

King Yuan Electronics Co., Ltd.

Succession Plan for Board Members and Key Management

Succession Plan for Board Members

1. The Company's Articles of Association prescribe that the election of Directors shall be based on a candidate nomination system, with seven to 11 Directors, among whom there shall be no less than three Independent Directors that occupy no less than one-third of the Board seats. The Corporate Governance Best Practice Principles emphasize that the composition of the Board of Directors shall be diversified. No more than one-third of the Directors shall serve as the Company's managers concurrently. Diversification policies shall be formulated based on the Company's operations, business and development needs, covering basic criteria (gender, age, nationality) and professional skills (operating judgment, financial analysis, business management, crisis management, industry knowledge, international perspective, leadership decision-making) to achieve ideal corporate governance.
2. The Company regularly evaluates the composition of the Board of Directors, and devises director training based on its size, business nature and future development to ensure that Directors have the necessary knowledge, skills and qualities. A Remuneration Committee is established to formulate and review director performance evaluation and remuneration policies. Evaluations are carried out every year in accordance with the Performance Evaluation Rules for the Board of Directors, covering aspects such as participation in company operations, decision-making quality, Board structure, Director selection and further training, internal control, etc. The results are used as a reference for Director appointment and salary adjustment.
3. In 2024, in order to improve the business decision-making ability of Board members, a total of six hours of education and training on issues of concern were held for the year. Courses include "Taiwan's Green Electricity Trading System and Procurement Practices" (three hours) hosted by the Securities and Futures Institute on August 8, and "IFRS General Sustainability-related Disclosures: Sustainability, Climate Information and Changes in Annual Report" (three hours) hosted by the Taiwan Corporate Governance Association on November 8.
4. Through routine operations and strategic planning, the Board of Directors' succession mechanism will be gradually established. Based on the principle of diversity, appropriate candidates in terms of gender, age, professional knowledge, skills and industry experience will be identified. Meanwhile, the number of female Directors in

the next term is set to be increased. The independence of the Board will be emphasized and an Independent Director may not serve more than three consecutive terms. An Audit Committee composed of only Independent Directors is established to strengthen corporate governance.

Succession Plan for Key Management

1. The Company is committed to talent cultivation and sustainable management, and has formulated a succession plan for key management. We focus on selecting talents with professional capabilities and strategic thinking, who are in line with the Company's core values. The Company's key management mainly include the President, Senior Vice Presidents, and Vice Presidents and Assistant Vice Presidents of various functions. They are appointed based on annual performance and potential evaluations. We implement a diversified training strategy, including job experience and rotation, participation in major business management meetings, senior executive training courses, and key projects and assignments.
2. The Remuneration Committee regularly reviews the performance evaluation and remuneration system of the management. It sets KPIs for managers at different levels based on company goals. The evaluation results are used for salary adjustments and successor selection.
3. In the implementation process, we encourage successor candidates to participate in external professional courses and seminars. We also regularly evaluate their achievement of performance goals, consistently improve the successor evaluation mechanism, and strengthen cooperation with international management colleges to provide opportunities of diversified training.
4. Promotion and training of successor supervisors at all levels
 - (1) Promotion of successor supervisors at all levels: In response to the rapid growth and development of the Company, it is necessary to plan for the required training programs for management associates, take stock of the vacancies for successor management at all levels, review the capability shortfall of management associates and include them as training targets, and select and cultivate those with potential for succession upon evaluation at the qualification review meeting.
 - (2) Convene a qualification review meeting for management associates: The President of the Company, supervisors at business divisions and divisions will participate in the discussion of successor candidates.
 - (3) Hold successor training sessions: The talent cultivation program lasts for 1.5 years. During the training period, employees are required to take physical and digital courses, take on leadership roles of projects and receive mentor guidance. They will also receive appraisal at regular evaluation meetings.
5. In respect of management associate training, the management system courses are

designed to cater to high-, mid-, and low-level supervisors according to the conduct and management capabilities required by each management level. The dual-tutor system is also implemented to strengthen supervisor guidance and develop the abilities and responsibilities of subordinates. Senior supervisors will also attend evaluation meetings every six months to review the training results of management associates. The Company holds training courses for high-level management (a total of 47 hours over the years) and cooperates with external institutes to do so (a total of 108 hours over the years). In addition, a multi-objective decision-making management course was held in 2024 (two batches, 16 hours each) to cultivate decision-making thinking in senior managers.