Yuan Ko Wang (1.03%) Hsing-Lang Ko (1.00%) Hung Sheng Investment Co. Ltd. (1.00%)
Kwang Hsing Industrial Co., Ltd. (Note 3)	Kwang Yang Motor Co., Ltd. (100%)
CHINA F.R.P. Corp. (Note4)	Ying-Shih Kao(21.26 %) Jia-Cheng Co., Ltd. (18.95%) Kuo-Lun Kao (13.42%) Chiang-Ting International Co., Ltd (8.89 %) Da-Ya International Co., Ltd.(4.09%) Chia-Jung Lee (3.48%) Fu-Ting Kao (2.8%) Fu-Yu Kao (2.7%) Fu-Cheng Kao (2.59%) Ching-Lan Yang (2.27%)
Jia-Cheng Co., Ltd. (Note4)	Seychelles New Genius Limited (61.65%) Kuo-Lun Kao (13.85%) Chia-Jung Lee (13.79%) Hong Kong Phuket Investments Limited (8.82%) Fu-Ting Kao (1.89%)

Note 1: Source: AUO Corp.’s website (date: Apr. 1, 2024)
Note 2: Source: Eternal Materials Co. Ltd. 2023 Annual Report
Note 3: Source: Department of Commerce, MOEA Commerce Industrial Services Portal
Note 4: Source: Eternal Materials Co. Ltd.

Professional Qualifications of the Directors and the Independent Directors' Independence:

1. Directors' Professional Qualifications and Experiences:

   Directors have a wide range of work experiences from the fields of chemistry, chemical engineering, semiconductor, business management, and financial management, and none are involved in any conditions stipulated by Article 30 of the Company Act. The professional qualifications and experiences of the Directors are as the following:

   - Chairman, Cheng-Yih Lin

     Cheng-Yih Lin graduated from Chemical Engineering Department of National Taiwan University and has obtained a Ph.D. degree in Chemical Engineering from Carnegie Mellon University in the U.S. He concurrently serves as Daxin's Chairman and CEO. After joining AUO in 2000, Lin joined Daxin Materials Corp. in 2006 and is committed to the development of key chemical materials. He is particularly focused on developing the skills and capacity of the R&D team. Daxin's R&D has gradually expanded from LCD chemical materials to touch panel materials, semiconductor materials, and key raw materials with even higher specifications under Lin's leadership.

   - Director, Tsung-Hsing Kuo

     Mr. Kuo graduated from Chemical Engineering Department of National Taiwan University and has obtained an E.M.B.A. degree from National Sun Yat-sen University. He joined Eternal Materials in 1981 and transfer to Daxin in 2006. Mr. Kuo is currently the President of Daxin, and has led our company to grow along with Chairman Cheng-Yih Lin by focusing on the R&D and innovations of specialty chemicals, thereby bringing diversified development and opportunities to Daxin.

   - Representative of Eternal Materials Co. Ltd., Chin-Cheng Pan

     Mr. Pan holds an M.S. in Chemistry from National Cheng Kung University and is currently the Chief Operating Officer of Specialty Materials division of Eternal Materials Co., Ltd. He is in charge of the strategic planning and execution of the management and development of specialty materials. Additionally, he serves as the Chief Operating Officer of China Operation Center, Eternal Materials Co., Ltd , and as the President of Eternal (China) Investment Co., Ltd.. He is responsible for the management of the group's functional units in China, as well as the coordination and integration of resources across factories.

   - Representative of Konly Venture Corporation, Ting-Li Lin

     Mr. Ting-Li Lin holds an M.S. in Applied Chemistry from National Chiao Tung University and is currently the Senior Vice President of Manufacturing Operations of AUO. He is responsible for managing and coordinating the production and operational processes, driving value chain integration and development.

   - Independent Director, Wei-Shun Cheng

     Mr. Wei-Shun Cheng holds a Master's degree in Accounting from Northern Illinois University and is a Certified Public Accountant in Taiwan. He has expertise in both accounting and finance and has served at AUO from 1996 to 2018 in various key functions, including its Executive Vice President and Chief Financial Officer and more.

   - Independent Director, Xin-Wu Lin

     Mr. Xin-Wu Lin Holds a Ph.D. in Economics from National Taiwan University, and joined Taiwan Institute of Economic Research in 2000. He is currently its Vice President and Researcher and excels in innovative policy and strategies, including innovative policy, entrepreneurial policy, emerging industries, competitive laws and regulations, and legal compliance and more. He has expertise in multiple fields and concurrently serves as an Independent Director of Representative of Finance Department of Taiwan Business Bank and Senior Consultant of Competitive Legal Compliance at AUO.

   - Independent Director, Chiao-Mou Cheng

     Mr. Chiao-Mou Cheng graduated from Chemistry Department of Chung Yuan University. He served as the Assistant Vice President of Research Institute at Eternal Materials Co., Ltd. from 1975 to 2016, with a dedicated focus on chemical materials research and development for many years, possessing extensive expertise in the field.

- Independent Director, Chih-Chun Tsai

  Mr. Tsai holds an M.S. in Computer Science of Utah State University. He served at TSMC Company from 1987 to 2022, overseeing the Asia-Pacific operations in semiconductor markets, particularly in Taiwan and China. He has achieved remarkable success and accumulated extensive experience in the semiconductor field.

2. Independence of the Independent Directors:
   - The Board of Directors have reviewed that all Independent Directors have met the criteria for independence. All Independent Directors have issued the “Statement of Compliance to Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies” during nomination.
   - None of the Independent Directors serve as an employee, Director, or Supervisor of Daxin or its affiliates, none are holding Daxin’s shares, and none are the spouses or relatives within the second degree of kinship to Daxin’s managers and Directors.
   - In the recent two years, neither Daxin or any of its affiliates have paid remunerations for other services to the Independent Directors.
   - All Independent Directors meet the criteria for independence, their shareholding, position concurrently held in Daxin and other companies, and relations with members of Daxin, please refer to Page 7.

Diversification and Independence of the Board of Directors:

1. Daxin's "Corporate Governance Principles" clearly stipulates that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed 1/3 of the total number of the board members, and that an appropriate policy on diversity based on the Company's operations, operating dynamics, and developmental needs be formulated and include, without being limited to, the following two general standards:
   I. Basic requirements and values: Gender, age, nationality and culture etc.
   II. Professional knowledge and skills: Professional background, professional skills, and industry experiences etc.
2. Daxin has 8 Directors (including 4 Independent Directors). All members of the board have rich industry experiences including chemistry, chemical engineering, semiconductor, business management, and financial management and more. In order to achieve the goal of corporate governance, the Board of Directors shall possess abilities including operational Judgment, accounting and financial analysis, operation management, crisis management, knowledge of the industry, global market perspectives, leadership, and decision-making.

   The number of female directors in our company has not yet reached one-third, primarily due to the historically low proportion of women in the technology industry, making it relatively difficult to find senior professional talent. In the future, the company will actively seek qualified female director candidates, continue to promote gender diversity, and gradually increase the proportion of women on the board to achieve the goal of diversified governance.

   Approximately 25% of the Board of Directors concurrently serve as Daxin's employees. The ratio of Independent Directors to all Directors is 50%. There are no the spouses, or relatives within the second degree of kinship to Directors of the Company, and none of the Directors are involved in matters specified in Items 3 and 4 of Article 26 of the Securities and Exchange Act.

Name	Title	Basic criteria and values					Tenure of Independent Directors			Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director	Professional knowledge and skills							
		Gender	Employees Identification	Age 51 to 60	Age 61 to 70	Age 71 to 80	Below 3 years	3 to 9 years	Exceed 9 years		Operational Judgment	Accounting and Financial Analysis	Operation Management	Crisis Management	Knowledge of the Industry	Global Market Perspectives	Leadership	Decision Making
Cheng-Yih Lin	Chairman	Male	✓	–	–	✓	–	–	–	0	✓	–	✓	✓	✓	✓	✓	✓
Tsung-Hsing Kuo	Director	Male	✓	–	✓	–	–	–	–	0	✓	–	✓	✓	✓	✓	✓	✓
Chin-Cheng Pan	Director	Male	–	✓	–	–	–	–	–	0	✓	–	✓	✓	✓	✓	✓	✓
Ting-Li Lin	Director	Male	–	✓	–	–	–	–	–	0	✓	–	✓	✓	✓	✓	✓	✓
Wei-Shun Cheng	Independent Director	Male	–	–	✓	–	–	✓	–	3	✓	✓	✓	✓	✓	✓	✓	✓
Xin-Wu Lin	Independent Director	Male	–	✓	–	–	–	✓	–	1	✓	✓	✓	✓	✓	✓	✓	✓
Chiao-Mou Cheng	Independent Director	Male	–	–	–	✓	✓	–	–	0	✓	–	✓	✓	✓	✓	✓	✓
Chih-Chun Tsai	Independent Director	Male	–	–	✓	–	✓	–	–	1	✓	–	✓	✓	✓	✓	✓	✓

Management goals and achievements:

Management goal	Status
At least one board member must possess a background in finance or accounting.	Achieved
Each professional knowledge and skill be possessed by at least one director	Achieved
Including at least one female director	We have planned to increase the number of female director seats in the next Board election.

2.1.2 President, Vice Presidents, Assistant Vice President, and Managers of Each Departments and Divisions

Unit: 1,000 Shares; % March 16, 2025

Title	Nationality	Name	Gender	Appointment Date	Shares Held		Shares Held by Spouse & Minors		Shares Held through Nominees		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Executive Officer	R.O.C.	Cheng-Yih Lin	Male	2012.09.10	2,299	2.24	0	0.00	0	0.00	Ph.D., Chemical Engineering, Carnegie Mellon University Chairman & Chief Strategy Officer, AUO Crystal Corp. Senior Vice President, AUO Corp. Director, AUO Corp.	—	—	—	—
President	R.O.C.	Tsung-Hsing Kuo	Male	2006.06.30	232	0.23	830	0.81	0	0.00	B.S., Chemical Engineering, National Taiwan University E.M.B.A., National Sun Yat-sen University President, Eternal Chemical Industry (China) Co., Ltd.	—	—	—	—
Executive Vice President	R.O.C.	Feng-Yu Chuang	Male	2004.01.02	15	0.01	0	0.00	0	0.00	Ph.D., Electronic and Computer Engineering, National Taiwan University of Science and Technology President, Cando Corporation	—	—	—	—
Vice President	R.O.C.	Feng-Liang Chiu	Male	2015.05.06	3	0.00	0	0.00	0	0.00	M.S., Chemical Engineering, National Cheng Kung University President, Forhouse Corp.	—	—	—	—
Chief Finance Officer	R.O.C.	Yen-Chen Liu	Female	2009.11.13	168	0.16	201	0.20	0	0.00	E.M.B.A., National Tsing Hua University Accounting Manager, AUO Corp.	Representative of the Director, Frontier Materials (Samoa) Corporation	—	—	—
Assistant Vice President	R.O.C.	Yu-Tsain Hsieh	Male	2023.05.01	0	0	1	0.00	0	0.00	Ph.D., Chemistry, National Taiwan University Chief Researcher, Eternal Materials Co. Ltd.	—	—	—	—

If the president or personnel with equivalent position (chief manager) and chairman are the same person, spouses, or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed: None.

2.2 Remuneration to Directors, Supervisors, President, and Vice Presidents

2.2.1 Remuneration to Directors and Independent Directors

Unit: NT$ thousands; %

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and Ratio to Net Income (%)				Remuneration Received By Directors Who are Also Employees								Total Remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (%)				Remuneration from Non-consolidated Affiliates or Parent Company
		Compensation (A)		Severance Pay and Pension (B)		Directors' Remuneration (C)		Business Execution Expenses (D)						Salary, Bonuses, and Special Expenses (E)		Severance Pay and Pension (F)		Employee Remuneration (G)								
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company		Consolidated Entities		
										Total	%	Total	%					Cash	Stock	Cash	Stock	Total	%	Total	%	
Director	Cheng-Yih Lin Tsung-Hsing Kuo Konly Venture Corp. Representative: Ting-Li Lin Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	6,000	6,000	0	0	5,384	5,384	160	160	11,544	2.02	11,544	2.02	34,157	34,157	108	108	3,150	0	3,150	0	48,959	8.58	48,959	8.58	0
Independent Director	Wei-Shun Cheng Xin-Wu Lin Chiao-Mou Cheng Chih-Chun Tsai	5,300	5,300	0	0	0	0	160	160	5,460	0.96	5,460	0.96	0	0	0	0	0	0	0	0	5,460	0.96	5,460	0.96	0

1. To describe the policy, system, standard, and structure of independent directors' remuneration, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time input.
   The remuneration to the Company's Independent Directors are evaluated based on the scale and operations of the Company, time input by the Independent Directors, their functions, and responsibilities and risks they took. The principles for determining remuneration of independent directors are as follows:
   (1) Ensure that Daxin's remuneration complies with relevant laws and may attract and retain quality talent to serve as Independent Directors.
   (2) The total remuneration to Independent Directors is based on a competitive level within the market and it is based on compensations only and does not include any bonuses.
   (3) Directors who serve as members of various functional committees will be reasonably compensated based on their respective roles and responsibilities.
2. Other than disclosures in the table above, remuneration paid to directors for providing services (such as consulting services as a non-employee) to the Company and all consolidated entities in the most recent year: None

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities and Non-consolidated Affiliates	The Company	All Consolidated Entities and Non-consolidated Affiliates
Less than NT$1,000,000	Ting-Li Lin, Chin-Cheng Pan	Ting-Li Lin, Chin-Cheng Pan	Ting-Li Lin, Chin-Cheng Pan	Ting-Li Lin, Chin-Cheng Pan
NT$1,000,000 –NT$2,000,000	Tsung-Hsing Kuo, Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai	Tsung-Hsing Kuo, Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai	Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai	Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai
NT$2,000,000 –NT$3,499,999	Cheng-Yih Lin	Cheng-Yih Lin	—	—
NT$3,500,000 –NT$4,999,999	Konly Venture Corporation; Eternal Materials Co. Ltd.	Konly Venture Corporation; Eternal Materials Co. Ltd.	Konly Venture Corporation; Eternal Materials Co. Ltd.	Konly Venture Corporation; Eternal Materials Co. Ltd.
NT$5,000,000 –NT$9,999,999	—	—	—	—
NT$10,000,000 –NT$14,999,999	—	—	—	—
NT$15,000,000 –NT$29,999,999	—	—	Cheng-Yih Lin, Tsung-Hsing Kuo	Cheng-Yih Lin, Tsung-Hsing Kuo
NT$30,000,000 –NT$49,999,999	—	—	—	—
NT$50,000,000 –NT$99,999,999	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	10 (including 2 Corporate Directors)	10 (including 2 Corporate Directors)	10 (including 2 Corporate Directors)	10 (including 2 Corporate Directors)

2.2.2 Remuneration to Supervisors: Not applicable.

2.2.3 Remuneration to President and Vice Presidents

Unit: Unit: NT$ thousands; 1,000 shares; %

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Special Expenses (C)		Employee Remuneration (D)				Total Remuneration (A+B+C+D) and Ratio to Net Income (%)				Remuneration from Non-consolidated Affiliates or Parent Company
								The Company		Consolidated Entities		The Company		Consolidated Entities		
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	Cash	Stock	Total	%	Total	%	
Chief Executive Officer	Cheng-Yih Lin	21,554	21,554	324	324	35,950	35,950	5,200	0	5,200	0	63,028	11.05	63,028	11.05	None
President	Tsung-Hsing Kuo															
Executive Vice President	Feng-Yu Chuang															
Vice President	Feng-Liang Chiu															

Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of the President and Vice President	
	The Company	All Consolidated Entities and Non-consolidated Affiliates
Less than NT$1,000,000	—	—
NT$1,000,000 –NT$2,000,000	—	—
NT$2,000,000 –NT$3,499,999	—	—
NT$3,500,000 –NT$4,999,999	—	—
NT$5,000,000 –NT$9,999,999	—	—
NT$10,000,000 –NT$14,999,999	Tsung-Hsing Kuo, Feng-Yu Chuang, Feng-Liang Chiu	Tsung-Hsing Kuo, Feng-Yu Chuang, Feng-Liang Chiu
NT$15,000,000 –NT$29,999,999	Cheng-Yih Lin	Cheng-Yih Lin
NT$30,000,000 –NT$49,999,999	—	—
NT$50,000,000 –NT$99,999,999	—	—
Over NT$100,000,000	—	—
Total	4	4

2.2.4 Remuneration to Managers

Unit: NT$ thousands

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock</th><th>Cash</th><th>Total</th><th>Ratio of Total Amount to Net Income (%)</th></tr>
<tr><td rowspan="6">Manager</td><td>CEO</td><td>Cheng-Yih Lin</td><td rowspan="6">0</td><td rowspan="6">6,400</td><td rowspan="6">6,400</td><td rowspan="6">1.12</td></tr>
<tr><td>President</td><td>Tsung-Hsing Kuo</td></tr>
<tr><td>Executive Vice President</td><td>Feng-Yu Chuang</td></tr>
<tr><td>Vice President</td><td>Feng-Liang Chiu</td></tr>
<tr><td>Chief Finance Officer</td><td>Yen-Chen Liu</td></tr>
<tr><td>Assistant Vice President</td><td>Yu-Tsai, Hsieh (Note)</td></tr>
</table>

2.2.5 Compare and Analyze the total Remuneration as a percentage of Net Income after Taxes Stated in the Parent Company Only or Individual Financial Reports, Paid to Directors, Supervisors, President, and Vice Presidents by the Company and All Other Companies of the Consolidated Financial Statements In the Past Two Fiscal Years. Describe the Policies, Standards, Packages, Procedure for Determining Remuneration, and the Correlation to Operating Performance and Future Risk Exposure.

(1) The ratio of the total remuneration paid to the Directors, Supervisors, President, and Vice Presidents to the net income after taxes in the past two fiscal years

Item	2023		2024	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Ratio of Total Remuneration Paid to Directors to Net Income (%)	10.01	10.01	9.54	9.54
Ratio of Total Remuneration Paid to Supervisors to Net Income (%)	N/A	N/A	N/A	N/A
Ratio of Total Remuneration Paid to President and Vice Presidents to Net Income (%)	12.09	12.09	11.05	11.05

(2) The policies, standards, and portfolios for the payment of remuneration to Directors, Supervisors, President and Vice President, the procedures for determining remuneration, and the correlation with business performance and future risk exposure

- According to Daxin’s Article of Incorporation, the Board of Directors is authorized to determine the remuneration of the directors, considering domestic and international industry standards, and in accordance with the "Compensation Regulations for Directors and Functional Committee Members". The compensation is implemented after being approved by the Board. Daxin’s Article of Incorporation also state that no more than 1% of our annual profits may be distributed as compensation to our directors. To maintain the independence of each independent director, they receive fixed compensation. The individual directors are compensated based on their involvement in the company's operations as well as business performance, risk management responsibilities. The Remuneration Committee regularly evaluate the Company’s performance and future risks to review remuneration policy of directors. The ratio and payment amount of director's remuneration distribution is on the basis of the Company’s operation profit and performance, and it shall be resolved by the Board of Directors every year.

- The procedures for determining remuneration to the Company's President and Vice Presidents, are in accordance with the "Procedures of Remuneration to Managers" and "Procedures of Salary Distributions" formulated by the Remuneration Committee and Board of Directors. The remuneration includes fixed salary components such as monthly salary, holiday bonuses, etc., which are designed to be competitive in the market based on the industry standards. Additionally, there are variable remuneration components such as bonuses and employee remuneration, which are comprehensively considered based on the roles and responsibilities served by the Managers, as well as the Company's operational performance. The criteria for consideration include financial and innovation indicators.

Financial indicators: Include the growth rate and achievement status of the Company's revenue and profit.

Innovation indicators: Include the status of the Company's new product and new market development. Additionally, as the Company is research and development-oriented, investments in research and development in new areas are also considered evaluation targets.

The company regularly reviews its remuneration policies considering performance and risk management measures. The standards, structure, and system of compensation are reviewed and adjusted as necessary in response to changes in the Company’s actual operating conditions and relevant laws and regulations. The Company does not implement financial incentive programs that may lead executives to pursue remuneration at the expense of exceeding the Company’s risk tolerance level and remains committed to ensuring sustainable operations and delivering long-term growth for our shareholders and employees.

- The Remuneration Committee simultaneously considers the company's profit performance for 2024, as well as the contributions of directors and managers to the company's operational performance. Within the limits specified in the company's Articles of Incorporation (no more than 1% of annual profit as directors’ remuneration; no less than 3% of annual profit as employees’ remuneration). It is decided to allocate 0.75% of the annual profit for director remuneration and 7.5% for employee remuneration, subject to approval by the Board of Directors.

2.3 Implementation of Corporate Governance

2.3.1 Board of Directors

In 2024, the Board of Directors has convened 4 meetings with the following attendance:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Cheng-Yih Lin	4	0	100	
Director	Tsung-Hsing Kuo	4	0	100	
Director	Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	4	0	100	
Director	Konly Venture Corporation Representative: Ting-Li Lin	4	0	100	
Independent Director	Wei-Shun Cheng	4	0	100	
Independent Director	Xin-Wu Lin	4	0	100	
Independent Director	Chiao-Mou Cheng	4	0	100	
Independent Director	Chih-Chun Tsai	4	0	100	

Other matters:

I. When one of the following situations occurred to the operations of the Board, state the dates and terms of the meetings, contents of proposals, opinions of all independent directors and the Company’s response :

(I) Matters included in Article 14-3 of the Securities and Exchange Act: Daxin has formulated an Audit Committee; please refer to the Operations of the Audit Committee - Other Matters.

(II) Any other resolutions of the Board of Directors with dissent or qualified opinion by independent directors that were recorded or stated in writing statements: None

II. Regarding recusals of Directors due to conflicts of interests, the names of the directors, contents of proposals, reasons for recusal, and participation of voting shall be stated:

(I) Meeting of the Board of Directors on Feb. 27, 2024
Managers' remuneration - Besides Chairman Cheng-Yih Lin and Director Tsung-Hsing Kuo abstained themselves from the discussion and voting in line with relevant laws because they are involved in this proposal, the proposal was approved without dissent or rectification by all other attending Directors.
(Managers related to this proposal had recused themselves)

(II) Meeting of the Board of Directors on Nov. 6, 2024
The 2024 managers' remuneration - Besides Chairman Cheng-Yih Lin and Director Tsung-Hsing Kuo abstained themselves from the discussion and voting in line with relevant laws because they are involved in this proposal, the proposal was approved without dissent or rectification by all other attending Directors.
(Managers related to this proposal had recused themselves)

III. The self (peer) evaluation of the Board of Directors, including evaluation cycle, period, scope, method, contents and implementation:

Internal Performance Evaluation				
Evaluation cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation contents
Annually	2024.01~ 2024.12	Board of Directors	Internal self-evaluation	• Degree of participation in the Company's operations • Enhancement of the decision-making quality of the Board of Directors • The composition and structure of the Board of Directors • Election and continuing education of the Directors • internal control
		Individual Directors	self-evaluation	• Understanding of the Company's goals and missions • Awareness of the directors' duties • Degree of participation in the Company's operations • Internal relationship and communication • Professionalism and continuing education of the Directors • Internal control
		Audit Committee	Internal self-evaluation	• Degree of participation in the Company's operations • Awareness of the Audit Committee's duties • Enhancement of the decision-making quality of the Audit Committee • Composition of the Audit Committee and election of members • Internal control
		Remuneration Committee	Internal self-evaluation	• Degree of participation in the Company's operations • Awareness of the Remuneration Committee's duties • Enhancement of the decision-making quality of the Remuneration Committee • Composition of the Remuneration Committee and election of members • Internal control

External Performance Evaluation				
Evaluation cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation contents
Once every 3 years	2024.01~ 2024.12	Board of Directors	The company commissioned the "Taiwan Investor Relations Institute (TIRI)" to conduct the external performance evaluation of the Board of Directors through document reviews, self-assessment questionnaires, and on-site interviews.	• Board composition and professional development • Quality of decision-making • Operational efficiency • Internal control and risk management • The Board's involvement in corporate social responsibility

- Internal Evaluation Results
  In 2024, the self-evaluation results for the Board of Directors, Individual Directors, Audit Committee, and Remuneration Committee were all excellent, indicating that the Board operates effectively and can efficiently supervise and guide the company's operations and governance.
  The results were reported to the Board in Feb. 25 2025, and we will continue to enhance corporate governance by strengthening the effectiveness of the Board and its committees.

- External Evaluation Results
  The Taiwan Investor Relations Institute has evaluated that our company's Board of Directors demonstrates diversity and a well-structured composition. All board members actively participate in meetings and engage in continuous learning to stay updated with the latest knowledge, enhancing their adaptability and fulfilling their supervisory duties and responsibilities.
  On February 25, 2025, the evaluation results were reported to the Board of Directors, and the recommendations from the assessment will serve as a reference for strengthening directors' roles, further optimizing corporate governance effectiveness. For more details, please visit our company's website.

IV. Goals for strengthening the function of the Board (including establishing the Audit Committee and enhancing information transparency) and results thereof:

(I) Audit Committee:
The Company established the Audit Committee on Aug. 9, 2011, upon a resolution from the Board of Directors. The Audit Committee is responsible for performing the duties and obligations specified by the Securities and Exchange Act, the Company Act, and other applicable laws and regulations. Matters reviewed include the Company's financial statements, internal control systems, matters relating to the personal interest of directors, material asset or derivatives transactions, material monetary loan, endorsement, or provision of guarantee, the offering or issuance of equity-type securities, the engagement, dismissal, or compensation of an attesting CPA, and the appointment or dismissal of financial, accounting, or internal auditing officers.

(II) Remuneration Committee:
The Company established the Remuneration Committee on Oct. 25, 2011, upon a resolution from the Board of Directors. The Remuneration Committee is responsible for evaluating the remuneration policy and system for Directors and managerial officers in a professional and objective manner, and for submitting its suggestions to the Board of Directors as a reference in the decision-making process.

(III) Sustainability Committee:
While pursuing business growth, our company equally values communication and feedback from stakeholders. In addition to strengthening corporate governance, we also focus on environmental, climate, and various social issues. We established an ESG project team in 2021, which was renamed the "Sustainability Committee" in 2022. The president serves as the chairman of the committee, while senior managers are responsible for promoting the sustainable tasks from each functional group. We issue the sustainability reports and report the operations status to the Board of Directors annually.

(IV) Regulations of Corporate Governance:

The Company's "Rules for Performance Evaluation of Board of Directors" were revised and approved by the Board of Directors on Nov. 6, 2024. It clearly stipulates that an external evaluation shall be conducted by an independent professional institution or a panel of external experts and scholars at least once every three years. We commissioned the "Taiwan Investor Relations Institute (TIRI)" to conduct the external performance evaluation of the Board of Directors for 2024 and formulated improvement plans based on the recommendations to enhance the Board's performance.

(V) Enhancing information transparency:
The Company has formulated the "Procedures of Material Information" to regulate the handling and disclosure mechanism of the Company's material information so as to ensure the consistency and accuracy of external information announcement. At the same time, a spokesperson system has been established to ensure that material information is disclosed in a timely and proper manner.
We present the Company's operational highlights to the investors and the public through the Investor conference every year. All material information is also announced and reported on the Market Observation Post System (MOPS) in line with the laws. Daxin's website has also established a Stakeholder section and email to provide stakeholders with an unimpeded channel of communication with the Company.

2.3.2 Audit Committee

In 2024, the Audit Committee has convened 4 meetings with the following attendance record:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Independent Director (Convener)	Xin-Wu Lin	4	0	100	
Independent Director	Wei-Shun Cheng	4	0	100	
Independent Director	Chiao-Mou Cheng	4	0	100	
Independent Director	Chih-Chun Tsai	4	0	100	

Other matters:

I. If any of the following circumstances occurs in the Audit Committee, the dates, terms of the meetings, contents of proposals, dissenting or reserved opinion or material recommendation from the Independent Director, Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions shall be stated:

- Matters included in Article 14-5 of the Securities and Exchange Act：All proposals submitted to the Board of Directors were approved by all members of the Audit Committee. There were no resolutions which had not been approved by the Audit Committee but was approved by two-thirds or more of all Directors.

Date and term	Contents of Proposals	Resolutions and member opinions
Feb. 27, 2024 The 5th term 3rd meeting	◆ 2023 Statement on Internal Control System ◆ 2023 Business Report and Financial Statements ◆ The proposal for the distribution of 2023 earnings ◆ Evaluation of CPAs Independence and Competence ◆ Service fee of CPAs in 2024	Approved and submitted to the Board of Directors for resolution
May 8, 2024 The 5th term 4th meeting	◆ 2024 Q1 Financial Statements	
Aug. 12 2024 The 5th term 5th meeting	◆ 2024 Q2 Financial Statements ◆ Capital expenditure budget	

Nov. 6, 2024 The 5th term 6th meeting	◆ The amendment of the " Internal Control Systems" and "Internal Audit Implementation Rules" ◆ Formulation of 2025 Audit Plan ◆ 2024 Q3 Financial Statements ◆ The amendment of the "Audit Committee Charter"	

- Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None

II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of proposals, reasons for recusal, and participation of voting shall be stated: None

III. Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include material matters, methods and results of communication on the finances and state of business of the Company, etc.).

(I) Monthly audit reports and follow-up reports by the chief internal audit are delivered to the Audit Committee for review by the end of the following month. The chief internal audit attends the Audit Committee and the Board of Director to present audit reports, follow-up reports, annual audit plans, and the result of self-assessments of internal control every quarter, and communicates the annual audit plan with independent directors individually every year.

(II) The independent directors and CPAs have regular meetings at least four times a year. The CPAs present audit results of financial reports to independent directors to explain the important transactions and the audit results of internal control. CPAs communicate the Key Audit Matters, the annual audit plan, the method of audit tests and the audit procedures with independent directors individually every year. In case of material events, the aforementioned meetings may be convened at any time.

(III) A summary of all communications between the independent directors, the chief internal auditor, and the CPAs, have been disclosed on the Company's website.

IV. Annual Key Tasks and Implementation Status:

(I) Annual Key Tasks:

1. Communicating the audit report with the chief internal auditor based on the annual audit plan.
2. Conducting assessment on the effectiveness of the internal control system
3. Reviewing financial statements
4. Appointment of the Company's CPAs and their remuneration
5. Evaluating the independence and suitability of the Company's CPAs
6. Reviewing material asset or derivative transactions
7. Legal compliance

(II) Implementation Status: All proposals from the Audit Committee meetings have been approved by the Audit Committee, and no Independent Director has expressed any dissenting opinion.

2.3.3 Operation Status of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

December 31, 2024

Title	Name	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Wei-Shun Cheng	3
Independent Director	Xin-Wu Lin	1
Independent Director	Chiao-Mou Cheng	0
Independent Director	Chih-Chun Tsai	1

Please refer to Pages 10-11 in the Annual Report for professional qualification, experience, and status of independence.

2. Roles and Responsibilities of the Remuneration Committee

The Remuneration Committee shall perform the following duties and present its recommendations to the Board of Directors for discussion.

(1) Review organizational regulations periodically and propose amendments.

(2) Establish and regularly review the performance evaluation of the directors and managers, and the remuneration policy, system, standard, and structure for the directors and managers.

(3) Evaluate the performance of the directors and managers in view of goals and objectives, and based on this evaluation, recommending to the Board of Directors appropriate remuneration levels for the directors and managers.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

(1) Ensuring that the remuneration arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.

(2) Performance assessments and remuneration levels of Directors and managerial officers shall take into account the industry standard, individual performance, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the remuneration paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.

(3) There shall be no incentive for the directors or managers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.

(4) For directors and managers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the industry and the nature of the Company's business.

(5) The committee are excused from the Committee’s discussion and decision of their own remuneration.

3. Operation Status of the Remuneration Committee

(1) The Company's Remuneration Committee is composed of 4 members.

(2) The current term of office: August 10, 2023 to June 14, 2026; the Remuneration Committee has convened 2 meetings in the most recent fiscal year with the following attendance:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Convener	Wei-Shun Cheng	2	0	100	
Committee Member	Xin-Wu Lin	2	0	100	
Committee Member	Chiao-Mou Cheng	2	0	100	
Committee Member	Chih-Chun Tsai	2	0	100	

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the dates, terms of the meetings, contents of the proposals, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the circumstances and cause for the difference if the remuneration approved by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be stated:

All proposals at Remuneration Committee meetings have been submitted to the Board of Directors for approval after approval from members of the Remuneration Committee. There was no condition where a member has expressed dissent or reserved opinion with a record or written statement present.

II. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the dates, terms of the meeting, contents of the proposals, all members' opinions, and the response to members' opinions shall be stated: None.

2.3.4 Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission:

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		Daxin has established “Corporate Governance Principles”, which aims at protecting the shareholders’ rights, enhancing the functions of the Board of Directors, realizing the functions of the functional committees, respecting the rights and interests of stakeholder, and enhancing information transparency. Please refer to Daxin’s website or the Market Observation Post System (MOPS) for the principle.	None.
2. Shareholding structure & shareholders' rights				
(1) Does the Company establish internal operating procedures to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		Daxin has established “Procedures of Material Information”, setting up a spokesperson and acting spokesperson system. In addition, a dedicated email for investors has been set up on the Stakeholder section of Daxin’s website, and the finance division is the dedicated unit for handling suggestions, doubts, or disputes from the shareholders.	None.
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		Daxin tracks changes in the shareholdings of the directors, managers and major shareholders holding 5% or more of the Company’s shares. We report changes in insider shareholdings on the MOPS before the 10th of each month.	None.
(3) Does the Company establish and execute a risk management and firewall system within its affiliates?	V		Daxin has established firewalls and related risk control mechanisms in the "Internal Control System", “Rules Governing Financial and Business Matters between the Company and its Related Parties” and “Management Process for the Subsidiary”.	None.
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		Daxin has established “Procedures of Material Information” and included the management of preventing insider trading and short-term trading in the internal control system, to prohibit internal personnel from buying or selling securities by using undisclosed information to the public, and as reference for the Company's handling and disclosure of material information. In order to further prevent insider trading, our “Corporate Governance Principles” stipulates that prohibiting directors from trading the Company’s shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. We also sent email in advance to remind the directors before each closed period, so as to prevent the directors from violating the regulations unintentionally.	None.
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors establish a diversification policy for the composition and specific management goals of its members and implement accordingly?	V		Daxin’s “Corporate Governance Principles” clearly stipulates that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company’s managers not exceed 1/3 of the total number of the board members; moreover, an appropriate policy on diversity shall be formulated based on the Company's	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			business operations, operating dynamics, and developmental needs. Please refer to Page 12 of this Report for relevant diversification policy, specific management goals and implementations.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	Daxin has set up the Remuneration Committee and the Audit Committee. We also set up the Sustainability Committee, responsible for the promotion of the company's sustainability activities and the issuance of Sustainability Report.	None.
(3) Dose the Company establish methodology for evaluating the performance of the Board and implement annually, and report the results of evaluations to the Board, and use them as a reference for directors' remuneration and renewal?	V		In accordance with the " Rules for Board of Directors Performance Assessments" approved by the Board, the Company conducts performance evaluations of the Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee annually. The evaluation results are scored as either “Excellent, Good, Satisfactory, Somewhat Satisfactory, Needs Improvement”. The results of the internal performance evaluation were all “Excellent” in 2024. Additionally, in accordance with the aforementioned regulations, the Company commissioned the "Taiwan Investor Relations Institute (TIRI)" to conduct an external performance evaluation of the Board for the year 2024. Based on the evaluation's recommendations, the Company planed initiatives to enhance corporate governance efficiency. The internal and external evaluation results of the Board of Directors and functional committees were reported to the Board on Feb. 25, 2025, and will serve as a reference for director nomination and reappointment. Please visit the Company's website for more information.	None.
(4) Does the Company regularly evaluate the independence of CPAs?	V		The Company's Audit Committee regularly evaluates the independence and competency of CPAs, and reports to the Directors of the Board every year. The evaluation mechanism involves regularly obtaining a "Statement of Independence" and "13 Audit Quality Indicators (AQI)" from certified public accountants, and assessing the audit quality of accounting firms and audit teams based on guidelines issued by the regulatory authorities. There is no indication that the CPAs’ independence and competency would be significantly influenced after the evaluation.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		On May 3, 2023, the Board of Directors approved Ms. Yen-Chen Liu, the assistant vice president, as the Corporate Governance Officer, who is responsible for the executing affairs related to corporate governance, including handling of matters relating to Board and Shareholders' Meetings according to law, executing Company registration and revisions, recording minutes of board meetings and shareholders' meetings, supporting directors in their appointment and continuous education, providing directors with necessary information for carrying out their duties, assisting directors in compliance with laws and regulations, etc. Moreover they also review and improve upon the various indicators of corporate governance evaluation annually to ensure that affairs related to corporate governance are being executed in practice.	None.
5. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		Daxin values the opinions and suggestions of all stakeholders, actively interacting with stakeholders to understand their expectations. The official website also has a dedicated section for "Stakeholders," where each stakeholder's specific email address is managed by different responsible units to appropriately address important issues of concern to the stakeholders. The Sustainability Committee annually summarizes stakeholder communications and reports to the Board of Directors at least once a year.	None.
6. Dose the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		Daxin has appointed Stock Affairs Department, Taishin Securities Co. Ltd., to handle various stock affairs.	None.
7. Information disclosure (1) Does the Company establish a website to disclose information on the Company's financial, business and corporate governance status?	V		Daxin has established a website and set up an "Investors" section, which is regularly updated relevant information on the Company's finance and business, investor conference, product, and corporate governance for investors' reference.	None.
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, and webcasting investor conferences etc.)?	V		Daxin has set up a corporate website that is both available in Chinese and English, and appointed dedicated personnel to handle information collection and disclosure. The information is also updated to latest for the public irregularly. A spokesperson system has been set up, in which President Tsung-Hsing Kuo is the spokesperson, and the CFO Yen-Chen Liu is the acting spokesperson. In addition, to ensure the timely and proper disclosure of material information, the presentation materials of investor conference are all uploaded to the Investors section of our website, as well as disclosed to the MOPS in line with regulations from the Taiwan Stock Exchange (TWSE).	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Does the Company announce and report annual financial report within two months after the end of the fiscal year, and announce and report the financial report of the first, second, and third quarter, as well as monthly operating conditions, before the prescribed deadline?	V		The 2024 consolidated and Parent Company-only Financial report was announced and filed at the MOPS on February 25, 2025, and all quarterly financial reports and monthly operating status were also announced and filed before the prescribed deadline. The aforementioned information was uploaded to the Company's website as well.	None.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		(1) Employee Rights and Employee Care: Our pt valuable differentiators are our employees. Daxin strives to provide a safe work environment, innovative and challenging tasks and missions, and competitive compensation to employees. The Company has formed an Employee Welfare Committee that organizes various benefits. Please refer to Page 77-79 of this Annual Report. (2) Stakeholders: Each year, Daxin analyzes key stakeholders and the significant issues they care about to avoid differences in perspectives, which could lead to misunderstandings and pose operational risks. In addition to various methods employed in our daily operations to interact with stakeholders, our company has also established communication channels on the official website for stakeholders to express their reasonable expectations and needs. (3) Supplier Relationships: Daxin has a "Supplier Management Procedure" to establish management specifications and evaluation standards for suppliers, and regularly audits and evaluates key and critical raw material suppliers. We maintain good cooperative and interactive relationships with suppliers and are committed to improving quality to strengthen competitiveness. We ensure a stable supply of raw materials and stable quality to achieve reliability and optimal quality of shipped products. (4) Customer Policy: Daxin is committed to providing reliable technology and high-quality products and services. We ensure product quality meets customer needs and conduct regular customer satisfaction surveys to maintain strong and positive customer relationships. (5) Risk Management: Daxin has established an internal control system, internal audit system, as well as various internal management standards and rules, which serve as the basis of Daxin's risk control as well as the standard for measuring risks while engaging in business activities. Please refer to Page 86-88 of this Annual Report. (6) Investor Relations: Daxin regularly publishes financial information on the MOPS(Market Observation Post System). The company website has a dedicated "Investor Relations" section that is regularly updated with the latest	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			financial, business, and corporate governance details for investors' reference. Additionally, we communicate with investors through various channels, including shareholder meetings, investor conferences, and a dedicated IR email. (7) Continuing Education of directors: Daxin facilitates Directors to participate in continuing studies of relevant professional knowledge. Directors must undergo at least 3 hours of training in their first year of office, as per the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers." Additionally, they are encouraged to follow the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." This guideline requires newly appointed directors to complete 12 hours of training in their first year, and a minimum of 6 hours per year in each following year. In 2024, all directors met or exceeded these training standards. (8) Directors Liability Insurance: Daxin has filed liability insurance for Directors and officers and regularly evaluates the amount insured each year so that the Directors and officers may prudently execute their duties from the standpoint of the investors' rights and interests. The relevant insurance information is also reported to the Board of Directors after the insurance contract has been renewed.	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange： In order to practice the philosophy of corporate governance, we reviews and proposes improvement measures based on the result of Corporate Governance Evaluation announced by the TWSE each year. The items of promotion in 2024 are as follows: - Protecting shareholder rights: The 2024 Shareholders' Meeting was attended by all board members. The meeting was simultaneously live-streamed online, allowing shareholders who could not attend in person to stay informed in real-time and enhancing transparency and engagement. - Enhancing Board Operations: The Company's "Rules for Performance Evaluation of Board of Directors" were revised and approved by the Board of Directors on Nov. 6, 2024. It clearly stipulates that an external evaluation shall be conducted by an independent professional institution or a panel of external experts and scholars at least once every three years. We commissioned the "Taiwan Investor Relations Institute (TIRI)" to conduct the external performance evaluation of the Board of Directors for 2024 and formulated improvement plans based on the recommendations to enhance the Board's performance. - Promoting Sustainable Development: The Sustainability Committee continues to promote sustainability initiatives. In 2024, we disclosed climate risks and opportunities following the TCFD (Task Force on Climate-related Financial Disclosures) framework and are aligning with IFRS (International Financial Reporting Standards) Sustainability Disclosure Standards to enhance our global competitiveness.				

2.3.5 Sustainable Development Implementation as Required by the Taiwan Financial Supervisory Commission:

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company establish exclusively (or concurrently) dedicated units to implement sustainable development, and does the Board of Directors appoint the senior manager to take charge of sustainable development, and to report the status of the supervision to the Board of Directors?	V		The Sustainability Committee is composed of working groups on corporate governance, global strategic planning, R&D and innovation, environmental sustainability, employee and social welfare and more. The Director and President serves as the Committee Chair, while senior executives act as Chief Committee Members, responsible for promoting and implementing various sustainability activities within each team to ensure the company's sustainable development. We reported to the Board of Directors on Aug. 12, 2024. The report includes information about the organization of the Sustainability Committee, communication with stakeholders, major sustainability topics, management goals and policies, and the status of sustainability implementation in 2023. The Board of Directors reviews the company's goal achievement and execution results based on the report from the Sustainability Committee. At the same time, it evaluates the effectiveness of management strategies, providing timely recommendations and supervision as needed.	None.
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		Daxin conducted risk assessment based on the company. The Sustainability Committee has evaluated the ESG issues related to the company's operations in accordance with the principle of materiality. In 2024, 9 major sustainability issues were identified, including “Green Manufacturing”, “Occupational Health and Safety”, “Friendly Workplace”, “Inclusive Development”, “Social Engagement”, “Supply Chain Management”, “Product Quality and Safety”, “Customer Service” and “R&D innovation“. The Sustainability Committee has conducted risk assessments on each major issue, and discussed relevant management strategies through meetings, implemented them in the company's daily operations, and reported to the Board of Directors. **<u>Environmental</u>** • Green Manufacturing: Daxin actively supports global climate action, prioritizing issues related to climate change. We have developed specific and viable carbon reduction pathways, designing comprehensive objectives based on scenarios and implementation schedules. Embracing diverse energy-saving initiatives, we promote various carbon reduction measures, including the establishment of green energy systems such as solar power, investments in process-related energy efficiency, and annual greenhouse gas inventories with external verification. Regular reviews of energy-saving and carbon reduction performance are conducted, aiming to strengthen our low-carbon competitiveness through continuous innovation and improvement. Furthermore, recognizing the global trend of the circular economy, Daxin is committed to achieving optimal resource circulation. We address this concern by implementing process improvements to minimize waste at the source, continually enhancing in-house solvent recovery for resource optimization. Additionally, we drive product resource cycling projects, seeking new business opportunities and enhancing company resilience. Through these initiatives, we strive to contribute to a sustainable and low-carbon future.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<u>Social</u> • Occupational Health and Safety: Talents are the driving force of the company's innovation. We continues to promote ISO 45001, build a friendly and balanced workplace environment to help employees develop their strengths in a safe and secure environment. • Friendly Workplace: We offer competitive compensation and benefits, building an employee-centric culture to attract and retain talents. • Inclusive development: Talent drives innovation. To support the organizational growth, we invest in our employees' future capabilities through global training initiatives. In addition, leveraging our industry expertise, we support scientific education by cultivating Taiwan's next generation of tech talents. • Social Engagement: We maintain positive relationships with all stakeholders by supporting local communities and encouraging employee volunteering, and are devoted to making positive impacts on society to create a sustainable future. **<u>Governance</u>** • Supply Chain Management: Conduct on-site or written audits on key raw material suppliers (top twenty suppliers in annual transactions) and annually selected key raw material suppliers, covering quality system certification, quality management, production and manufacturing management, environmental protection Safety and security, ESG and other projects use audit results to ensure that they have common sustainable business goals and codes of conduct with suppliers, and the results of the evaluation are listed as conditions for selecting suppliers, so as to work with suppliers to create a sustainable future. • Product Quality and Safety: Daxin follows ISO 9001:2015 and the Hazardous Substances Management Regulations to ensure that our products meet quality requirements and safety standards from design, manufacturing to sales processes. We continue to strengthen our internal quality awareness and enhance our quality competitiveness. Additionally, we strictly require suppliers to comply with applicable regulations (such as RoHS 2.0 and REACH) to meet customer expectations and social responsibility. By reducing the impact on environmental and ecology, we fulfill our corporate social and environmental responsibilities. • Customer Service: Daxin provides high-quality products and delivers excellent service to customers. To create a stable cooperative relationship with customers, we have implemented the quality management system and established a rapid response mechanism for customer complaint. • R&D Innovation: We grasps the trends of market and technology in a timely manner, combines R&D talents and products, and cooperates with world-class leading manufacturers to establish strong partnerships. While innovating, we encourage colleagues to cooperate and communicate with external parties actively, conduct technical discussions with various industry, government and academe from time to time, and participate in various exhibitions and seminars and international technical forums. Achieving product innovation and technology leadership through cooperating with external parties.	

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
3. Environmental issues				
(1) Dose the Company establish environmental management systems based on its industry's characteristics?	V		Daxin has a dedicated safety, health and environment management unit responsible for planning and supervising the company's environmental safety and health effort. It convenes review meetings quarterly to set goals and review operations. We have deployed and obtained the ISO 14001 Environmental Safety Management system and the ISO 45001 Occupational Health and Safety Management Systems certificates; through regular internal and external audit verification in each year, the effectiveness of the safety, health and environment management system's operations can be ensured, thereby enhancing our internal safety, health and environment performance.	None.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	V		Daxin strives to maximize the recycling efficiency of various energy and resources to realize our corporate social responsibility. To this means, the rainwater recycling system and water-saving equipment have been installed to reduce water wastage. We also monitor waste generation and engage in resource cycling by commissioning qualified vendors to recycle resources. In addition, we give priority to using packaging materials that contain recycled plastics (such as photoresist buckets and pallets) to reduce resource consumption and waste generation, thereby minimizing the impact on the ecological environment.	None.
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The company follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to establish a risk assessment process, evaluate potential risks and opportunities in the future, and take corresponding measures. Please refer to the climate-related information of this annual report.(P.40-P.46)	None.
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		We began to take inventories of our GHG emissions from operating activities in as early as 2009. Since 2022, we have introduced the ISO 14064-1:2018 standard for the first time to conduct greenhouse gas inventories. Annually, we conduct an inventory process and review the results for the previous year's emissions. We apply for third-party verification to ensure the accuracy of the data. Please refer to this annual report (P.47-P.48) for statistics on greenhouse gas emissions, water consumption and the total weight of waste and related policies.	None.

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<tr><th rowspan="2">Assessed Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>4. Social Issues
(1) Dose the Company establish appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>Daxin is committed to the protection and advancement of human rights throughout the Company and its supply chain. We support the UN Universal Declaration of Human Rights (UDHR) and seek to treat all workers with dignity and respect as understood by international human rights standards, including those rights expressed in the United Nations International Bill of Human Rights, The International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of The United Nations Global Compact (UNGC). We also align our actions with the Responsible Business Alliance (RBA) Code of Conduct and the Labor Standards Act (LSA), and commit to conducting our business ethically and responsibly that supports and respects the protection of human rights of all workers, including regular, contract and temporary employees, and interns.
The guiding principles for Daxin’s Human Rights Policy are as follows:
1. Free of violence, discrimination, and harassment to ensure quality in the workplace
• Strictly comply with government labor laws to implement internal rules and regulations.
• Establish clear and fair regulations about promotion, rewards and training policy
• From the beginning of recruitment, all hiring procedures are to comply with the law and eliminate discrimination
2. Provide a safe and healthy work environment
• Hold quarterly Safety Committee and Management System Review meetings to consolidate the results and shortcomings of environmental health and safety implementation, conduct reviews for improvement, and provide employees with a safe working environment.
• Daxin has an occupational health nurse and on-site health services with doctors are available monthly to provide a personalized healthcare management program for employees engaged in high-risk operations. Regular health checkups are conducted according to legal requirements.
• Implement Workplace Misconduct Prevention Policies and establish employee report channels
• Establish a maternity protection plan with workplace safety measures, flexible duties, no night shifts, and parental leave options available.
• Strengthen workplace safety management for contractors
3. Forbid forced labor
• In strict compliance with government labor laws, Daxin will not force nor threaten any non-willing personnel to carry out work-related tasks
• Through the attendance system settings, we prevent illegal scheduling and lawfully provide overtime pay
• Forbid to withhold any employee certificates or ask for security deposits</td><td>None.</td></tr>
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Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			4. Foster a culture of open communication • Establish several internal communication channels to ensure open and transparent communications between managers and employees • Build mentoring program for new hires, including holding the first one-month and three-month check-ins to help them feel more engaged in the organization 5. Zero tolerance for child labor • Daxin only accepts applicants over 18 years old and will double-check the age to avoid any mistakes and omissions In 2024, we also provided human rights protection training to our employees and contractors; a cumulative total of 448 persons were trained with cumulative training hours of 552 hours. We will continue to focus on issues related to human rights protection and promote relevant training to reduce the occurrence of relevant risks. We accept comprehensive reviews from stakeholders (customers) based on the auditing standard of the Responsible Business Alliance (RBA), and require suppliers to conduct ESG self-assessment. Eight of these reviews were conducted, and no violation of forced labor or relevant grievances or child labor occurred in 2024.	
(2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect on operating performance or results on employee compensation?	V		<u>Employee Compensation</u> Daxin employees are entitled to competitive compensation and benefits program including base salary and performance-based bonus. Moreover, to attract, retain, develop, motivate and reward talented and performing employees, the Company's operating profit is distributed to employees in accordance with employee performance. Employee compensation is implemented in line with Article 15 of our Articles of Incorporation, if the Company has gained profits within a fiscal year (i.e., pre-tax profit before deducting employees' compensations and Directors' remuneration), no less than 3% shall be appropriated as employee compensations to reflect our operating performance or results on the employees' compensations. Compensation policy: The company annually reviews the salary structure and level of benchmark enterprises in the market, also considering industry-wide salary survey data, conducting salary competitiveness analysis, and formulating relevant compensation strategies. In 2024, the average annual salary adjustment (including structural salary adjustment) for both managerial officers and non-managerial positions was 5%. <u>Leave System</u> To provide sufficient support in their work and personal lives, the Company offers employees additional leaves that are better than the Taiwan Labor Standards Act, such as birthday leave, floating leave, and engagement leave. Employees who need to take long leaves of absence for childcare or severe injuries can also apply for unpaid leaves.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			Employee Welfare Daxin has formed an Employee Welfare Committee, and each year, the Company appropriates over NT$6 million in employee welfare funds. Employees serve as committee members and hold welfare committee meetings every quarter to decide on welfare policies and plan various high-quality benefits based on employee needs. Please refer to Page 77-79 of this report. Workplace Diversity and Equality All employees have equal opportunity. Discrimination is prohibited in employee recruitment, promotion, performance evaluation, training, and reward systems. In 2024, the ratio of female employees accounted for 30% of all employees, while the ratio of female officers is 24%.	
(3) Does the Company provide a safe and healthy and safe work environment, and regularly implement safety and health education for employees?	V		Daxin has formulated an occupational health and safety management plan to reduce workplace hazards, lower occupational accidents, and ensure the safety and health of employees, while achieving the company's safety and health objectives and improving labor safety and health management performance. The company is certified annually for ISO14001 Environmental Management System (Certificate validity period: June 30, 2023 - June 30, 2026) and ISO45001 Occupational Health and Safety Management System (Certificate validity period: June 29, 2023 - June 29, 2026). It conducts regular external audits, and continuously reviews and improves its practices. Every 6 months, an external professional organization conducts workplace environment sampling and testing to ensure employee safety and manage occupational health risk. The company provides a safe and healthy work environment, promotes well-being through safety and health education and encourages a sports culture to enhance employees' physical, mental, and social health. In 2024, the disabling injuries rare (FR) was 1.16, and the severity rate (SR) was 4 with 1 occupational accident (at the Chungke factory), accounting for 0.2% of total employees. There were no fire incidents during the year. In response to the frequent occurrence of domestic fire accidents, the company reviews the contractor environmental, health, and safety management guidelines and special hazardous work control regulations annually to ensure that risk management and safety measures are effectively implemented during operations, thereby reducing fire risks. It also conducts regular inspections and maintenance of fire safety equipment and follows emergency response procedures to ensure effective fire prevention and protection of personnel and property.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
	V		Training New employees are required to undergo 6 hours of "occupational safety" course which introduces Daxin's environmental and safety precautions and relevant regulations; general employees are required to participate in "work safety" course each year, while professional staff is required to participate in "chemical substance hazard and emergency relief" course and to regularly receive re-training. In addition, managers participate in "risk management course". In 2024, a total of 1,666 persons were trained, with cumulative training hours reaching 2,288 hours. "iSports" Exercise Enterprise Certification Daxin has been recognized as "iSports" certified company by the Sports Administration, Ministry of Education since 2018. Daxin was recognized as a "Healthy 99" company in 2024. We held on-site fitness assessment in 2023, and nearly 30% of employees participated in this activity. We foster employee wellness through our internal health forum, regular seminars, and sports activities in partnership with local clubs, supporting both physical and mental health.	
(4) Does the Company provide its employees with career development and training sessions?		V	We offer a comprehensive career development training program for all employees, including new employee training, professional training, and management training. With diverse training and development opportunities, employees can enhance their capabilities and improve personal performance. In 2024, a total of 1,089 persons have completed the career training, and cumulative training hours reached 6,094 hours. Performance reviews are conducted regularly for both managers and employees to assess individual growth, set goals for future performance, and facilitate employees to reach their potential.	None.
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	V		Daxin's has established a "Customer Complaint Handling Control Procedure" that clearly defines the responsibilities and processes for handling complaints regarding products and services. A dedicated email inbox (ProductInfo@daxinmat.com) is also available on the company website, allowing direct communication between customers and representatives. Sales and Product Realization departments both directly respond to customers, and all product problems voiced by customers will be immediately addressed and handled. If a product issue is reported, the Quality Engineering team steps in right away, providing an initial response within three working days and a full report within seven. Cases are closed only after customer approval. In 2024, over 90% of complaints were successfully resolved.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.	V		In terms of supplier and contractor management, Daxin has formulated the Supplier Management Procedures, which specifies relevant management standards regarding the selection, audit, and evaluation of suppliers and contractors. Supplier audit and evaluation is conducted in each year, and the scope of which includes production processes, manufacturing environment, transportation management, and hazardous substance management etc. We also specify that suppliers shall meet the Green Product (GP) certification, quality system (ISO 9001), Environmental Management System (ISO 14001), and Occupational Health and Safety System (ISO 45001) certifications. Since 2024, audits have been conducted quarterly, with more than 180 suppliers evaluated each quarter. The assessment criteria include raw material incoming quality, delivery performance, and price competitiveness. Suppliers scoring below 80 points (a total of 9 suppliers, accounting for 4.8%) received guidance for improvement, and all have successfully completed the necessary corrective actions. At the same time, at the end of each year, the joint audit team jointly selects a list of key raw materials, and lists the top 20 suppliers with the largest purchase amount in the previous year as key suppliers. An on-site audit plan or written audit will be arranged in the next year, and the audit will be carried out The results are included in the supplier evaluation. • Key Criteria in Suppler Evaluation: Implementation status of relevant certification (quality, occupational health and safety, and Green Product etc.), implementation status of the quality system, implementation status of the occupational health and safety system, and implementation of ESG. • Methodology of Suppler Evaluation: The annual supplier evaluation is conducted based on audit results, with suppliers classified into four rating levels: A, B+, B-, and C. A: A total score of 90 or above, classified as an excellent supplier, eligible for continuous procurement with the potential for increased order volume. B^+: A total score between 80 and 89, classified as a qualified supplier, eligible for ongoing transactions. B^-: A total score between 70 and 79, classified as a qualified supplier, with the requirement for improvement. C: A total score below 70, classified as an unqualified supplier, requiring strategic cooperation or suspension of procurement • Supplier coaching: For suppliers rated as C, the procurement officer will submit a report to the procurement manager, relevant technical departments, and the quality manager to request strategic cooperation or suspension of procurement. • The evaluation of the top 20 suppliers and key raw material suppliers in 2024 has completed, with a	None.

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<tr><td></td><td></td><td></td><td>total of 31 supplier audits conducted. The evaluation results were as follows: 26 suppliers rated as A (83.9%), 4 suppliers rated as B^+ (12.9%), and 1 supplier rated as B^- (3.2%). Additionally, five excellent suppliers will be selected and awarded a written certificate of recognition this year.</td><td></td></tr>
<tr><td>5. Does the Company refer to the guidelines for the preparation of internationally accepted reports in preparing its Sustainability Reports and other reports that disclose the Company's nonfinancial information? Did the aforesaid report obtain the assurance or accreditation of an impartial third party?</td><td></td><td>V</td><td>Since 2022, Daxin has compiled an annual sustainability report in accordance with GRI standards, referencing the Sustainability Accounting Standards Board (SASB) guidelines and the Task Force on Climate-related Financial Disclosures (TCFD) standards. This allows stakeholders to understand the company's performance in economic, environmental, and social aspects. The report is filed with the Market Observation Post System (MOPS) as required and is also disclosed on the company's website.</td><td>We plan to have the report verified by a third-party.</td></tr>
<tr><td colspan="5">6. If the Company has established its own sustainability principles based on the “Sustainability Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the implementation and any discrepancies from the Principles: Not applicable.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s sustainable development practices:
Daxin has integrated sustainable development into our corporate strategies and daily operations, developing an environmentally and socially responsible business model, and communicating with stakeholders actively to fulfill shared values.

We aim to develop sustainable citizenship by contributing to local and disadvantaged communities, fostering employee volunteerism to create positive impact for stakeholders and drive sustainable social growth.

• Contribute to Local Communities and Society
1. Daxin Graduate Scholarship Program: To support scientific education and encourage the young scientists in Taiwan to study for Ph.D. or Master’s degrees related to chemistry, chemical engineering, material sciences, or other science-related fields, Daxin established the “Daxin Graduate Scholarship” in 2010. Since 2010, the program has awarded a total of NT$19 million to 87 students. In addition to funds, the program provides the recipients with eligibility for summer internships and mentorship at Daxin to encourage them devoting into scientific research.

2. Daxin gives back to the alma maters of our employees: Daxin has been sponsoring scholarships and continues to strengthen industry-academia collaboration with tier 1 universities. In 2024, we dedicated nearly NT$3 million to various campus activities to contribute to the growth of domestic scientific talents, including sponsoring scholarships for “Graduate Student Poster Exhibition of Department of Chemistry, National Taiwan University”, “Graduate Student Poster Exhibition of Department of Chemical Engineering, National Taiwan University”, “Graduate Student Poster Exhibition of Department of Applied Chemistry, National Yang Ming Chiao Tung University”, “Graduate Student Poster Exhibition of Department of Chemical Engineering, National Tsing Hua University”, and “2024 Annual Meeting of the Polymer Society”.</td></tr>
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3. The Next Generation Scientist Program: We held science education event at local elementary schools to promote scientific learning. By providing educational and entertaining science, children engaged in hands-on activities designed by our R&D. We hope the event spark children's imaginative learning and interests for science, and will continue to give back to local community and cultivate the next-generation. In 2024, six sessions were held with a total of 150 elementary school students participating.
4. Promote Arts and Culture: Daxin has been sponsoring Taichung City Symphony Orchestra (TCSO) musical events since 2015, and collaborating with TCSO to offer music courses for employees, to support local musicians and enrich employees' appreciation of arts and culture. In 2024, we sponsored 5 events reaching over 2,000 attendees.
5. Support Local Businesses: Daxin continues to support local businesses to contribute to the circular economy and promote sustainable development. We partner with environmentally friendly stores for company events and swag, and have dedicated NT$2.2 million to local businesses in 2024.

• Care for the Disadvantaged

1. Corporate Volunteering: We also continue to encourage employees to give back to the local community, including Taiwan Fund for Children and Families (TFCF) Christmas Wish Sponsorship Program and Corporate Volunteer Day. In 2024, our volunteers contributed over 500 service hours.
2. Sustainable Partnerships: We continue to care for sustainability with our partners. In 2024, Daxin donated NT$1.1 million for the reconstruction of Department of Chemistry, National Dong Hwa University, due to the 2024 Hualien earthquake. Besides, we encouraged employees to participate in sustainable charity run in Central Taiwan.

- **Climate-Related Information**

1. Implementation Status of Climate-Related Information

(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.

The Sustainability Committee oversees and implements various action plans to promote the company's sustainable development. It evaluates environmental, social, and governance (ESG) issues related to the company’s operations and conducts a "Climate Change Risk and Opportunity Assessment" with reference to the Task Force on Climate-related Financial Disclosures (TCFD). It develops response plans and sets management targets for material risks. The Environmental Sustainability Team under the committee is responsible for climate risk management, mitigation, and adaptation actions. Quarterly management review meetings are held to track the progress of climate targets. The committee reports annually to the Board of Directors, which oversees sustainability initiatives and provides guidance as needed.

(2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)

Referring to international sustainability trends and benchmark enterprises' TCFD reports, we assessed the likelihood and financial impact of various climate-related risks and opportunities. Through discussions with responsible departments and external experts, we identified seven key risks (including six transition risks and one physical risk) and three opportunities that the company should focus on. Additionally, we analyzed the financial implications over the short, medium, and long term and discussed corresponding response strategies.

Category		Risk Items	Financial Impact	Key Mitigation Measures
Risk	Transition Risk	• Government Carbon Fee Imposition (Mid-to-Long Term) • Net-Zero Emissions (Mid-to-Long Term) • Low-Carbon Technology Investment (Short-to-Mid-to-Long Term) • Substitution with Low-Carbon Products (Short-to-Mid-to-Long Term) • Changes in Customer Behavior (Long Term) • Increase in Raw Material Costs (Mid-to-Long Term)	• Carbon pricing policies increasing emission costs • Investment in and procurement of green electricity raising power expenses • Equipment upgrades and energy-saving measures requiring higher initial investments • R&D for low-carbon technologies and materials leading to increased development costs • Participation in climate initiatives and carbon footprint verification demanding additional resources • Import carbon taxes and rising electricity prices driving up raw material costs	• Implement measures such as carbon inventory, carbon management platforms, energy-saving and carbon reduction initiatives, and investment in green energy to achieve carbon reduction ahead of schedule. • Adopt energy-saving measures and invest in renewable energy equipment and power generation. • Promote the replacement of old equipment and introduce new energy-saving measures. • Develop low-carbon materials and products. • Introduce carbon footprint management. • Use low-carbon materials to create low-carbon products.
	Physical Risk	• Sea Level Rise (Long-term)	• Flooding causes production or supply chain disruptions.	• Purchase disaster insurance and establish production scheduling mechanisms.

Category	Risk Items	Financial Impact	Key Mitigation Measures
Opportunity	• Develop low-carbon products. (short, medium, and long-term) • Use high-efficiency manufacturing processes. (short, medium, and long-term) • Recycling and reuse. (short, medium, and long-term)	• Meeting customer demand boosts revenue. • Lower electricity consumption reduces operating costs. • Resource recycling and by-product utilization cut costs and increase revenue.	• Enter the low-carbon supply chain market. • Promote energy-saving and carbon-reduction measures. • Enhance the recycling and reuse of waste solvents. • Promote the resource utilization of process by-products.

(3) Describe the financial impact of extreme weather events and transformative actions.

Daxin is promoting actions for low-carbon transformation, such as greenhouse gas inventory management and reduction, improving the efficiency of factory and process energy and resource use, investing in solar power generation equipment, purchasing and supplying green electricity, and developing low-carbon products. Although these actions increase the company's operating costs, they can reduce electricity costs and mitigate future carbon pricing impacts. Additionally, the low-carbonization of products and resource recycling can meet customer expectations and create sustainable business opportunities. Regarding the physical risks caused by extreme climate events, the company will continue to monitor the long-term impact of rising sea levels, which may lead to flooding that affects production and the supply chain, and will adopt disaster insurance and production scheduling mechanisms to respond.

(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

The Sustainability Development Committee coordinates cross-departmental communication and, referencing the Task Force on Climate-related Financial Disclosures (TCFD), designs the 'Climate Change Risk and Opportunity Management Process.' Through six stages—issue collection, management participation, risk assessment, risk identification, response strategies, and management tracking—the process identifies key climate change risks and opportunities that the company should focus on. It discusses potential development scenarios, formulates response strategies and actions, and sets management goals and checkpoints to ensure timelines and progress are closely monitored. This ensures that the impacts of climate change can be effectively monitored, controlled, and quickly responded to. The company actively promotes various climate change adaptation measures to mitigate potential financial impacts from risks and create opportunities for sustainable development.

(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.

Using the TCFD framework, we analyze the impact of significant transition and physical risks on company operations under various global carbon emission scenarios. Following the new national carbon reduction targets announced by the "National Climate Change Committee" in 2025, we are establishing a clear decarbonization pathway to enhance climate strategy resilience in addressing physical risks and assess the potential financial impacts of transition risks.

Physical risks arise from global warming-induced sea level rise. Using Taiwan's Climate Change Projection and Adaptation Knowledge Platform tools, under a 2°C warming scenario (SSP3-7.0), simulations estimate that sea levels around Taiwan will rise by 0.5 meters. All plants are not located in inundation areas, resulting in relatively low production impact.

The financial impact of transition risks stems from regulatory risks leading to increased carbon fees, market risks driving electricity price hikes, and technological risks associated with investment costs for carbon reduction measures. Our company signed a green power purchase agreement in 2024 and expects to obtain approximately 150,000 kWh of green electricity per year over the next three years (2025-2027), mitigating the future impact of carbon fees. We will continue to monitor carbon fee policy trends and make rolling adjustments to our response strategies and climate targets.

【Physical Risks】

Utilize Taiwan’s climate data scenarios provided by the National Science and Technology Council’s 'Taiwan Climate Change Projection and Adaptation Knowledge Platform' (AR6, the 6th Assessment Report by the Intergovernmental Panel on Climate Change - IPCC) to simulate Taiwan's sea level rise values under different warming scenarios. These include the low-emission scenario (SSP1-2.6) and the high-emission scenario (SSP5-8.5) from the Shared Socioeconomic Pathway (SSP). This will serve as the basis for evaluating the strategy resilience of the company’s operational sites in the face of extreme climate conditions.

【Transition Risks】

Analyze the financial impacts of regulatory carbon prices by referring to the International Energy Agency (IEA) report. Select the future carbon prices from the Net-Zero Emissions Scenario (NZE) and Stated Policies Scenario (STEPS) and incorporate the carbon emissions changes caused by future operational growth. Assess the financial impact differences after implementing various energy-saving and carbon-reduction actions.

(6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.

At present, there is no transformation plan.

【Climate Transition Plan】

Develop a specific and feasible net-zero carbon emission pathway blueprint, designing comprehensive goals based on different scenarios and implementation timelines. Actively introduce diverse energy-saving solutions and promote various carbon reduction measures, including the installation of clean energy (such as solar power) and investment in energy-saving equipment related to manufacturing processes. At the same time, through annual greenhouse gas inventories and external verification, regularly review energy-saving and carbon-reduction performance. By continuously innovating and improving, strengthen the company’s sustainability and low-carbon competitiveness.

【Climate Risk Indicators and Goals】

Establish short-term (2025) and medium-to-long-term (2030) phase goals across multiple areas, such as net-zero emissions, green energy, water conservation, and resource recycling. Gradually implement various carbon reduction activities, including annually monitoring energy-saving measures, investing in solar power installations, purchasing green electricity, introducing low-carbon refrigerants, and other new environmental technologies to reduce carbon emissions from operations.

Item	Daxin Climate Management Indicators	Short, Medium, and Long-term Goals
Mitigation	❖ Proportion of Renewable Energy Usage - (Renewable Energy Electricity Consumption / Total Electricity Consumption) × 100%	RE100 for the Office in 2025 RE10 for the Entire Company in 2030
	❖ Annual Electricity Savings Rate (%) - Annual electricity savings from energy-saving measures / (Annual electricity savings + Annual electricity consumption)×100%	2025 ≥ 1.5% Cumulative ≥ 12.5% by 2030 (Cumulative from 2022 to 2030)
	❖ Reduction in Total Greenhouse Gas Emissions (Existing Facilities) - Internally Developed Carbon Information Management Platform	20% Reduction by 2030(Baseline year : 2022)
	❖ Solvent Recovery Rate (including material recovery and energy recovery) (%) - Recycled and Reused Solvent Quantity / Total Solvent Waste Generation	2025 ≥ 93% 2030 ≥ 95%
Adaptation	❖ Water Recovery Rate (Reuse Rate) - (Reuse water + Recycled water) / (Tap water + Recycled water + Reuse water) × 100%	2025 ≥ 96% 2030 ≥ 97%

(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.
At present, there is no internal carbon pricing in place.

(8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.
Greenhouse gas reduction targets, strategies, specific action plans, and the progress towards achieving the reduction goals are detailed in the annual report on page 46.

1-1. Greenhouse Gas Inventory and Verification Status of the Past Two Years

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

Scope \ Annual		2023		2024	
		Total Emissions (metric tons of CO_2e)	Intensity (metric tons of CO2e per million dollars)	Total Emissions (metric tons of CO_2e)	Intensity (metric tons of CO_2e per million dollars)
Scope1	Parent Company	1,708	0.40	761	0.18
	Subsidiary	0	0	0	0
	Total	1,708	0.40	761	0.18
Scope2	Parent Company	6,136	1.44	6,317	1.53
	Subsidiary	0	0	0	0
	Total	6,136	1.44	6,317	1.53
Scope3	Parent Company	14,175	3.32	15,576	3.78
	Subsidiary	0	0	0	0
	Total	14,175	3.32	15,576	3.78

Coverage scope of data: Consistent with the company's financial statements, the coverage includes the headquarters (Chungke Plant and Chungkang Plant) and subsidiaries. The subsidiaries, which had no actual operations, have been excluded from the calculation.

1-1-2 Information of Greenhouse Gas Verification: Provide an explanation of the assurance status for the two most recent fiscal years as of the date of the annual report printing, including the scope of assurance, assurance provider, assurance standards, and the assurance opinion.

Item \ Annual	2023	2024
Assurance Scope	Consistent with the company's financial statements, the coverage includes the headquarters (Chungke Plant and Chungkang Plant) and subsidiaries. The subsidiaries, which had no operational activities, have been excluded from the calculation.	Consistent with the company's financial statements, the coverage includes the headquarters (Chungke Plant and Chungkang Plant) and subsidiaries. The subsidiaries, which had no operational activities, have been excluded from the calculation.
Assurance Provider	DNV	DNV
Assurance Standards	ISO14064-1:2018	ISO14064-1:2018
Assurance Opinion	Verification of reasonable assurance for Scope 1 and Scope 2 emissions.	Verification of reasonable assurance for Scope 1 and Scope 2 emissions. Limited assurance verification of Scope 3 emissions.

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

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

• Greenhouse Gas Reduction Baseline Year: 2022; Emissions 7,341 metric tons of CO2e (Scope 1 and Scope 2)

• Greenhouse Gas Reduction Target (Note): Reduce emissions by 20% in the year 2030 (not exceeding 5,873 metric tons of CO2e)

• Greenhouse Gas Reduction Strategies, Specific Action Plans, and Progress Towards Goals:

Note: The reduction target calculation is based on existing plant areas, excluding the newly constructed plant (Chungkang Plant, housing the semiconductor materials production line) that started full-scale production after 2023.

Strategies and Action Plans	2030 Medium to Long-Term Goals	2025 Short-Term Goals	2024 Execution Results
Enhancing Energy Efficiency Implementing energy-saving measures annually by listing them in the management plan. This involves adopting energy-efficient equipment and operational improvements to enhance overall energy efficiency.	• Cumulative energy savings rate from 2022 to 2030 ≥ 12.5%	• Annual energy savings rate ≥ 1.5%	• Implemented 32 energy-saving measures, saving 399,000 kWh. • Annual electricity saving rate: 3.0%.
Utilizing Renewable Energy Expanding the use of renewable energy through investments in solar power generation equipment, procuring green energy from the market.	• The company's overall electricity usage from renewable energy reaches 10% (RE10)	• Office electricity usage sourced from renewable energy reaches 100% (RE100), while the new factory's electricity usage from renewable energy accounts for 10% (RE10)	• Renewable energy usage approximately 120,000 kWh, new plant achieves RE10. • Signed renewable energy purchase agreement, expected to obtain approximately 150,000 kWh/year of green electricity over the next 3 years (2025-2027).
Promoting Low-Carbon Manufacturing Facilities Completing greenhouse gas verification annually to identify carbon hotspots in the manufacturing facility. Implementing transformation actions such as introducing low-carbon refrigerants.	• Greenhouse gas reduction of 20% for existing factory buildings	• Continuously obtaining ISO14064-1 verification statements • 2. Completed the carbon footprint assessments for four products	• All plants obtained ISO 14064-1 verification statement. • Greenhouse gas emissions in 2024 reduced by approximately 4% compared to the baseline year (existing plants reduced by approximately 11%) • Completed carbon footprint inventory for main products (4 products).

Note: The reduction target calculation is based on existing plant areas, excluding the newly constructed plant (Chungkang Plant, housing the semiconductor materials production line) that started full-scale production after 2023.

Energy-saving and carbon-reduction management

Daxin Materials promotes energy-saving and carbon-reduction initiatives every year, including the introduction of energy-saving measures, investment in solar power systems, procurement of green electricity, and the introduction of low-carbon refrigerants and other new environmental technologies to reduce carbon emissions from operations. In 2024, we will continue to invest in process improvements and energy optimization. The total emissions and emissions per unit of operational area across all plants will decrease compared to 2023. The low-carbon transformation efforts in recent years have shown preliminary results, and we continue to progress toward the goal of a 20% reduction by 2030, responding to the carbon reduction expectations of authorities and stakeholders.

- Improving Energy Efficiency
  Through energy management, magnetic levitation chillers, air curtain smoke exhaust cabinets, LED lighting, variable frequency motors, reactor insulation, process optimization, and power system optimization, 32 energy-saving measures will be implemented across all plants in 2024. A total of 399,000 kWh will be saved, resulting in an annual electricity saving rate of 3.0%, and carbon emissions will be reduced by 197 tons CO_2e.
- Using Renewable Energy
  In 2023, we invested in a solar power system with a capacity of 137.78 kW. In 2024, we will obtain approximately 120,000 kWh of green electricity (with the system officially running in May, producing about 180,000 kWh for the year), with a carbon reduction benefit of about 60 tons CO_2e (operating for the full year would reduce about 90 tons CO_2e), ahead of the target to achieve 10% green electricity usage in the new plant. In addition, in 2024, we will complete the signing of a green electricity purchase and sale agreement, expecting to obtain approximately 150,000 kWh of green electricity per year over the next three years (2025-2027).
- Promoting Low-Carbon Plants
  Every year, based on the emissions inventory results from the previous year, we apply for third-party verification to assess emissions levels and identify carbon hotspots at each plant. We introduce low-carbon refrigerants and other transformation actions, continuing to improve carbon emission management and carbon reduction efforts based on this foundation.

Greenhouse gas emissions from 2022 to 2024 (Scope 1 and Scope 2):

Year (Note)	Total Emissions (metric tons CO_2e)	Emissions per Unit Area (metric tons CO_2e/m^2)
2022	7,341	0.21
2023	7,844	0.20
2024	7,078	0.18

Note: 1. 2022 is the baseline year for the greenhouse gas reduction target.
2. The 2024 emissions are expected to be verified by April 2025.

Water Consumption

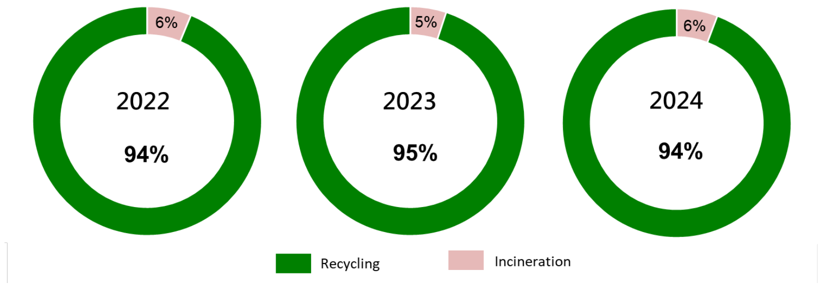
Year	total water consumption (metric tons)	Water consumption per unit area (metric tons/m^2)
2022	119,001	3.4
2023	131,302	3.3
2024	145,461	3.7

In 2024, the water usage per unit area increased by 11% compared to the previous year, mainly due to the increased water demand for the expansion of semiconductor wet chemical production. We continue to recycle and reuse water that can be recovered, and currently, the water recovery rate (reusability rate) at the plant is approximately 97%. Additionally, the company introduced a Reverse Osmosis Wastewater Recovery and Reuse System (RORR) in 2021, which can reduce water usage by an average of 33 metric tons per day. We will continue to manage water usage with the goal of not using water-intensive processes

Waste Solvents

Daxin Materials actively responds to global sustainability and environmental trends, focusing on process waste reduction and resource recycling. We continuously review and improve waste reduction measures, enhancing resource efficiency and reducing environmental impact, achieving higher environmental standards year by year.

In 2024, the waste solvent recovery and reuse rate reached 94% (with a total waste solvent amount of 554 metric tons, and approximately 522 metric tons were recovered and reused).



Unit: Metric Tons

Year	total amount of solvent disposal	Incineration	Recycling (including material recovery and energy recovery)
2022	352	22	330
2023	433	22	411
2024	554	32	522

Statistics on Total Waste

1. Hazardous Industrial Waste: Waste containers, waste solvents, waste acids and alkalis, solid waste.
2. Non-hazardous Industrial Waste: Waste solvents, solid waste, general waste generated from business activities, waste plastic mixtures, waste oil mixtures, waste paper mixtures."

Year	Hazardous industrial waste (Metric Tons)	Non-hazardous industrial waste (Metric Tons)	Waste generation per square meter (Metric Tons/m^2)
2022	593	219	0.023
2023	688	251	0.023
2024	740	173	0.023

In 2024, the total waste output was approximately 913 metric tons, with a waste output per unit area of 0.023 metric tons/m^2. The total waste output slightly decreased compared to the previous year. The primary waste reduction item was the waste containers used to hold raw materials. All waste containers were entrusted to a processing plant for recycling and repurposing into products, thus enhancing the benefits of the circular economy.

Additionally, the company completed the installation of solvent recovery equipment in 2022, which effectively improved the solvent recycling rate. At least 50% of the process cleaning solvents are recycled every month, significantly reducing the amount of waste solvents produced. The company will continue to promote waste reduction and recycling policies, progressively improving the level of resource recycling year by year.

2.3.6 Ethical Management Implementation as Required by the Taiwan Financial Supervisory Commission

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company formulated the ethical corporate management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of integrity management, as well as the board and senior management’s commitment to actively implement the management policy?	V		The company has established the “Ethical Corporate Management Best Practice Principles” and disclosed it on the Company’s website. Daxin upholds the principles of integrity, transparency, and accountability in its operations. We aim to extend integrity to our customers, suppliers, creditors, shareholders, employees, and the general public. In addition, Daxin strictly prohibits all forms of bribery and corruption. Each employee must comply with the “Employee Code of Conduct”, and sign the “Statement of Commitment to Ethical Conduct”. The “Code of Ethical Conduct for Directors and Managerial Officers” has been established to guide directors and managerial officers to act in line with ethical standards and to help stakeholders better understand the ethical standards of the Company.	None
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		The “Employee Code of Conduct” has been established, and all employees are required to sign the “Statement of Commitment to Ethical Conduct”. Employees must act with integrity while performing various business activities. We also host ethical management training programs for new hires and company-wide training to reinforce our ethical culture. The responsible units have also formed a reward/punishment system to prevent any unethical conduct within the scope of our business.	None
(3) Does the Company specify the operating procedures, code of conduct, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		The Company has established the “Ethical Corporate Management Best Practice Principles”, ”Procedures for Ethical Management and Guidelines for Conduct”, “Reporting Channels and Whistleblower Protection”, and “Codes of Ethical Conduct for Directors and Managerial Officers”, as well as “Employee Code of Conduct” to adopt preventive actions. These regulations cover operational procedures, behavioral guidelines, disciplinary actions for violations, and the complaint system. The policies are routinely reviewed and subject to amendment.	None

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
2. Fulfill ethical corporate management (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		To fulfill ethical business management, Daxin complies with the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, relevant standards and rules for companies listed on the TWSE/TPEx and other business acts, and we strive to strengthen ethical management and to build good business practices. The Company asks its suppliers or contractors to sign "An Undertaking of Transactions in Good Faith" and strictly implement high-standard anti-corruption policies as the premise for cooperation.	None
(2) Does the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly (at least once a year) report to the board on its integrity management policies and plans to prevent dishonesty and supervision and implementation?		V	The Company's Board meeting approved "Ethical Corporate Management Best Practice Principles" in 2020, which designated Human Resources Development Department to make policy and monitor execution results. It is annually reported the implementation status to the Board and disclosed on the annual report and the company's website.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The "Codes of Ethical Conduct for Directors and Managerial Officers" and "Employee Code of Conduct" have been established and are regularly promoted to foster a culture of good governance with the focus on ethics. Employee in designated roles must annually disclose any actual or potential conflicts of interest, while others must report any conflicts if they arise. Moreover, the "Reporting Channels and Whistleblower Protection" have been formulated and multiple reporting channels are available for internal and external voices.	None
(4) Does the Company have effective accounting and internal control systems to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or entrust an external accountant to perform the audit?	V		Daxin has established an effective accounting system and an internal control system. Internal auditors formulate relevant audit plans based on risk assessment results and regularly review compliance with the aforementioned systems to ensure the system's design and execution remains effective.	None

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		The Company provides training on ethical corporate management for new hires and promotes the "Employee Code of Conduct" annually which all employees are required to complete the course and take the test. The passing rate of the test was 96% in 2024. In addition, the Company regularly holds ethical management training, covering the topics of trade secrete infringement prevention, patents and intellectual property, procurement laws and regulations, audit and internal control, and Code of Ethical Conduct and other relevant courses. As of the end of 2024, the total training hours were 2,133; each employee received 5 hours of training related to ethical management training.	None
3. Operation of the whistle-blowing system				
(1) Does the Company establish both a reward/punishment system and convenient whistle-blowing channels? Can the accused be reached by an appropriate person for follow-up?	V		The "Reporting Channels and Whistleblower Protection" states reporting channels and a mailbox (integrity@daxinmat.com) are available on the company's website for external stakeholders. Employees can report violations of integrity through internal mailbox and suggestion boxes. Cases reported through the channels will be investigated and reviewed by designated committee members, in line with the "Reporting Channels and Whistleblower Protection" and the "Employee Code of Conduct".	None
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		The company has established a "Reporting Channels and Whistleblower Protection." Reports should contain sufficient and specific information, and whistleblowers have the option to remain anonymous. The internal audit unit is responsible for investigating reported cases. If it is confirmed that there is a violation of relevant laws or the company's integrity and operating policies, immediate cessation of the related actions is demanded, and appropriate measures are taken based on the severity of the situation. When necessary, reports are made to the competent authority, cases are referred to judicial authorities for investigation, or legal procedures are initiated to seek compensation, all aimed at safeguarding the company's reputation and interests. All whistleblowing information and investigation documents are properly recorded and retained. Except as otherwise provided by law, personal data obtained by the investigative unit in the course of performing its duties shall not be used for purposes other than whistleblowing events, and the identity and content of the whistleblower shall be kept confidential.	None
(3) Does the Company provide proper whistleblower protection??	V		Our "Reporting Channels and Whistleblower Protection" has stated that the personal data and reporting information of the informant should be kept confidential. The reporting mailbox is handled by responsible persons. Any such reporting will be treated as confidential to the extent permitted by law. Daxin has established proper procedures where employees can bring issues forward without concern or fear of retaliation. In 2024, we didn't receive any report related to ethics matters.	None

<table>
<tr><th rowspan="2">Assessed Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>4. Strengthening information disclosure
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</td><td>V</td><td></td><td>The Company’s Board meeting approved “Ethical Corporate Management Best Practice Principles” in 2020, and relevant information is disclosed on the company’s website. Integrity and honesty are our operational principles. The implementation status is annually reported to the Board of Directors and disclosed on the company’s website (https://www.daxinmat.com) and sustainability report.</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the policies and their implementation.
The Company has established the “Ethical Corporate Management Best Practice Principles”, and no discrepancies occurred regarding the implementation status of ethical management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies):
Daxin is committed to acting with innovation and integrity and aims to be a leading company for materials innovations.
(1) Employees sign the “Statement of Commitment to Ethical Conduct” to understand the company’s ethical principles.
(2) The Company provides training on ethical corporate management for new hires and promotes the “Employee Code of Conduct” annually. Additionally, relevant regulatory training sessions are organized to continually deepen the company's culture of integrity and honesty.
(3) Suppliers are required to sign our “An Undertaking of Transactions in Good Faith” pledging their commitment to uphold the obligations of integrity and the principles of honesty, ensuring trustworthy transactions.
(4) Our company's contracts with suppliers include clauses on integrity and honesty, requiring both parties to abide by them. Failure to comply with the standards may result in termination of the business relationship.
For further information on our company's integrity management, please refer to the content in our sustainability report or visit our official website at https://www.daxinmat.com.</td></tr>
</table>

2.3.7 Other Important Information to Facilitate Better Understanding of the Company’s Corporate Governance:

We arrange Senior Managers, Accounting Manager, Corporate Governance Manager, and Chief Auditing Officer to participate in courses related to Securities and Exchange Act, Corporate Governance, Sustainable Development, and Internal Controls from time to time. The managerial officers’ training courses in 2024 are as follows:

Title	Name	Date	Organizer	Course	Hours
Chief Executive Officer	Cheng-Yih Lin	Jun. 19, 2024	Taiwan Institute of Directors	Exploring the International Competitiveness of Taiwanese Companies in the Context of Global Competition	3
		Sep. 30, 2024	Taiwan Stock Exchange	Taiwan Capital Market Summit	3
President	Tsung-Hsing Kuo	Jun. 19, 2024	Taiwan Institute of Directors	Exploring the International Competitiveness of Taiwanese Companies in the Context of Global Competition	3
		Aug. 16, 2024	Taiwan Corporate Governance Association	Data Center Evolution: The Development Trend of Silicon Photonics and Artificial Intelligence Servers	3
		Sep. 30, 2024	Taiwan Institute of Directors	Intelligent Leadership: Creating a New Pattern of AI Governance	3
Chief Finance Officer	Yen-Chen Liu	Jun. 31, 2024	Accounting Research and Development Foundation	Latest Policy Developments and Internal Control Practices for "ESG Sustainability" and "Self-prepared Financial Reports"	6
		Nov. 27, 2024	Accounting Research and Development Foundation	Latest Regulatory Analysis and Internal Control Practices for "Annual Reports/Sustainability Information/Financial Report Preparation"	6
Chief Auditing Officer	Sz-Wen You	Apr. 11, 2024	Accounting Research and Development Foundation	Latest Amendments to the "Guidelines for Establishing Internal Control Systems" and Compliance Matters Related to Internal Audit and Control for Financial Report Preparation	6
		Aug. 13, 2024	Accounting Research and Development Foundation	Analysis of "Sustainability Information Disclosure Policies" and Key Discussions on Internal Audit and Control	6

2.3.8 Implementation of Internal Control System:

- Statement of Internal Control System

Daxin Materials Corporation
Statement of Internal Control System

February 25, 2025

Based on the findings of a self-assessment, Daxin Materials Corporation(hereinafter "the Company") states the following with regard to its internal control system during the year 2024:

I. The Company's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed , an effective the internal control system can provide only reasonable assurance of accomplishing its stated objective; Moreover, the effectiveness of an internal control system may be subject to change due to extenuating circumstances beyond our control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company take immediate actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provide in the Regulations Governing 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 control: 1). Control environment 2). Risk assessment 3). Control activities 4). Information and communication, and 5) Monitoring activities. Each component also includes several items which can be found in the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the finding of such evaluation, the Company believes that, as of December 31, 2024, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of subsidiaries), to provide reasonable assurance of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and applicable rulings, laws and regulations.

VI. This statement is an integral part of the Company's annual report and the 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 Act.

VII. This statement was approved by the Board of Directors in their meeting held on February 25, 2025, with none of the eight attending director expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

Daxin Materials Corporation

Chairman: *Cheng-Yih Lin*

President: *Tsung-Hsing Kuo*

- If a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System: None.

2.3.9 Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year and as of the Date of this Annual Report:

1. Major Resolutions from the Annual Shareholders' Meeting in 2024
   - Accepted of 2023 Business Report and Financial Statements
     Implementation: Approved.
   - Accepted the proposal for the distribution of 2023 earnings
     Implementation: Approved and had distributed in line with the resolution from the Shareholders' Meeting. (Each share was distributed with cash dividend of NT$4.1; date of distribution was July 31, 2024.)
   - Approved to lift the non-competition restriction on directors
     Implementation: Approved to lift Eternal Materials Co. Ltd and its representative- Chin-Cheng Pan, Representative of Konly Venture Corporation- Ting-Li Lin, and Independent Directors- Chih-Chun Tsai from the non-competition restriction, and to announce accordingly on the MOPS.

2. Major Resolutions of the Board Meetings:

Meeting Date	Major Resolutions
Feb. 27, 2024	* Approved the 2023 Statement on Internal Control System * Approved the distribution of employees' and directors' remuneration of 2023 * Approved the ratio of employees' and directors' remuneration distribution in 2024 * Approved the remuneration for senior managers * Approved the 2023 Business Report and Financial Statements * Approved the proposal for the distribution of 2023 earnings * Approved evaluation of the independence and competency of the Certified Public Accountant * Approved the 2024 services and fees of the Certified Public Accountant * Approved to lift the non-competition restriction on directors * Approved the meeting date and agenda of the 2024 Annual Shareholders' Meeting * Approved the 2024 Business Plan
May 8, 2024	* Approved the 2024 Q1 (first quarter) Financial Statements * Approved the bank credit limit
Aug. 12, 2024	* Approved the 2024 Q2 (second quarter) Financial Statements * Approved the capital expenditure budget
Nov. 6, 2024	* Approved the amendment of the " Internal Control Systems" and "Internal Audit Implementation Rules" * Approved the 2025 Audit Plan * Approved the 2024 Q3 (third quarter) Financial Statements * Approved the 2024 remuneration for senior managers * Approved the bank credit limit * Approved the amendment of the "Audit Committee Charter" and "Rules and Procedures of Board of Directors" * Approved the amendment of the "Rules for Performance Evaluation of Board of Directors"
Feb. 25, 2025	* Approved the 2024 Statement on Internal Control System * Approved the distribution of employees' and directors' remuneration of 2024 * Approved the ratio of employees' and directors' remuneration distribution in 2025 * Approved the remuneration for senior managers * Approved the 2024 Business Report and Financial Statements

Meeting Date	Major Resolutions
	* Approved the proposal for the distribution of 2024 earnings * Approved evaluation of the independence and competency of the Certified Public Accountant * Approved the 2025 services and fees of the Certified Public Accountant * Approved the amendment of the “Non-Assurance Services Pre-Approval Policy” * Approved to lift the non-competition restriction on directors * Approved the meeting date and agenda of the 2025 Annual Shareholders’ Meeting * Approved the 2025 Business Plan
Mar. 31, 2025	* Approve the amendment of the “Articles of Incorporation” * Approve the scope of non-executive employees * Approve the additional discussion items of the 2025 Annual Shareholders’ Meeting

2.3.10 Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and as of the Date of this Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

2.4 Information on CPA(Certified Public Accountant) Fees

2.4.1 CPA Fees

Monetary unit: Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Note
KPMG Taiwan	Jun-Yuan Wu	2024.01.01 ~ 2024.12.31	1,770	715	2,485	Non-audit fees include administrative work related to assisting in the preparation of financial statements or assurance engagements, tax certification fees, and bonded inventory inspection certification fees.
	Chien-Hui Lu					

2.4.2 Replacement of Accounting Firm and the Audit Fees in the Replacing Year Less Than That in the Previous Year: Not applicable.

2.4.3 When Audit Fees Were Reduced More Than 10% Compared With the Previous Year, the Reduction in Audit Fee, Ratio, and Reason Thereof Shall Be Disclosed:

The audit fees in 2024 were NT$1,770 thousands, representing a NT$350 thousands or 16% decrease from NT$2,120 thousands in 2023. This is mainly due to the fact that accounting firms classified administrative work related to assisting in the preparation of financial statements or confirmation cases as non-audit.

2.5 Information on Replacement of CPAs

2.5.1 Former CPAs: None.

2.5.2 Succeeding CPAs: None.

2.5.3 The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards:
Not applicable.

2.6 The Company's Chairman, President, or Managers in Charge of Finance or Accounting Matters Hold any Positions within the Company's CPA Accounting Firm or Its Affiliates in the Most Recent Fiscal Year: None.

2.7 Any Equity Transfer or Changes to Equity Pledge of Directors, Supervisors, Managers or Shareholders Holding More than 10% of Company Shares in the Most Recent Year and as of the Date of this Annual Report

2.7.1 Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders: Please refer to the MOPS (https://mops.twse.com.tw/mops/#/web/stapap1_all).

2.7.2 Counterparty of equity transfer is a related party: None.

2.7.3 Counterparty of equity pledge is a related party: None.

2.8 Relationships between TOP 10 Shareholders are Related Parties

Unit: 1,000 shares; March 16, 2025

Name	Current Shareholding		Shares Held by Spouse & Minors		Shares Held through Nominee		Relationship Between Top 10 Shareholders Who are either Related Parties, Spouses or Relatives Within the Second Degree of Kinship		Note
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relation	
Eternal Materials Co. Ltd. Representative: Kuo-Lun Kao	23,003	22.40%	—	—	—	—	—	—	—
Konly Venture Corp. Representative: Shuang-Lang Peng	19,114	18.61%	—	—	—	—	Ronly Venture Corp.	the chairman is the same person	—
Ronly Venture Corp. Representative: Shuang-Lang Peng	6,312	6.15%	—	—	—	—	Konly Venture Corporation	the chairman is the same person	—
Cheng-Yih Lin	2,299	2.24%	—	—	—	—	Huan-Tsai Su	the Second Degree of Kinship	—
E Ink Holdings Inc. Representative: Johnson Lee	1,758	1.71%	—	—	—	—	YuanHan Materials Inc. New Field e-Paper Co., Ltd	Subsidiary Subsidiary	—
YuanHan Materials Inc. Representative: Luke Chen	1,138	1.11%	—	—	—	—	E Ink Holdings Inc. New Field e-Paper Co., Ltd.	Parent Company Affiliated company	—
Fen-Chuan Chin	830	0.81%	232	0.23%	—	—	—	—	—
TransGlobe Life Insurance Inc. Representative: Wen-Hui Lin	788	0.77%	—	—	—	—	—	—	—
Huan-Tsai Su	641	0.62%	—	—	—	—	Cheng-Yih Lin	the Second Degree of Kinship	—
New Field e-Paper Co., Ltd. Representative: Lloyd Chen	600	0.58%	—	—	—	—	E Ink Holdings Inc. YuanHan Materials Inc.	Parent Company Affiliated company	

Note 1: The top 10 shareholders shall be all specified, and for any institutional shareholder, the name of the institutional shareholder's name and the name of its representative shall be separately specified.

Note 2: Calculations of the shareholding ratio refers to separately calculating the shareholding ratio of shares held by the shareholders and their spouses, minors, and held through nominees.

Note 3: Relations among the shareholders shall be disclosed in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, whether the aforementioned shareholders are institutional shareholders or natural persons.

2.9 Total Number of Shares and Combined Shareholding Percentage in the Same Investment Business by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: Shares; %

December 31, 2024

Investment Business (Note 1)	Investment by the Company		Investment by directors, supervisors, and directly or indirectly controlled businesses		Comprehensive investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Frontier Materials (Samoa) Corporation (Note 2)	—	—	—	—	—	—

Note 1: It is a long-term equity investment from the Company.

Note 2: The registration process was completed on August 9, 2017. As of December 31, 2024, the capital was not injected.

Chapter 3. Capital Overview

3.1 Capital and Shares

3.1.1 Sources of Capital

Unit: NT$ thousands

Month/Year	Issue Price (per share)	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
Jul. 2006	10	70,000	700,000	40,000	400,000	Establishment	None	Note 1
Dec. 2007	12	70,000	700,000	60,000	600,000	Capital increase by cash	None	Note 2
Dec. 2007	10	70,000	700,000	60,766	607,660	Employee stock options convert to shares	None	Note 3
Jan. 2009	10	70,000	700,000	61,570	615,700	Employee stock options convert to shares	None	Note 4
Aug. 2009	15	70,000	700,000	61,670	616,700	Capital increase by cash	None	Note 5
Mar. 2010	11.32	100,000	1,000,000	64,134	641,340	Employee stock options convert to shares	None	Note 6
Aug. 2010	10	100,000	1,000,000	67,013	670,126	Capital increase by retained earnings	None	Note 7
	12.57					Capital increase by employees' compensation		
	12					Employee stock options convert to shares		
Jan. 2011	12.29	100,000	1,000,000	68,480	684,796	Employee stock options convert to shares	None	Note 8
Mar. 2011	10	100,000	1,000,000	78,607	786,065	Capital increase by retained earnings	None	Note 9
	16					Capital increase by employees' compensation		
Aug. 2011	12.63	100,000	1,000,000	80,234	802,335	Employee stock options convert to shares	None	Note 10
Jul. 2012	30	100,000	1,000,000	88,932	889,315	Capital increase by cash	None	Note 11
Aug. 2014	10	100,000	1,000,000	93,378	933,781	Capital increase by retained earnings	None	Note 12
Jul. 2018	10	150,000	1,500,000	102,716	1,027,159	Capital increase by retained earnings	None	Note 13

Note 1: Central Region Office, Ministry of Economic Affairs, 07.12.2006 Certificate No. 09532495280.

Note 2: Central Region Office, Ministry of Economic Affairs, 12.14.2007 Certificate No. 09601305760.

Note 3: Central Region Office, Ministry of Economic Affairs, 12.31.2007 Certificate No. 09601317680.

Note 4: Central Region Office, Ministry of Economic Affairs, 01.06.2009 Certificate No. 09701331270.

Note 5: Central Region Office, Ministry of Economic Affairs, 08.20.2009 Certificate No. 09801187490.

Note 6: Central Region Office, Ministry of Economic Affairs, 03.19.2010 Certificate No. 09901052680.

Note 7: Central Region Office, Ministry of Economic Affairs, 08.03.2010 Certificate No. 09901174760.

Note 8: Central Taiwan Science Park Bureau 01.20.2011 Certificate No. 1000001912.

Note 9: Central Taiwan Science Park Bureau 03.24.2011 Certificate No. 1000007038.

Note 10: Central Taiwan Science Park Bureau 08.30.2011 Certificate No. 1000022132.

Note 11: Central Taiwan Science Park Bureau 07.27.2012 Certificate No. 1010017224.

Note 12: Central Taiwan Science Park Bureau 08.12.2014 Certificate No. 1030018731.

Note 13: Central Taiwan Science Park Bureau 07.09.2018 Certificate No. 1070016699.

Unit: Shares
Feb. 28, 2025

Type of Stock	Authorized Capital			Note
	Outstanding (Note)	Un-Isued	Total	
Registered Common Shares	102,715,911	47,284,089	150,000,000	—

Note: The Company’s shares are listed on Taiwan Stock Exchange.

Shelf Registration: Not applicable.

3.1.2 List of Major Shareholders

Shareholding Record Date: Mar. 16, 2025
Unit: Shares

Shares / Shareholder's Name	Shareholding (Shares)	Shareholding Ratio
Eternal Materials Co., Ltd.	23,003,812	22.40%
Konly Venture Corp.	19,113,730	18.61%
Ronly Venture Corp.	6,312,075	6.15%
Cheng-Yih Lin	2,298,832	2.24%
E Ink Holdings Inc.	1,758,000	1.71%
YuanHan Materials Inc.	1,138,000	1.11%
Fen-Chuan Chin	830,400	0.81%
TransGlobe Life Insurance Inc.	788,000	0.77%
Huan-Tsai Su	641,231	0.62%
New Field e-Paper Co., Ltd.	600,000	0.58%

3.1.3 Dividend Policy and Implementation

(1) The dividend policy stipulated in the Company’s Articles of Incorporation:

The Company adopts the residual dividend policy considering factors such as the Company’s current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders’ interests, maintenance of a balance dividend and the Company’s long term financial plan. When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividend, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

(2) Distribution of Dividends Proposed in the Shareholders' Meeting:

The Company distributed cash dividends of NT$513,579,555 (NT$5.0 per common share), have been approved by the meeting of the Board of Directors held on February 25, 2025, which will be reported at the 2025 Annual Shareholders' Meeting.

(3) Material Change Expected in the Dividend Policy: None.

3.1.4 Effect of Stock Dividend Distribution Proposed by the Shareholders’ Meeting on the Company’s Operation Performance and Earnings per Share:

The Company did not disclose the financial forecast, hence not applicable.

3.1.5 Remuneration to Employees and Directors

(1) The percentages or ranges of compensations for employees and directors base on the Company's Articles of Incorporation.

If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows:

I. No less than 3% as employees' remuneration.
II. No more than 1% as directors' remuneration.
The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

(2) The accounting procedure used to handle differences between the basis for estimating the amount of employees' and directors' remuneration, basic for calculating the shares to be distributed as employees' remuneration and the actual distributed amount for this period:

The employees' and directors' remuneration were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

(3) Employees' and directors' remuneration approved by the Board of Directors:

- The amount of any employees' and directors' remuneration distributed in cash or stock:
  The Company's 2024 employees' and directors' remuneration distribution proposal was approved by the Board of Directors on February 25, 2025. The employee's remuneration is NT$53,835,446, and the director's remuneration is NT$5,383,545; both shall be paid in cash.
  If there is any difference between the distributed amounts and the estimated amounts for the fiscal year, the difference, its cause, and the status of treatment shall be disclosed: No discrepancy.
- Sum of employees' remuneration in stock and its proportion of the net income after tax provided in the Individual Financial Statement and the total sum of employees' remuneration: Not applicable.

(4) Actual distribution of employees' and Directors' remuneration in the previous year, and If there any difference between the actual distributed amounts and the estimated amounts, the difference, its cause, and the status of treatment shall be disclosed :

- The Company's 2023 employees' and directors' remuneration distribution proposal was approved by the Board of Directors on February 27, 2024. The employee's remuneration was NT$49,491,732, and the director's remuneration was NT$4,949,173; both were paid in cash. It was reported to the shareholders' meeting on May 24, 2024.
- There was no difference between the actual amounts of employees' and directors' remuneration distributed and the approved amounts by the Board of Directors.

3.1.6 Repurchases of Company's Shares: The Company did not repurchase its shares in the most recent year and as the date of this annual report.

3.2 Status of Corporate Bonds: None.

3.3 Status of Preference Shares: None.

3.4 Status of Overseas Depository Shares: None.

3.5 Status of Employee Stock Option: None.

3.6 Status of Restricted Stock Issuance: None.

3.7 Issuance of New Shares in Connection with Mergers or Acquisitions: None.

3.8 Funding Plans and Implementation: None.

Chapter 4 Operational Highlights

4.1 Business Scope

4.3.1 Major Content

The Company mostly operates in the research, design, development, manufacturing, and sales of chemical materials. The main products include specialty chemicals in three major sectors: semiconductor materials, display materials, and key raw materials.

4.3.2 Business Proportion and Current Products

Unit: NT$ thousands

Product Categories	Major Products	2024	
		Operating Revenue	Revenue Ratio (%)
Semiconductor materials	Organic release layer, high-purity solvents, photoresist stripper, special protection materials, high-selectivity copper etchants and high-purity polymers etc.	371,536	9.02%
Display materials	Photoresists, PI alignment layer, copper (Cu) etchant, photo overcoat, thermal overcoat and wet chemicals etc.	3,651,012	88.66%
key raw materials and others	Key functional monomers, silicon based anode materials of lithium ion batteries and raw materials etc.	95,299	2.32%
Total		4,117,847	100.00%

4.2 Overview of Industry and Technology R&D

Daxin maintains a significant R&D investment, focusing on three major application areas: semiconductor materials, display materials, and key raw materials. We embrace a research and development model that equally emphasizes chemistry, processes, equipment, and AI, while continuously investing in innovative advanced materials and forward-looking technology projects.

In recent years, our company has actively promoted digital transformation in the chemical industry. Through the implementation of artificial intelligence technology, we are committed to deeply integrating R&D innovation, intelligent manufacturing, and quality management, planning to establish a comprehensive intelligent system from R&D to production and quality assurance. We have achieved multiple breakthroughs in process innovation and chemical structure design:

- **Generative AI and Computational Science:** Utilizing AI for molecular structure design and screening, establishing patent analysis systems to accelerate product development.

  In R&D, we are developing AI-driven material formulation reverse engineering technology, combining molecular simulation with AI-accelerated computing applications, aiming to significantly enhance new product development efficiency. Simultaneously, we are building patent analysis systems, optimizing R&D decision processes, and actively seeking industry-academia research collaboration opportunities.

- **Intelligent Process Control:** Balancing standardization with diverse production models to enhance production stability and line flexibility.

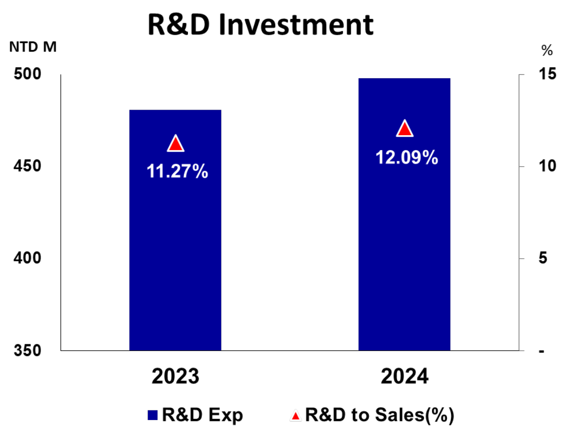
  In manufacturing systems, we adopt modularized standardized production strategies, gradually integrating machine learning and image recognition technology to construct an intelligent process control system. The system enables real-time monitoring of process parameters and prediction of potential anomalies, aiming to achieve rapid identification and handling of process abnormalities through deep integration of image inspection and process data.

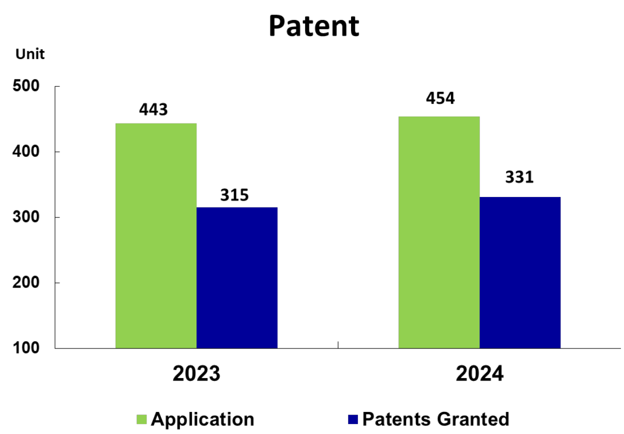
- **Comprehensive Quality Monitoring Mechanism:** Establishing complete traceability from raw materials sourcing through manufacturing processes to the client end.

  In quality management system innovation, we are evaluating the implementation of high-resolution visual inspection systems equipped with deep learning models. Additionally, we are establishing intelligent raw material warehousing and quality traceability systems, optimizing warehouse management processes. The next-generation quality management platform will establish complete connections from raw materials through manufacturing to client-end, building a comprehensive quality traceability mechanism.

Looking forward, we will continue investing in AI technology research and applications, steadily advancing intelligent manufacturing systems, enhancing quality prediction capabilities, and accelerating materials innovation and development.

- **R&D Investment and Patent Acquisition for the Past Two Years**





- **Future Product Development Plans**
  - High-purity cleaning solutions for semiconductor wafer processing
  - High-purity surface treatment solutions for semiconductor wafer processing
  - Photoresist-related materials for semiconductor wafer processing
  - Low-temperature, low-dielectric photosensitive dielectric materials for semiconductor packaging processes
  - LCD energy-saving, carbon-reduction and environmentally friendly liquid crystal alignment layer
  - LCD energy-saving, carbon-reduction, environmentally friendly photo spacer
  - LCD energy-saving, carbon-saving, environmentally friendly, black matrix photoresist
  - High-performance anode binders for lithium-ion batteries
  - Reactive flame retardants for advanced IC substrates
  - Reactive fillers for advanced IC substrates
  - Trifunctional epoxy monomer (TGP)

Semiconductor Materials

1. Technology and R&D Overview

The semiconductor market is expanding rapidly in scale, quality, and variety. Daxin provides a comprehensive product portfolio, with multiple products having obtained POR (Process of Record) certification and several already in mass production. We expect strong sales growth for existing products and more products entering mass production in the coming year.

Our solutions cover critical materials for semiconductor processes from front-end to advanced packaging, maintaining high competitiveness. Key products include:

- **Front-End Wafer Process Materials**

(1) Etching and Cleaning Series

- Selective metal etching solutions: Achieving nanometer scale precise etching with excellent selectivity
- Post-dry etching cleaning solutions: Effective removal of particles and residues, ensuring surface cleanliness
- High-purity cleaning solutions: Metal ion content below ppb level

(2) Photoresist-related Materials

- Photoresist stripping solutions: Complete removal of anti-reflective layers without damaging underlying structures
- Photoresist peripheral materials: Enhancing pattern quality and process stability
- Wafer edge protection adhesives: Highly effective protection, easy removal

(3) Special Application Materials

- High-purity polymers: Precise molecular weight control, high purity, low ion content
- Surface treatment solutions: Specific modification, improving device electrical properties

- **Advanced Packaging Materials**

- Multifunctional organic release layers: Excellent release properties, high-temperature process compatibility
- High selectivity metal etching solutions: Suitable for fine pitch processes
- High thermal stability photosensitive dielectric materials: Excellent dielectric properties and resolution

For future development, we will strengthen front-end wafer process technology capabilities, providing customized specialty chemicals aligned with customer process requirements, while establishing nanoparticle and ion purification and detection technologies. In advanced packaging, our photosensitive multilayer formation materials, supported by the Ministry of Economic Affairs in 2024 through the Critical Materials Guidance Program for Heterogeneous Integration Chips. Designed specifically for panel-level packaging applications, this technological breakthrough enables higher-density integration solutions for Fan-out, 2.5D, and 3DIC processes, positioning us strategically in the panel-level packaging market.

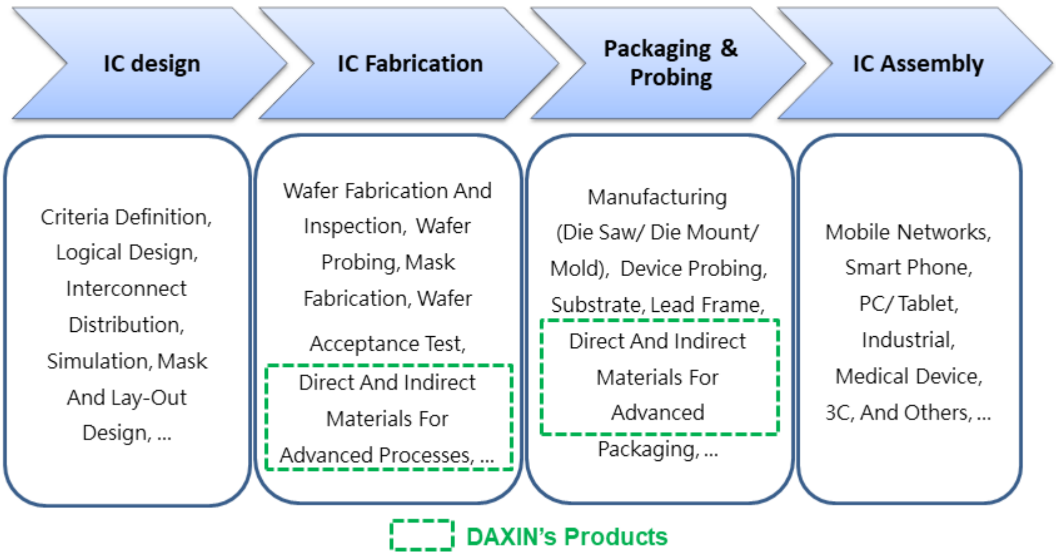
2. Industry Overview

(1) Current Status and Development

In 2024, businesses navigated challenges by effectively managing inventory, allowing Taiwan's semiconductor industry to return to a growth trajectory, outperforming the global market. However, the shifting global landscape driven by the U.S.-China tech war—particularly the ongoing policy battles and various regulatory measures—continues to impact the international supply chain. Additionally, Taiwanese companies' overseas investments in Japan, the U.S., and Europe, along with potential new investment projects, remain key focal points for the market.

Looking ahead to 2025, the global semiconductor market is expected to sustain growth, driven by strong demand for artificial intelligence (AI), while demand from the electric vehicle (EV) and smartphone sectors remains stagnant. The increasing adoption of generative AI is fueling demand for high-end logic process chips, while the rising penetration of high-cost, high-bandwidth memory (HBM) further propels industry growth. As a result, the overall semiconductor market is projected to expand further in 2025. The semiconductor supply chain—including design, manufacturing, testing, and advanced packaging—is poised to seize new growth opportunities through strengthened vertical and horizontal collaboration across the industry.

(2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



Source: compiled by the Company

(3) Product Development Trends and Competition

Amid geopolitical and economic risks, countries are actively promoting the localization of semiconductor material supply chains, creating new opportunities for local material manufacturers in emerging material development and localized production. As advanced technologies progress, capital investment thresholds and technical barriers continue to rise, driving increased demand for specialty materials with higher performance, specifications, purity, and quality—along with lower particle and ion content—while also meeting ESG and Green standards. In response to these trends, the Company collaborates with leading global semiconductor manufacturers to develop new materials for advanced packaging (wafer-level/package-level) and advanced processes (BEOL/FEOL). These include high-purity surface treatment solutions, high-purity specialty cleaning solutions, high-selectivity etching solutions, and low-dielectric and low-dielectric-loss permanent materials. We are committed to providing integrated material solutions (Total Solutions) to support the evolving needs of advanced semiconductor manufacturing.

3. Market Analysis

(1) Market Share, Future Supply and Demand, and Growth Potential

The Company has strategically developed multiple products for advanced processes and advanced packaging. We have established a leading global market position in organic release layers for advanced packaging, securing our role as a primary supplier for wafer-level and panel-level packaging customers. Additionally, the photoresist stripper, developed with a leading international materials company, has achieved stable mass production, with shipment volumes and market share steadily increasing. Furthermore, we are among the key suppliers of highly-selective etchants for new advanced packaging products and next-generation advanced process nodes.

As U.S.-China tensions persist, the global semiconductor supply chain is expected to become increasingly complex, fostering both competition and collaboration. To maintain Taiwan's long-term competitive edge, reinforcing the resilience of the upstream materials supply chain is essential. The Company is proactively strengthening its adaptability and resilience by developing next-generation materials for advanced process nodes and various front-end, middle-end, and back-end semiconductor processes. Through strategic partnerships with international materials companies and leading semiconductor manufacturers, we are building a localized production supply chain. With these efforts, the Company's revenue growth prospects remain highly promising.

(2) Competitive Niches

The Company has gained the trust and recognition of both domestic and international customers for its R&D and mass production capabilities in advanced packaging and wafer process-related materials. This has led to more early-stage strategic collaboration opportunities. Compared to foreign companies, we have a geographical advantage and local partners for various process equipment collaborations. In contrast to other local material suppliers, whose raw materials are mostly purchased externally and whose products are primarily based on formulation development, we are able to synthesize and meet the demand for special molecular structures or ultra-high-purity halogen-free raw materials that are difficult to source externally. This capability allows us to respond quickly to the advanced process requirements of our customers. Our expertise in chemical synthesis and molecular design simulation, built over years of R&D efforts, enables us to rapidly supply ultra-high-purity semiconductor-grade specialty materials.

(3) Favorable and Unfavorable Factors of Development Prospects and Countermeasures

Favorable Factors

Events such as the U.S.-China trade war, the Japan-South Korea trade dispute, the COVID-19 pandemic, and the Russia-Ukraine war have triggered supply chain disruptions in the semiconductor industry, highlighting the critical importance of semiconductors as strategic materials. In response, governments worldwide have increasingly recognized the need for semiconductor supply chain localization. The Taiwanese government has actively promoted domestic semiconductor materials and equipment self-sufficiency, while leading semiconductor foundries are also accelerating efforts to localize their supply chains. To strengthen technological autonomy in key materials, these initiatives provide local material manufacturers with early-stage collaboration opportunities for new material development and localized production. Seizing this market opportunity, the Company is committed to launching new products that enhance our long-term competitive advantage and ensure sustained growth in the evolving semiconductor landscape.

Unfavorable factors

Taiwan's leadership in the semiconductor industry has driven technological advancements and localization opportunities for domestic material suppliers. While the Company benefits from geographical advantages and strong R&D capabilities, the domestic semiconductor specialty chemicals market has long been dominated by major international players with a first-mover advantage. As a latecomer, initial adoption volumes for our products are relatively low, and the burden of equipment depreciation makes it challenging to achieve economies of scale in the short term. Additionally, as customer technologies diversify and materials are developed under strict timelines, we face increasing challenges in meeting low-ion and low-particle specifications. Despite our significant investment in collaborating with customers on multiple new product developments, uncertainties remain regarding whether these products will be successfully adopted as a Process of Record (POR) and proceed to mass production.

Countermeasures

We continue to pursue strategic collaborations with leading global semiconductor manufacturers while enhancing our capabilities in the synthesis, formulation, purification, and quality control of ultra-high-purity chemicals. Additionally, we are building expertise in trace impurity and nanoparticle analysis to improve our ability to respond quickly to semiconductor material validation challenges in customer production lines. To further strengthen our competitive edge, we are actively developing generative AI and computational science, integrating market analysis, R&D, and manufacturing. By closely collaborating with customers' R&D platforms and working alongside suppliers and partners, we aim to build a resilient supply chain that ensures operational efficiency and increases the success rate of new material adoption

Display Materials

1. Technology and R&D Overview

Daxin dominates the display materials market share with a comprehensive vertical solution portfolio. Amid intense competition, we focus on developing cost-effective products through customer collaboration.

Key R&D achievements in 2024:

- **High Abrasion-Resistant FFS Liquid Crystal Alignment Layer**
  FFS LCD panel technology has the advantages of wide viewing angle, low drive voltage, high transmittance, high resolution, etc., and is mostly used in high-end portable screens, so the demand for durability is particularly high. Daxin has successfully developed a high-abrasion resistant FFS alignment layer, and will also meet the needs of narrow bezel and curved displays in the future, so as to open up the high-specification panel market.
- **Cholesterol Liquid Crystal Alignment Layer**
  The cholesterol LCD color e-paper display technology has total reflection and bistability characteristics (energy-saving and eye-friendly). It does not need to consume electricity when maintaining the display, and only need electricity when refreshing the display, and has a high degree of energy-saving characteristics. Daxin’s cholesterol liquid crystal alignment layer has both high reflectivity and high contrast characteristics.

In response to "net zero emissions" trends, panel manufacturers seek low-power, high-resolution production technologies. Daxin will continue to introduce ESG-focused energy-saving materials while actively developing environmentally friendly materials that reduce energy consumption, lower process temperature, and help customers address critical ESG challenges including carbon reduction, decreased production energy consumption, and mitigated operational impacts from rising electricity costs. We’re also increasing solvent recovery, reducing waste liquid in the production process, introducing sustainable raw materials and expanding local supplier partnerships.

The products that are expected to be developed in the future are:

- **LCD energy-saving, carbon-reduction, environmentally friendly photo spacer**
- **LCD energy-saving, carbon-reduction and environmentally friendly liquid crystal alignment layer**
- **LCD energy-saving, carbon-saving, environmentally friendly, black matrix photoresist**

2. Industry Overview

(1) Current Status and Development

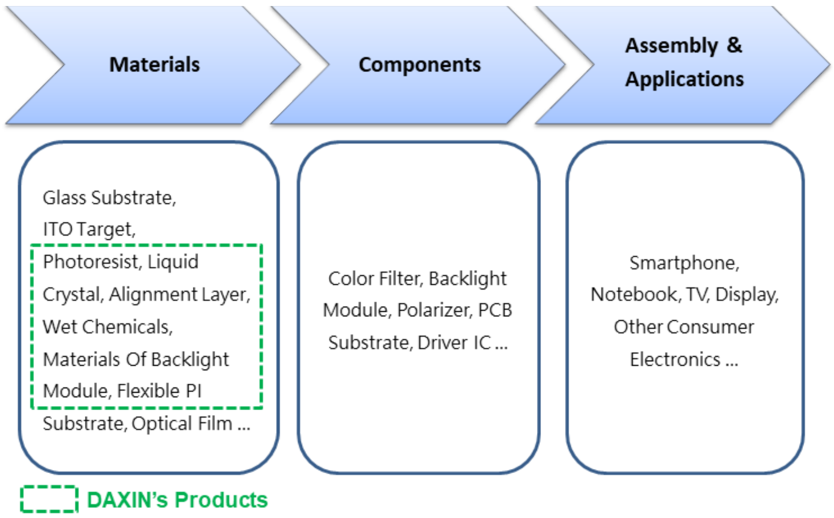
During the COVID-19 pandemic, demand for the display industry surged, leading to a significant increase in production capacity. However, this resulted in a subsequent systemic oversupply. After two consecutive years of declining demand in 2022 and 2023, the display industry began to stabilize in 2024. According to Counterpoint Research, the industry is expected to return to growth and project a 5% compound annual growth rate (CAGR) in demand through 2028. The demand for display panels is driven primarily by consumers' growing need for high-resolution displays, as well as the increasing adoption of augmented reality (AR) and virtual reality (VR). These displays are widely used in consumer electronics, automotive applications, industrial control panels, and digital signage. With the addition of limited new production capacity, LCD manufacturers are expected to see continued improvements in profitability. The growth trend in the display industry in 2025 is expected to resemble that of 2024. The Chinese government's subsidy policies have increased consumer demand for large-size televisions, and it is anticipated that demand for large-size panels will grow steadily. In the high-end panel market, OLED panels are expected to gain market share, with OLED panels potentially surpassing LCD panels to become the mainstream technology in 2025.

OLED (Organic Light-Emitting Diodes) displays combine features such as lightweight, slim form factor, bright clarity, fast response times, and energy efficiency, with the added advantage of flexibility. Many manufacturers have expanded into the flexible display market, where flexible OLED technology holds great potential in wearable devices and foldable gadgets. As smartphones mature in many major markets, the development of new flexible OLED foldable models will create significant growth opportunities.

With the arrival of the AI era, the display industry is expected to accelerate the integration of AI applications, and the demand for OLED panels in high-end IT products is likely to increase, bringing new opportunities to the industry.

MicroLED is considered the next-generation display technology trend. Although MicroLED displays are still in the early stages of development, future applications will likely include augmented reality (AR) and virtual reality (VR) headsets, smartwatches, and smartphones, making MicroLED a key player in the future display landscape.

(2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



Source: compiled by the Company

(3) Product Development Trends and Competition

The display industry is highly competitive, with technologies becoming increasingly mature. The primary competitors in the display chemical materials market are Japan and China. In the face of intense competition, the Company leverages years of mass production experience in LCD materials, with multiple products earning customer recognition and achieving leading market shares. Notably, our photo-alignment materials and copper etchants continue to maintain a dominant position. To sustain our competitive edge, we are proactively developing next-generation products with higher material specifications, such as high-precision photoresists and high-resolution etchants. In response to the global ESG sustainability trend, we are investing in the development of energy-saving and carbon-reducing green materials, including low-temperature photoresists for color filter processes and low-temperature materials for cell processes. Additionally, we are developing cholesteric liquid crystal alignment films for cholesteric liquid crystal color e-paper, contributing to the sustainable development of the environment. Regarding MicroLED display materials, as MicroLED technology is still in its early stages, the Company is actively collaborating with key customers to develop customized materials, including mass transfer adhesives and photoresists, to support future advancements in the industry.

3. Market Analysis

(1) Market Share, Future Supply and Demand, and Growth Potential

The Company is one of the leading suppliers of LCD materials. We have maintained a stable mass production of photo-spacer materials for color filters and 8K copper etchant for the array process for many years, holding a leading market share. In the cell process, our liquid crystal alignment layer PSA PI was introduced as the first-source material to major panel manufacturers, achieving stable volume growth and increasing market share, breaking the dominance of two major Japanese suppliers. As one of the world's leading suppliers, we continue to invest in the development of new products and specifications. Meanwhile, our thermal overcoats used in color filters is gradually expanding the market share. Sales of developers and cleaners used in the manufacturing process remain stable, with a steady increase in market share in Taiwan. Our black matrix resists hold a leading market position among Taiwanese customers, and we will continue to enhance our market share in the future.

Looking ahead, the global economic environment and supply chain are undergoing continuous adjustments, with many uncertainties remaining. Panel prices and capacity utilization rates fluctuate rapidly due to market changes. However, with the growing demand for AI-driven smart displays, the panel industry is expected to see volume growth. The Company continues to optimize our product portfolio and actively expand into advanced, high-specification materials for high-end, high-resolution, large-size panels to maintain our technological leadership and market share. Additionally, in response to ESG trends, we are pioneering the launch of green products featuring low-temperature processes to sustain our long-term competitive advantage.

(2) Competitive Niches

The Company offers a comprehensive LCD product lineup with a strong track record of mass production over the years. We have established long-term, close partnerships with major panel manufacturers, allowing us to seize new product development opportunities faster than overseas material suppliers. By closely monitoring market trends and technological advancements, we can swiftly adjust our product direction and business model. Leveraging our accumulated R&D capabilities and diverse core technologies, we are at the forefront of launching next-generation, high-specification advanced materials tailored to the needs of next-generation high-performance displays. Additionally, our in-house capability to produce key upstream raw materials gives us a competitive edge in the highly competitive market.

(3) Favorable and Unfavorable Factors of Development Prospects and Countermeasures

Favorable Factors

Since its establishment, our company has maintained a high ratio of R&D personnel and investment. With years of product development experience in the display industry and core competitiveness built through in-house raw material production, we are well-positioned to expand into new material applications for semiconductor processes and packaging, green energy batteries, MicroLED, e-paper, and other emerging fields. This capability allows us to shorten the learning curve for early-stage product development in new domains and accelerate the achievement of product milestones.

Unfavorable factors

In recent years, Chinese panel manufacturers have continuously expanded their production capacity, and China now accounts for over 70% of the global LCD panel production. This has led to an oversupply in the global panel market, with Chinese manufacturers aggressively undercutting prices to gain market share while also strongly supporting domestic material suppliers. As a result, Taiwanese manufacturers face pricing pressure and a declining market share compared to their Chinese counterparts. Additionally, the panel industry is highly susceptible to economic cycles. For example, the "stay-at-home economy" previously drove a significant increase in revenue and profitability. However, subsequent factors such as high inflation and geopolitical tensions led to a sharp decline in revenue. During the current industry downturn, Taiwanese manufacturers have suffered severe losses.

Countermeasures

In recent years, the Company has actively pursued transformation by focusing resources on high-value display materials and expanding into non-panel industries, such as semiconductors, to mitigate the impact of industry cycles. During this transition, we have strategically adjusted our product portfolio to enhance operational performance. We have taken advantage of industry downturns to optimize costs, improve product performance, and strengthen our competitive R&D strategy. By developing in-house key upstream raw materials, we have enhanced profitability. In response to energy conservation and carbon reduction initiatives, we are developing low-temperature process green materials aligned with ESG trends. Additionally, we are pioneering the launch of more advanced, high-specification materials to maintain our market share.

Key Raw Materials

1. Technology and R&D Overview

With technologies cultivated through years of R&D, Daxin focuses on developing key raw materials for displays, semiconductors, lithium-ion batteries, advanced IC substrates, and other electronic materials, offering customized solutions. Our core technologies and products include:

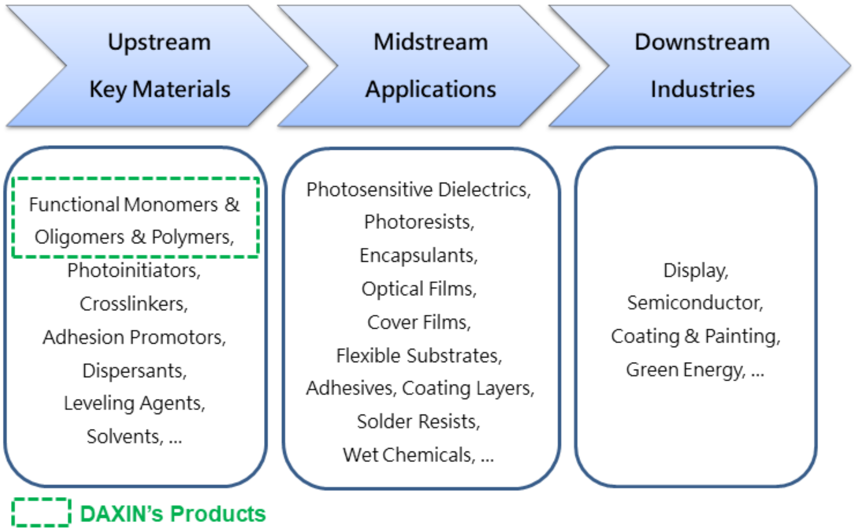
- **Anode Binders for Lithium-Ion Batteries:** With unique polymer structure design and functionalization, our binders are marked by enhanced ionic conductivity, optimized self-healing and adhesiveness to electrodes.
  - Balanced Type: Strike a balance between initial efficiency, fast charging/discharging capabilities, and battery lifetime.
  - Fast Charging Type: Ideal for energy storage systems, featuring excellent fast charging and discharging capabilities.
  - High Energy Type: Offer increased lifetime and improved safety for high energy density batteries.
- **Advanced IC Substrates**
  - Reactive Flame Retardants: Developed through novel molecular design, phosphorus content and solubility are increased while improving flame retardancy.
  - Reactive Fillers: Enhanced flame retardancy and mechanical strength followed by optimized processability are made possible by organic-inorganic hybrid molecular modification.
- **Key Functional Monomers:** Combining molecular design, advanced manufacturing, and purification technologies, we develop high-purity, low-ion content, and even halogen-free high-spec products.
  - DMCBDA: High purity, low ion content, suitable for acrylic polymer synthesis.
  - TCA (Dianhydride Monomer): High purity, low ion content, suitable for polyimide synthesis
  - TGP (Triglycidyl Phenol): High purity, halogen-free, suitable for epoxy resin synthesis and packaging materials.

2. Industry Overview

(1) Current Status and Development

In recent years, supply chain disruptions caused by the pandemic, geopolitical tensions, and the U.S.-China technology dispute have led countries to reassess their strategies for critical industries. Japan, South Korea, and China have been proactive in developing advanced R&D and manufacturing centers, prioritizing domestic materials technology development, third-generation semiconductors and materials, next-generation batteries, and the digital transformation of smart manufacturing. Among these efforts, the semiconductor industry plays a pivotal role in advancing high-end manufacturing and critical material development.

(2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



Source: compiled by the Company

(3) Product Development Trends and Competition

Since its establishment, Daxin has continuously invested in the R&D of key raw materials. Through the independent research, design, and manufacturing of these key raw materials, the Company strengthens product characteristics and competitiveness, while playing an important role in next-generation materials and advanced processes. In the field of display materials, key raw materials include acrylic polymers and polyimide monomers, among others. In semiconductor materials, the focus is on purity, including high-purity polymers, specialty low-ion content monomers, inhibitors, surface modifiers, and polyimide monomers. The Company continues to refine design, synthesis, and purification manufacturing technologies, driving the specialization of Taiwan's industries toward higher technical barriers and higher value-added advancements.

3. Market Analysis

The Company has many years of experience in developing electronic chemicals for downstream industry applications, with a keen understanding of the electronic chemicals market. The development of upstream key raw materials utilizes molecular structure simulation and our proprietary synthesis technology, enabling us to offer monomers with higher purity and specially designed molecular structures. Through collaborations with industry peers, we are expanding into high-end applications in potential markets. We are one of the few domestic material suppliers with the capability to synthesize and purify, and we can consistently ensure stable mass production. Our patented PI functional monomer, CBDA, is used in LCD alignment layer PI and transparent PI, making us one of the main suppliers in the market. Additionally, our company is the preferred strategic partner for leading international semiconductor material manufacturers, developing and producing high-purity polymers for advanced photolithography processes. In the future, we expect to see more opportunities for collaboration with international material giants to localize the production of upstream raw materials.

4.3 Long- and Short-Term Business Development Plans

4.3.1 Short-Term Business Development Plan

Semiconductor Materials

- Focus on advanced processes and packaging (sub-2nm process, 2.5D/3DIC packaging materials). Many projects are currently in progress or have obtained POR (Process of Record), and we will actively promote mass production to capture market opportunities.
- Continue expanding production capacity at the Chungkang new plant in line with customer demands, accelerating cooperation with international semiconductor material manufacturers to provide localized synthesis, purification, and formulation production services.
- Expand advanced packaging peripheral materials, actively collaborating with customers to provide customized products and technical services meeting diverse market technological developments.

Display Materials

- Based on high-resolution photoresist, high-resolution etching solution and liquid crystal alignment layer, we provide competitive high-performance materials based on the advantages of technology development and product design.
- Invest in low-energy consumption and high-durability materials to meet customer demand for high-end materials, and strengthen the company's key position in the panel material supply chain.
- Continuously optimize the product portfolio and production process, increase the proportion of in-house raw materials, reduce costs and enhance competitiveness.

Key Raw Materials

- Ensure stable mass production of key raw materials for displays and semiconductors, continuously optimizing processes to reduce manufacturing costs.
- Strengthen relationships and promote knowledge exchanges with clients; shorten product development timelines, respond quickly to demands, and improve service quality.

4.3.2 Long-Term Business Development Plan

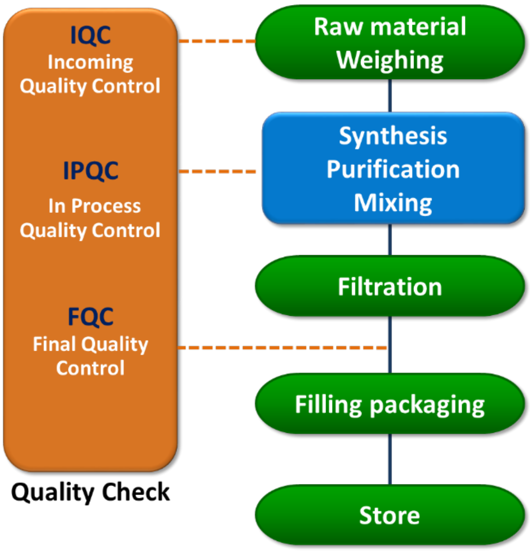
- Invest in semiconductor photolithography peripheral materials development, continuing to layout advanced packaging permanent material technology.
- Expand cooperation with technologically leading semiconductor customers to jointly develop products required for advanced technology node advancement.
- Develop ultra-high purity chemical purification production technology, establishing particle purification and detection technology platforms.
- Daxin will further develop energy-saving, carbon-reduction and environmentally friendly materials and introduce environmentally sustainable products with our display partners.
- In response to the development of the display industry, we continue to invest in the plan of new MicroLED materials, develop next-generation and more cost-effective products, and lay the foundation for future growth.
- Actively expand into fields including green energy, IC substrates, and biomedicine; collaborate with industry leaders to jointly develop special materials and explore applications for key raw materials.

4.4 Production and sales status

4.4.1 Important Functions of Main Products

Major Products	Functions
Semiconductor materials	Direct materials and indirect materials for wafer fabrication and packaging processes.
Display materials	Direct materials and indirect materials of processes for LCD array, cell and color filter.
Key raw materials	Upstream key raw materials for display, semiconductor, green energy industries, chemical-related application industries.

4.4.2 Manufacturing Process of Main Products



4.4.3 Supply of Major Raw Materials

Daxin's main products are semiconductor and display related direct permanent materials and process indirect materials (including photoresists, alignment layer, and copper etching solutions) and key monomers, etc. The main key raw materials are purchased through more than two suppliers and are closely related to the suppliers. Maintaining good cooperative relationships with suppliers improves supply stability; at the same time, it also increases localization ratio of raw materials and self-made raw materials to achieve the purpose of shortening material preparation time, reducing inventory risks, and quickly providing customer service. Additionally, it can contribute to the local area and fulfill local corporate responsibility while meeting the needs of customers.

4.4.4 List of Major Customers and Suppliers Accounting for 10% or More of Total Sales(Purchases) Amount in the Most Recent Two Years, and Reasons for Increase or Decrease

(1) Major customers for the past two years:

Unit: NT$ thousands

	2023				2024			
Item	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer
1	AUO Corporation	2,029,711	47.60%	Investments accounted for using equity method	AUO Corporation	2,012,987	48.88%	Investments accounted for using equity method
2	Others	2,234,410	52.40%		Others	2,104,860	51.12%	
-	Net Sales	4,264,121	100.00%		Net Sales	4,117,847	100.00%	

Reasons for increase or decrease: Mostly attributable to changes in product portfolios.

(2) Major suppliers for the past two years:

Unit: NT$ thousands

	2023				2024			
Item	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer
1	Company A	296,401	14.05%	None	Company A	310,739	16.07%	None
2	Others	1,812,694	85.95%	None	Others	1,623,174	83.93%	None
	Net Purchase	2,109,095	100.00%		Net Purchase	1,933,913	100.00%	

Reasons for increase or decrease: Mostly attributable to changes in the procurement of raw materials caused by differences in sales product portfolios.

4.5. Workforce Structure

Year		2023	2024	As of Feb. 28, 2025
Number of Employees	Management	33	34	34
	R&D	218	215	216
	Sales & Marketing	16	16	17
	Manufacturing	162	158	160
	Total	429	423	427
Average Age		35.6	36.6	36.7
Average Years of Services		7.4	8.3	8.4
Education	Ph.D.	11.2%	10.6%	10.5%
	Master's	35.4%	35.9%	35.6%
	University & College	53.4%	53.5%	53.9%
	High School	0	0	0

4.6. Disbursements for Environmental Protection

During the current fiscal year and as of the date of this Annual Report, Daxin has not incurred any environmental pollution related losses (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions).

4.7. Human Capital

4.7.1 Employee Benefits, Training and Development, Retirement Policy, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

(1) Employee Benefits

The Company believes that talent is the key to innovation, and is committed to creating a workplace that encourages innovation. The Company has formed an Employee Welfare Committee to provide various benefits. Our current benefit plans:

A. Compensation:
Our compensation program includes base salary, performance-based bonuses, and profit sharing based on annual profits.

B. Extra paid days off:
Besides legal annual leave, we offer flexible leave (seven days), plus birthday and engagement leave, supporting work-life balance. Extended unpaid leave is available for parental care or serious illness.

C. Comprehensive insurance:
In addition to the legally required labor insurance and national health insurance, we provide a comprehensive free group insurance including life insurance, casualty insurance, medical insurance, cancer insurance, infectious disease insurance, overseas travel insurance, international SOS, and more. We also offer insurance benefits to employees’ dependents.

D. Employee subsidies:
The Company has formed an Employee Welfare Committee to provide various benefits for employees. In addition to holiday bonuses, and birthday and travel subsidies, the welfare design also includes various subsidy programs tailored to changes in employees' life roles and unexpected situations or accidents. These subsidies cover areas such as childbirth, marriage, education, funeral expenses, and emergency assistance.

E. Comprehensive health management program:
We provide free health examinations for new and current employees. For employees involved in high-risk operations, we arrange special health examinations for them annually. In addition, Daxin has the occupational health nurse at our wellness center to promote health and well-being; on-site health services with doctors are available monthly to provide personalized healthcare management; workplace health programs are implemented to promote employee wellness. Daxin has participated Corporate Health Responsibility (CHR) Commitment held by the Common Health magazine since 2022, and was recognized as a “Healthy 99” company in 2024. We also encourage employees and their families to exercise regularly. Daxin has been recognized as “iSports” certified company by the Sports Administration, Ministry of Education in 2018, 2020 and 2023.

F. Employee engagement:
We organize various activities and encourage employees to participate various clubs (e.g., sports club, wine tasting club, baking club) to boost employee engagement and foster connectivity.

G. Family-friendly benefits:
Daxin strives to create an environment of support and understanding for employees. We offers additional bonuses to support family, including NT$60,000 for each newborn baby (double for twins), designated childcare services, family days, and so on.

H. Convenient on-site services and amenities:
We offer employee dormitories (3-month free accommodations for new hires), parking lots, electric vehicle charging stations, cafeteria, nursing room, and other services.

(2) Training and Development

The Company has established an “Education and Training Management Procedure”, and is committed to supporting the growth and development of all of its team members. To align with Daxin’s goal of becoming an advanced foundry for materials innovations, we offer a diverse set of training and development opportunities throughout the year, aiming to equip employees with future knowledge and skills to drive innovation.

Daxin provides the following training programs:

A. New employee:

Each employee will receive basic training and job orientation. Sessions include company introduction, human rights/integrity policies, intellectual property, information security, and environmental health and safety regulations. In addition, a mentor program is established to support new hires. We conduct the first-week questionnaire, first-month tea talk and health care sessions are arranged with medical professionals, and three-month check-ins to help them feel more engaged and adapted to corporate culture and work requirements.

B. Management:

The management training is tailored to the needs of managers of all levels based on their managerial capabilities and responsibilities to reinforce the management and skills. In line with the global service operating model and talent development objectives, we offer courses to enhance strategic thinking, organizational design and language proficiency.

C. Professional:

Daxin offers "Advanced Technology Courses" and "Advanced Process Courses" to enhance professional technical knowledge, continually delve into fundamental knowledge, and expand expertise in advanced processes. Both internal and external training resources are available for all employees in response to organizational development requirements and goals. For instance, we arrange lectures by university professors and industry experts, conduct seminars on fundamental knowledge topics, and host domestic and international consultant meetings for advanced technology discussions.

D. General:

Daxin is committed to cultivating a diverse learning environment and promoting self-learning to encourage employees to learn on their own to further improve their performance and reach their potential. From the "hard skills" of developing innovative professional knowledge to the "soft skills" of critical thinking, analysis, and problem-solving, employees can continuously enhance their personal effectiveness to meet the organizational growth demands. The company also consistently offers innovative courses (e.g., music and sports classes) to unleash potential..

(3) Retirement Policy

Daxin’s retirement policy is set according to the Labor Pension Act, and the company has set up individual accounts for employees' retirement pensions at the Bureau of Labor Insurance. The company makes monthly reserves of 6% of the employee’s monthly salary. Employees may also voluntarily allocate additional pension funds within 6% of their monthly salaries. As of the date of publication of this Annual Report, no employee has retired yet.

(4) Labor-Management Agreements

Daxin values employee opinions and strives to foster a culture of open communication. The company hosts quarterly labor-management meetings in compliance with legal requirements. Labor representatives are elected directly by all employees for a four-year term and can be re-elected consecutively. The entire election process is conducted through electronic voting, and this online voting format will be maintained in the future, encouraging active employee participation. Several internal communication channels are also established, such as employee opinion box, Sexual Harassment electronic-Box, integrity box, and complaint hotline. These channels are promptly and confidentially addressed, and any such reporting will be treated as confidential to the extent permitted by law.

4.7.2 During the current fiscal year and as of the date of this Annual Report, Daxin has not incurred any labor-dispute related losses (including any violations of the Labor Standards Act found in labor inspection, the disposition dates, reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions).

4.8. Information and Communications Security Management

4.8.1 Information and Communications Security Management Structure, Information and Communications Security Policy, Substantial Management Proposals, and Resources Invested in Information and Communications Security Management

(1) Information and Communications Security Management Structure

- Information Technology Department is responsible for the Company's information security. An Information Officer and several professional IT personnel have been set up at aforesaid department to establish, promote, and implement the information security policy.
- The Company's Auditing Office is in charge of auditing information security risks. An Audit Manager has been set up at the aforesaid department to supervise and audit the status of internal information security implementations. In line with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company has included "control over verifications of information and communications security" into the annual audit plan, and conducts information security audit as scheduled. In case deficiencies are found, the unit being audited will be immediately asked to propose relevant improvement plans and substantive actions. The improvement effectiveness will also be regularly monitored to reduce risks of internal information security.
- Organizational operating model: The Information Technology Department will formulate, promote, and implement the Company's information security policy and to provide personnel training. To introduce and implement the information security policy, all internal departments are required to comply with the information security policy while carrying out internal procedures. The Auditing Office will audit the information security risks. In case deficiencies are found, the unit being audited will be asked to propose relevant, substantive improvement plans. The improvement effectiveness will also be regularly monitored.

(2) Information and Communications Security Policy

To strengthen information security management and to build a safe and reliable operating environment so as to ensure the safety of information, systems, equipment, and networks to protect the rights and interests of employees, shareholders, suppliers, and clients and to achieve corporate sustainable management, the Information and Communications Security Policy has been formulated to serve as a reference for implementing various information security measures.

Key policies

- While executing various operations, relevant laws decreed by the competent authority (e.g., intellectual property laws and Personal Data Protection Act) as well as Company regulations, shall be followed.
- Separation of duties shall be taken into consideration when delegating tasks; the scope of responsibilities and obligations shall be clearly defined to prevent unauthorized revisions to or misuse of information.
- All transacting suppliers, contractors, consultants, or clients shall be requested to sign confidentiality agreement as needed based on the nature of the transaction.

- Information security training and advocacy shall be conducted to all internal employees to foster employees' awareness to information security and to improve the level of the Company's information security.
- All employees are responsible for protecting the Company's confidential and sensitive information. Employees are prohibited from coming into contact with or using unauthorized information, or disclosing or announcing such information to employees, suppliers, and other clients not related to the business.
- To prevent computer viruses and malware from affecting the Company's operations, with the exception of legally authorized software, no unauthorized software may be used.
- To prevent attacks from computer viruses and malware, legal antivirus software and firewall shall be purchased and installed, and the virus pattern and software shall be continuously updated.
- A comprehensive backup mechanism shall be established for important information, and a redundancy mechanism shall be set up for important systems.
- The Company shall request for the formulation of business continuity plan (BCP) based on business needs. In addition, the BCP shall be regularly tested to maintain its appropriateness.
- In case an employee violates an information security regulation, the information security liability that she/he shall bear shall be determined by internal procedures.

(3) Substantive Management Proposals

Management Item	Substantive Management Measures
Network Security Management	• Set up enterprise-level firewall to prevent external attacks and intrusions • Formulate Internet access policy and filters to prevent personnel from visiting harmful sites • Introduce a cybersecurity risk management platform to continuously monitor domain security risks
System Access Control	• Login account and password shall be required for all information systems; the password shall meet the safety policy and be regularly changed • Access rights to application systems shall be set based on positions • Authentication is conducted using Multi-Factor Authentication systems
Computer and Mainframe Management	• An automatic update system shall be set to automatically dispatch updates to personal computers and mainframes • Antivirus software shall be installed on personal computers and mainframe, and the virus pattern shall be regularly updated • USB storage device cannot be used on personal computers without permission
Mail Security	• Anti-spam system shall be set up • Install multiple antivirus software on email system
Information Backup	• Daily backup of important databases • Daily backup of important data/information • Regulary conduct backup restoration drills
System Reliability Management	• Establish high-availability mechanisms for important information systems • Daily complete backup on application systems and programs
Training and Promotions	• Regularly conduct employee information security training • Strengthen social engineering promotion and training to enhance the information security awareness in employees

(4) Resources Invested in Information and Communications Security Management

Item	Resources Invested
Software/Hardware Upgrades	• Implemented next-generation firewall • Deployed Managed Detection and Response (MDR) solutions • Implemented email filtering systems • Implemented Multi-Factor Authentication systems
Education and Training	• Conducted social engineering training to all employees (100% completion rate) • Published 10 cybersecurity awareness articles • Provided 40 hours of cybersecurity education per person for dedicated information security officers and personnel
Safety Tests	• Performed annual backup restoration drills • Performed vulnerability assessment quarterly

Item	Resources Invested
	• Monitoring cybersecurity risks using a cybersecurity risk management platform • Joined collaborative cybersecurity organizations, including TWCERT/CC and SPISAC

4.8.2 Any losses incurred as a result of major information and communications safety incident in the most recent fiscal year and as of the date of this Annual Report, and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation shall be provided: The Company did not experience any major information and communications safety incident in the most recent fiscal year and as of the date of this Annual Report; however, the methods of cyberattacks are continuously changing and there are various vulnerabilities in information products, and the Company will continue to strengthen management, operation, system and equipment, as well as education and training to face various information security threats.

4.9. Important Contracts Still Effective as of the Publication Date of the Annual Report and Those That Expired in the Most Recent Fiscal Year

Type of Contract	Counterparty	Contract Period	Major Contents	Restrictions
Lease contract	Central Taiwan Science Park Bureau (Current name)	2008.03.01-2027.12.31	Land lease for Central Taiwan Science Park	None
Lease contract	Taichung Branch， Bureau of Industrial Parks, Ministry of Economic Affairs (Current name)	2017.12.01-2027.11.30	Land lease for the plant at Taichung Port	Compliance with the approved investment proposal
Insurance	Fubon Insurance Co., Ltd.	2024.06.30-2025.06.30	Commercial fire insurance	None
Financing	Mega International Commercial Bank Co., Ltd.	2020.09.15-2027.09.15	Replenish mid-term working capital	None
Financing	E.Sun Bank	2020.08.07-2027.08.15	Plant construction and acquisition of machinery and equipment	None

Chapter 5 Review and Analysis of Financial Conditions, Operating Result and Risk Management

5.1 Financial Conditions

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	3,259,288	2,901,622	357,666	12.33
Property, plant and equipment	1,479,983	1,544,647	(64,664)	(4.19)
Right-of-use assets	154,624	163,676	(9,052)	(5.53)
Intangible assets	2,552	1,992	560	28.11
Other assets	53,050	30,124	22,926	76.11
Total assets	4,949,497	4,642,061	307,436	6.62
Current liabilities	1,265,873	1,087,574	178,299	16.39
Non-current liabilities	399,483	419,847	(20,364)	(4.85)
Total liabilities	1,665,356	1,507,421	157,935	10.48
Capital stock	1,027,159	1,027,159	0	-
Capital surplus	41,838	41,814	24	0.06
Retained earnings	2,215,144	2,065,667	149,477	7.24
Other equity interest	0	0	0	-
Total equity	3,284,141	3,134,640	149,501	4.77
The main reasons and impacts of material changes (with deviation over 20% and amount changes NT$10 million): The increase in other assets is mainly due to the increase in financial assets measured at amortized cost-noncurrent.				

5.2 Operating Result

5.2.1 Operating Result Analysis

Unit: NT$ thousands

Item \ Year	2023	2023	Difference	
			Amount	%
Operating revenue	4,117,847	4,264,121	(146,274)	(3.43)
Operating costs	2,600,000	2,785,030	(185,030)	(6.64)
Gross Profit	1,517,847	1,479,091	38,756	2.62
Operating expenses	910,682	868,303	42,379	4.88
Operating income	607,165	610,788	(3,623)	(0.59)
Non-operating income and expenses	51,422	(5,339)	56,761	(1,063.14)
Profit Before Tax	658,587	605,449	53,138	8.78
Income tax expenses	87,975	82,095	5,880	7.16
Net income for the Year	570,612	523,354	47,258	9.03
Other comprehensive income	0	1,310	(1,310)	(100)
Total comprehensive income	570,612	524,664	45,948	8.76
The main reasons and impacts of major changes (with deviation changes over 20% amount and changes reaching NT$10 million): The increase in non-operating income and expenses is mainly due to the increase in foreign exchange gain.				

5.2.2 Estimated Sales Volume and the Basis to the Potential Impact and Response Plans for the Company's Future Finance and Operation:

The Company’s major products are semiconductor and LCD display related fine chemicals. Based on the sales forecast of current products developing, progress of new products, customers’ product progress and market demand, production capacity planning and business strategies, our company expected that sales volume will continue to grow in the future. In terms of financing, we mostly enter into long-term financing arrangements to invest in capital expenditures and no signs of liquidity deficit in the short-run.

5.3 Cash Flow

Changes in cash flows in 2024:

Unit: NT$ thousands

Cash balance at the beginning of the period (1)	Net cash flows from operating activities (2)	Net cash inflow (outflow) (3)	Cash balance (1)+(2)+(3)	Remedy for cash shortfall	
				Investment plan	Financing plan
243,803	865,411	(914,341)	194,873	—	—

5.3.1 Analysis of Changes in Cash Flows:

(1) Operating activities: Net cash inflow was NT$865,411 thousand, mainly due to operating profits.

(2) Investing activities: Net cash outflow was NT$518,396 thousand, mainly due to acquisitions of financial assets and for capital expenditures.

(3) Financing activities: Net cash outflow was NT$395,945 thousand, mainly due to distributions of cash dividends.

5.3.2 Remedial Plan for Liquidity Shortfall:

As a result of positive operating cash flows, remedial actions are not required.

5.3.3 Cash Liquidity Analysis for the Coming Year:

On the premise of steady and robust cash liquidity, the Company prudently plans and controls relevant cash disbursements related to investment and operations while taking cash balances on accounts, cash flows from operating and investing activities.

5.4 Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year:

All significant capital expenditures of the company shall undergo appropriate evaluation and assessment. There were no major capital expenditures in the most recent fiscal year.

5.5 Investment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, the Improvement plan, and Investment Plans for Coming Year

5.5.1 Investment Policy:

The Company's management team conducts detailed evaluations on organizational model, market conditions, business development, and financial position based on operating needs and the Company's future strategic developments, so as to understand and stay on top of the business development and financial positions of investment targets at all times, and to provide a basis of consideration to the Company's management team pertaining to investment analysis and decisions.

5.5.2 Main Reasons for Profit or Loss and Remedial Plan:

Unit: NT$ thousands

Investee businesses	%	Recognition of profit or loss of investee in the most recent year	Main reasons for profit or loss	Remedial plan
Frontier Materials (Samoa) Corporation	-%	-	(Note)	

Note : The registration process was completed on August 9, 2017. As of December 31, 2024, the capital was not injected.

5.5.3 Investment Plan for the Coming Year:

As for the Company's investment plan for the coming year, we will engage in external investments based on the needs of future operations and decisions from the management team.

5.6 Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of this Annual Report

5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates fluctuation and Inflation

(1) The Impact of Interest Rate Changes

Most of the Company's interest rate risks come from financial investments and bank borrowings with variable interest rates. In terms of asset, the Company's capital allocations are founded on the prudent principle and are mostly stored as bank deposits and government bonds with high liquidity in order to safeguard its safety and maintain liquidity. In terms of borrowings, the Company maintains positive interactions with multiple financial Institutions to obtain more competitive financing terms. Moreover, interest expenses on the operating net profit is a tiny percentage; hence, interest rate changes will not bring a significant impact on the Company's profit or loss.

(2) The Impact of Foreign Exchange Rate Changes

Most of the Company's exchange rate risks come from cash and cash equivalents and accounts payable and receivables denoted in foreign currencies. Therefore, changes in foreign exchange rate may impact operating revenues measured in foreign currencies or profitability. The Company uses forward exchange agreement (FXA) to hedge against such risks in transactions to reduce the negative impacts of foreign exchange changes on the Company's operating results. In addition, our Finance department is also constantly collecting information on foreign exchange rates to understand the trend of such changes in order to plan and hedge relevant risks.

(3) The Impact of Inflation

According to the Directorate-General of Budget, Accounting and Statistics, the Executive Yuan, R.O.C. (Taiwan), the Consumer Price Index (CPI) annual growth rate is 2.10% as of December 2024, indicating that there is no significant inflation. Hence, inflation should not pose significant impacts on the Company's profit or loss in 2024. The Company closely monitors changes in market prices at all times and also properly adjusts selling prices and raw materials and inventory volume as needed. The Company has not experienced significant impacts from inflation.

5.6.2 The Company's Policy to Engage in High-Risk, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future

The Company does not engage in high-risk or highly leveraged investments, nor does the Company provide loans to others or endorsements/guarantees.

The Company engages in derivative transactions for the purpose of hedging against changes in foreign exchange rates of assets denoted in foreign currencies. Such transactions are carried out in accordance with the "Procedures of Engaging in Derivative Transactions". Going forward, the Company will regularly assess and adjust our hedging strategies based on operating status and market changes.

5.6.3 Research and Development(R&D) in the Future, and the R&D Expenses Expected to be Invested

Our R&D team accounts for more than one-half of all Daxin employees, and our annual R&D expenses approximately 10% of our revenues. The Company's expected R&D budget is gradually designated based on new product and new technology development, and it continues to grow at certain levels based on operating status. For 2025, we expect to invest another NT$560 Million in R&D; however, this figure will be properly and timely adjusted based on industry environment and the Company's actual business operations so as to secure our competitive advantage.

Please refer to page 64 for details on the Company's upcoming new product development plans: "Future Product Development Plans".

5.6.4 Effect on the Company's Financial Operations of Changes in Domestic and Foreign Policies and Regulations, and the Company's Response Measures

The Company's day-to-day operations comply with all relevant domestic and foreign laws and regulations; in addition, a Legal Office has also been set up to monitor both policy developments and legal changes/updates at home and abroad at all times and to propose response measures on a timely basis. In the most recent year and as of the date of this Annual Report, the Company's finances and business have not been affected by major policies and legal changes at home and abroad.

5.6.5 Effect on the Company's Financial Operations of Changes in Technology and the Industry, and the Company's Response Measures

With rapid technological changes and the accelerated market movements in the industry, the semiconductor and optoelectronics industries are facing an increasing demand for high-performance chemical materials. At the same time, market competition and supply chain challenges are becoming more intense. Daxin remains committed to monitoring technological trends and market dynamics, actively investing in research and innovation to meet the need for high-purity, low-contamination materials. Furthermore, in response to global economic fluctuations and industry cycles, we optimize supply chain management, enhance production efficiency, and pursue strategic investments to ensure steady business growth. By adapting to industry shifts, we strengthen our financial position and create long-term value for shareholders and stakeholders.

5.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company has held true to a management principle founded on professionalism and integrity from the beginning. We also focus on corporate image and risk control in order to achieve employee cohesion and customers recognition. In the event of a crisis or reputational risk, our emergency response team swiftly assesses the situation, evaluates impacts, and takes necessary action. With strong governance, we drive innovation in economic, environmental, and social aspects. To date, no crises have resulted from image changes.

5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no plan to acquire other companies in the most recent year and as of the publication date of the Annual Report.

5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company engages in prudent and moderate benefits analysis for all factory expansion plans; in addition, we are also committed to strengthening internal management and enhancing overall management performance to address all possible changes.

5.6.9 Risks Associated With Any Concentration of Sales or Procurement, and Measures to Be Taken

(1) Purchases:

Our company's main raw material suppliers are large international chemical companies with whom we have established long-term, stable relationships. They are also the main purchasing targets of the global industry. Therefore, our procurement remains steady and without any abnormalities. At the same time, we are actively seeking other excellent suppliers. The raw material procurement strategy is to maintain key raw materials from more than two suppliers. This should effectively reduce the risk of excessive concentration of raw material purchases, and maintain good relations with each supplier. In the cooperative relationship, since the establishment of the company, the quality and delivery time of each supplier have been normal, and there has been no shortage or interruption of material sources.

(2) Sales

Currently, the majority of Company's operating revenues come from chemical materials for displays. As the global display industry has developed into an oligopolistic market, major display manufacturers are the Company's target clients. The Company is equipped with R&D and manufacturing capabilities of specialty chemical materials, which have been expanded to new markets, new customers, and new products in both semiconductor and key raw materials fields. Furthermore, relevant new products have been developed stage by stage, and are being verified and mass-produced by customers respectively. Our sales in semiconductor and key raw materials markets will effectively help the Company to reduce the risk of high customer concentration in the display industry.

5.6.10 Risks Associated with Sales of Significant Numbers of Shares by the Company's Directors and Major Shareholders Who Own 10% or more of the Company's Total Outstanding Shares

There were no sales of significant number of shares by the aforementioned persons in the most recent fiscal year and as of the date of this Annual Report.

5.6.11 Risks Associated with the Changes in Management Rights: None

5.6.12 Litigious and non-litigious matters

Disclosure of the fact in dispute, amount in dispute, commencement date, main parties involved, and current status of the case, if there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceedings or administrative dispute involving the company that was finalized or remained pending in the most recent fiscal year and as of the date of this Annual Report.

- The Company:

  The Company has not had any other pending or ongoing litigious and non-litigious matters, or administrative disputes, in the most recent fiscal years and as the date of this Annual Report.
- Directors, General Manager, de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies：None.

5.6.13 Other Important Risks and Mitigation Measures: None.

5.7 Other Important Matters: None.

Chapter 6 Special Disclosure

6.1 Information about Affiliates:

Please refer to the MOPS (https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

6.2 Private Placement of Securities During the Most Recent Fiscal Year and as of the Date of this Annual Report: None.

6.3 Other Supplementary Information: None.

6.4 Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or Prices of the Company's Securities Occurring During the Most Recent Fiscal Year and as of the Date of this Annual Report: None.

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