

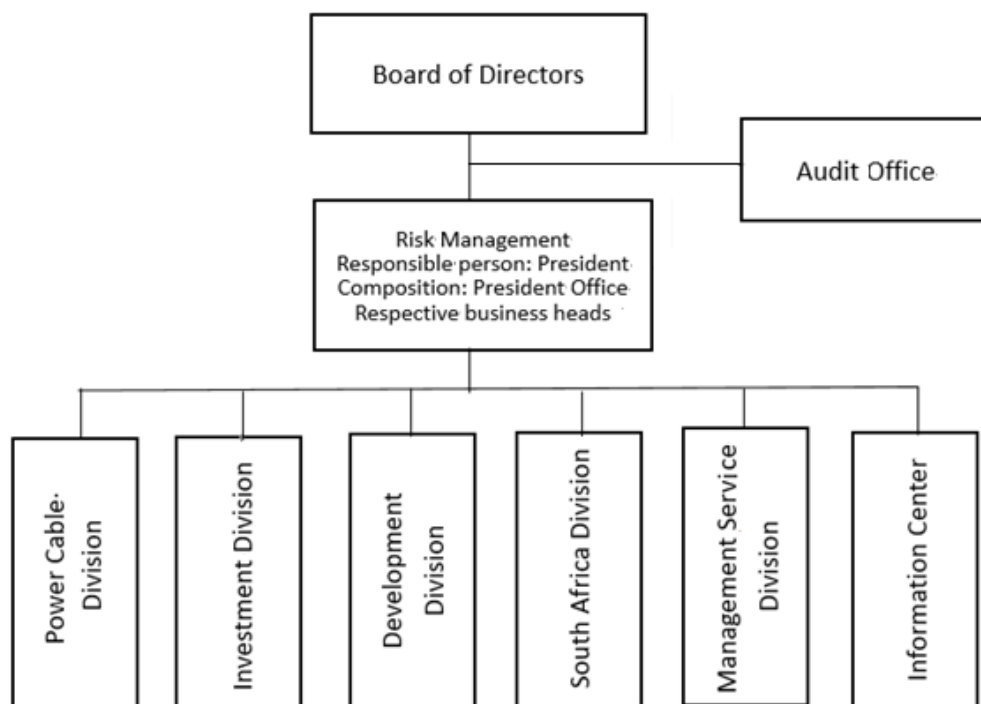
Risk Management

Risk management policies and procedures:

Our company has established "Risk Management Policies and Procedures," which have been approved by the Board of Directors, as the highest guiding principle for our company's risk management. Through risk governance and management structure, we link risk management with the company's strategies and objectives, and through the participation of all units, we integrate risk management awareness into daily decision-making and operational activities, promoting a comprehensive corporate risk management culture.

(For detailed information, please refer to our company website => Investor Zone => Corporate Governance => Important Regulations => Risk Management Policies and Procedures)

Risk management organizational structure:



Risk management process and scope:

Our company has improved its risk management functions through five major processes: risk identification, risk

analysis, risk assessment, risk response, and monitoring and review mechanisms.

Our company categorizes risks into six major areas: strategy, operations, finance, information, legal compliance, and others. Each business unit analyzes the probability and impact of identified risk events, compares the risk level with the acceptable level of existing risks, establishes a risk matrix after ranking the risks, and plans and implements subsequent risk response plans based on the risk levels.

2025 Operation Status:

- In 2025, our company will hold risk management team meetings on May 8 and November 11, respectively, to identify risks, establish a risk matrix based on the probability of occurrence and the degree of impact of risks, and discuss and track countermeasures and their effectiveness.
- On December 23, 2025, the Board of Directors will be briefed on the operation of risk management, focusing on high-risk, high-probability projects. Details are as follows.

risk project	Responsible unit	Risk identification issues	Influence degree	Impact: Operational aspects	Impact: Financial aspects	occur probability	Countermeasures
operations	Electric unit.	Increased raw material costs	high	Cost quotes will be increased, affecting customer orders.	Raw material costs increased.	high	Continue to communicate with manufacturers, or negotiate prices based on volume, and agree on a cost price for the period.
	SA Unit.	Import competition	high	Government tax rate reduction affects domestic orders	Decreasing orders erode	high	Hung Tai assists in connecting with Chinese manufacturers, which may lead to order transfers.
	Audit	Inaccurate accounting procedures	high	The accounts and the items do not match.	Property loss	high	Supervisors should thoroughly examine and support colleagues in addressing operational difficulties and make improvements to increase the accuracy of execution.
Strategy	Electric Unit.	Copper prices fluctuate wildly	high	Rising copper prices caused customers to adopt a wait-and-see approach and sales to stagnate. Falling copper prices impacted sales.	Rising copper prices can lead to losses and delayed	high	1. Quickly respond to pricing and synchronize copper hedging with procurement. 2. Introduce copper hedging tables and sign engineering contracts.
	Electric Unit.	Contract execution delayed	high	Fluctuations in copper prices affect operating profits.	Reduced profits	high	Strictly track the completion of contracts before their expiration and control the extension period.
	Electric Unit.	Market demand decreased	high	Market demand is declining and slowing down, with fewer cases.	Decreased revenue and profit	high	1. Develop new market leads. 2. Strengthen long-term contracts with distributors and agents. 3. Control inventory.
finance	Invest Unit.	Trading of listed and unlisted stocks	high	Capital backlog and turnover	Investment losses	high	Carefully assess changes in the industry environment and operational conditions, and establish a stop-loss mechanism.
	Invest Unit.	Federal Reserve interest rate policy, US tariff policy, and the US-China trade war	high	Product value fluctuates greatly, the economy changes rapidly, and the risk of recession is high.	Investment losses or capital accumulation	high	By tracking economic data and interest rate policies, and diversifying products, risks can be appropriately mitigated.
information	ITC	Information network security	high	Internal information was stolen, hijacked, or controlled (Email, electronic files); information system service was interrupted.	Depends on the scope of the impact	high	Strengthening network and information security projects and guidelines for the use of personal information products
Law	Electric Unit.	working overtime	high	Violation of labor laws	fine	high	1. Implement multi-tasking training for personnel to facilitate staff redeployment. 2. Centralize production of product items and allocate work hours as needed. 3. Increased manpower demand and improved equipment efficiency.
other	Electric Unit.	Extreme weather caused natural disasters, resulting in severe damage to the factory buildings.	high	1. This affects normal production and delivery times. 2. Product and raw material storage safety risks.	Increased transportation and repair costs	high	1. Focus on climate change issues. 2. Timely completion of factory and plant renovations. 3. Well-planned storage locations for products and raw materials.
	Electric Unit.	Climate change and rapid temperature increase	high	Increased electricity consumption.	Electricity costs have increased.	high	Improve equipment efficiency and replace equipment with low-power-consumption equipment.
	Electric Unit.	US tariffs	high	This has affected normal production and delivery.	The cost of raw materials from	high	1. Alternative materials. 2. Develop a second source of materials.