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Shuang-Bang Industrial Corp.

2025 Annual Report

Published on April 7, 2026

Annual report available at

Market Observation Post System: <http://mops.twse.com.tw>

Company website: <http://www.shuang-bang.com>

I. Name, title, contact number, and e-mail of spokesperson and acting spokesperson

Spokesperson

Name: Yu-Chuan Hsu

Title: President

Tel.: (049)225-7450

Email: rita@sbinet.com.tw

Acting Spokesperson

Name: Min-Chu Lin

Title: Vice President of Finance
Department

Tel.: (049)225-7450

Email: nitalin@sbinet.com.tw

II. Addresses and telephone numbers for the headquarters, branches, and plants

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III. Name, address, website, and contact number of share transfer agency

Name: Stock Transfer Agency Department, Capital Securities Corp.

Address: B2, No. 97, Section 2, Dunhua South Road, Taipei City

Website: www.capital.com.tw

Tel.: (02)2702-3999

IV. Name of CPA and the name, address, website, and contact number of the accounting firm for the latest financial report

Name: CPA Chun-Chen Ko, CPA Hui-Fen Lin

CPA firm: Weyong International CPAs & Co.

Address: 10F-1, No. 52, Gongyi Road, Taichung City

Website:www.weyong.com.tw

Tel.: (04)2319-2789

V. Name of the trading venue where the overseas securities are listed and traded and the methods for inquiring information on such overseas securities: None.

VI. Company website: <http://www.shuang-bang.com>

Shuang-Bang Industrial Corp.

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One. A Message to Shareholders

I. 2025 business report

On behalf of the board, I would like to first thank all our employees for their contribution and all our shareholders for their long-time support.

The Company's 2025 operating results and 2026 business plan and goal are hereby reported as follows:

(I) Implementation Outcomes of 2025 Business Plan

The Company's net consolidated revenue totaled NT\$1,875,443 thousand for 2025, at a gross margin of 16.01%. Earnings per share after tax was at NT\$1.04.

(II) In 2025, due to the impact of U.S. tariffs, consolidated revenue decreased slightly by 1.70% compared to 2024. Thanks to the efforts of all staff, the gross profit margin increased by 17.20% compared to the same period last year.

(III) 2025 Budget Implementation

The Company did not disclose its financial forecast for 2025, hence no explanation is required.

(IV) Revenue, expense, and profitability analysis

1. Financial overview and analysis

Unit: NTD thousands

Item	2025	2024	Increase/decrease (%)
Net operating revenues	1,875,443	1,907,839	(1.70)
Operating costs	(1,575,170)	(1,647,242)	(4.38)
Gross profit	300,273	260,597	15.23
Operating expenses	(175,098)	(191,680)	(8.65)
Operating income (loss)	125,175	68,917	81.63
Non-operating net income (expense)	(13,435)	1,709	(886.13)
Net profit (loss) before tax	111,740	70,626	58.21
Income tax expense	(16,232)	(21,443)	(24.30)
Current net income (loss)	95,508	49,183	94.19
Other comprehensive income	(1,103)	2,430	(145.39)
Total comprehensive income for the current period	94,405	51,613	82.91

Note: The above figures were taken from audited consolidated financial statements

2. Profitability analysis

Item / Year		2025	2024
Return on assets (%)		4.31%	2.46%
Return on equity (%)		7.43%	3.89%
As a percentage of paid-up capital (%)	Operating profit	15.20%	8.37%
	Profit before tax	13.57%	8.58%
Net profit margin (%)		5.09%	2.58%
Earnings per share (NTD) (Note)		1.04	0.75

Note: EPS is calculated after making retrospective adjustments based on weighted average outstanding shares in the current year.

(V) Research and development

- Bio-based >25% hydrophilic transfer lamination products and moisture-permeable membrane
- Bio-based > 25% colored coating transfer lamination product
- Bio-based >40% wet-process membrane
- High durability hydrophobic coating base material
- Calendar-grade TPU-85A
- Phenol-Free TPU-85A
- Water-based PU dispersion for yarn bonding in composite materials
- Water-based PU resin for primer applications
- r-PET recycled polyol PUR for EVA
- PUR adhesive for ethylene-vinyl acetate (EVA) lamination

II. 2026 Business Plan

(I) Operational strategies for the current year

1. Enhance group-wide resource integration and improve operating performance.
2. Strengthen customer relations for increased collaborative benefits.
3. Promote environment-friendly products and encourage consumers to fulfill social responsibilities together.
4. Improve quality management practices to ensure the stability of product quality for better customer satisfaction.
5. Invest into the improvement of production procedures for reduced production cost and enhanced competitiveness.

6. Enhance industrial safety and health training, and improve work environment for all employees.

(II) Expected sales volume and basis

Unit: tonnes/thousand yards

Main products	Expected 2026 sales volume
Coating and lamination	17,000
Resin	1,700
Curing agent	3,100
TPU	1,000

The above forecasts of sales and volumes are based on 2025 results, new products under development, anticipated growth in 2026 and customers' demand.

III. Key production/sales policies

1. Making ongoing improvements to the production procedure for better customer satisfaction.
2. Develop high value-adding products for improved competitiveness.
3. Work with globally reputable companies for new market expansion.
4. Promote environment-friendly products and rally consumers toward social responsibilities.

IV. Future development strategies

- (I) Maintain productive interaction with upstream and downstream partners for more stable supply and sales network.
- (II) Proactively develop innovative products for greater market expansion.
- (III) Train talents and enhance employee training and education to support business expansion.

V. Impacts of the competitive environment, regulatory environment, and the overall business environment

Despite intensifying competition in the external environment, the management has closely monitored market changes and responded to complex and unpredictable situations with appropriate strategies in a timely manner. With the support of the R&D team, the Company has continued to develop niche products with distinctive advantages to compete in the market and maintain stable growth amid intense competition. With respect to the regulatory environment, the Company observes national policies and laws whereas internal units such as finance, shareholder service, internal audit etc. are capable of monitoring changes and making appropriate adjustments to internal systems, operations, and business activities to ensure

continuity. As for the macroeconomic environment, increased volatility in the price of raw materials has had direct impact on the Company's business costs, which the management has responded with pro-active inventory controls, product portfolio adjustments, and continued new product developments in an attempt to expand market presence for greater performance.

We hereby present to shareholders our business performance for 2025 along with outlooks and strategies for the current year. Guided by the philosophy of "integrity, quality, innovation, and sharing," Shuang-Bang is committed to becoming "a world-leading company creating new value for the technology industry" and will accelerate new product development and strengthen technical capabilities critical to competitiveness, in order to produce high-quality products catering to customers' needs and gain market shares. Lastly, we thank you once more for your trust and support in the last year, and look forward to your guidance and encouragement in the future.

Chairman: Chung-Tang Chang



Manager: Yu-Chuan Hsu



Chief Accounting Officer: Min-Chu Lin



Two. Corporate Governance Report

I. Background information of directors, the President, vice presidents, assistant vice presidents, and heads of departments and branch offices

(I) Director

Information of directors

April 7, 2026; Unit: shares

Title	Nationality or place of registration	Name	Gender/age	Date elected/onboard	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	Republic of China	Chung-Tang Chang	Male Age 71 to 80	2024.05.31	3 years	1989.11.04	6,700,207	8.14%	6,700,207	8.14%	1,000,871	1.22%	-	-	Department of Chemistry , National Chung Hsing University President and Chairman of the Company	Note 1	None	None	None	Note 9
Vice Chairman	Republic of China	Ah-Ming Chen	Male Age 61 to 70	2024.05.31	3 years	1994.11.10	4,998,802	6.07%	6,088,802	7.39%	2,524,897	3.07%	227,000	0.28%	Department of Chemistry , National Cheng Kung University Business Manager and President of the Company	Note 2	None	None	None	-
Director	Republic of China	Hsi-Neng Hsieh	Male Age 61 to 70	2024.05.31	3 years	2000.05.21	891,571	1.08%	891,571	1.08%	9,345	0.01%	-	-	Master's Degree, Institute of Polymer Science & Engineering, Tsinghua University Vice President of the Company	-	None	None	None	-
Director	Republic of China	Ken-Chen Chen	Male Age 81 to 90	2024.05.31	3 years	2006.05.16	567,269	0.69%	567,269	0.69%	-	-	-	-	Department of International Business, Tamkang University CEO of Panel Group	Note 3	None	None	None	-
Director	Republic of China	Ho-Pin Lin	Male Age 61 to 70	2024.05.31	3 years	2009.06.30	2,622,121	3.18%	2,622,121	3.18%	509,196	0.62%	-	-	Lizen High School Chairman, HOR JING CORP.	Note 4	None	None	None	-

Title	Nationality or place of registration	Name	Gender/age	Date elected/onboard	Term of service	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director, or supervisor			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Director	Republic of China	Uei-Want Industrial Co., Ltd.	-	2024.05.31	3 years	2012.06.18	2,500,000	3.04%	2,500,000	3.04%	-	-	-	-	-	-	None	None	None	-
	Republic of China	(Representative) Cheng-Yen Liang	Male Age 71 to 80			-	-	-	-	-	-	-	-	-	-	National Pingtung Senior High School Director, Uei-Want Industrial Co., Ltd.	Note 5	None	None	None
Independent Director	Republic of China	Li-Ling Chen	Female Age 51 to 60	2024.05.31	3 years	2008.06.06	-	-	-	-	-	-	-	-	PhD of Accounting, National Cheng Kung University CPA, Chuan-Da Accounting Firm Manager, Audit Department, KPMG Independent Director, Hanpin Electron Co., Ltd. Independent Director, Lin Horn Technology Co., Ltd. Assistant Professor, Tatung Institute of Technology	Note 6	None	-	-	Note 10
Independent Director	Republic of China	Hao-Chin Tsai	Male Age 61 to 70	2024.05.31	3 years	2024.05.31	-	-	-	-	-	-	-	-	Master of Industrial Engineering, University of Houston President, ChingTai Resin Chemical Co., Ltd.	Note 7	None	-	-	-
Independent Director	Republic of China	Cheng-Feng Cheng	Male Age 71 to 80	2024.05.31	3 years	2021.08.27	18,468	0.02%	18,468	0.02%	78,802	0.10%	-	-	Ph.D. in Chemistry, University of North Texas Professor of Chemistry, National Chung Hsing University	Note 8	None	-	-	-

Note 1: CSO of the Company; Chairman of Wada Technology Co., Ltd.; Corporate Director Representative at Miracle Textile Industry Co., Ltd.

Note 2: Vice President of the Company; Chairman of Chia Cherng Industry Co., Ltd.

Note 3: CEO of Panel Group; Director of Tung Kang Industrial Co., Ltd.; Director of Tung Yo Industrial Co., Ltd.; Director of Panel Trading Co., Ltd.

Note 4: Chairman of Ho Jing Co., Ltd.; Chairman of Fujian Baoshunxing Trading Co., Ltd.

Note 5: Director of Uei-Want Industrial Co., Ltd.; Chairman of Unifong Corporation

Note 6: Independent Director of Hanpin Electron Co., Ltd.; Independent Director of Lin Horn Technology Co., Ltd.; concurrent Convener of the Company's Remuneration Committee and Audit Committee; member of the Nomination Committee and Risk Management Committee

Note 7: Director of ChingTai Resin Chemical Co., Ltd.; concurrent member of the Company's Remuneration Committee, Audit Committee, Nomination Committee, and Risk Management Committee; convener of the Nomination Committee.

Note 8: Concurrent member of the Company's Remuneration Committee, Audit Committee, and Nomination Committee; convener of the Risk Management Committee

Note 9: Chairman and President or manager of the highest equivalent level are the same person or spouses or first-degree relatives to each other: none.

Note 10: The initial appointment date listed in the table refers to the start date of prior service as an independent director (not necessarily with this Company). The appointment date for independent director service with this Company was May 31, 2024.

Note 11: The ages entered in the table are complete years as of December 31, 2025.

2. Major shareholders of corporate shareholders

April 7, 2026

Name of corporate	Corporate shareholder's major shareholders
Uei-Want Industrial Co., Ltd.	Cheng-Yen Liang (27.5%), Hsuan-Hao Liang (31.5%), I-Ting Liang (10%), I-Hsin Liang (10%), Cheng-Yuan Liang (10%)

3. Disclosure of professional qualifications of directors and independence of independent directors

Criteria Name and title	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Chung-Tang Chang Chairman	<ol style="list-style-type: none"> Possesses operational experience, chemistry and textile knowledge, knowledge of international markets, and risk management, crisis management, leadership, and decision-making skills. Current Chairman and CSO of the Company, a member of the Sustainable Development Committee. Former President of the Company. 	<ol style="list-style-type: none"> Non-independent Director None of the directors had any relationship characterized as spouse or 2nd-degree relative or closer to each other 	0
Ah-Ming Chen Director	<ol style="list-style-type: none"> Possesses operational experience, chemistry and textile knowledge, knowledge of international markets, and risk management, crisis management, leadership, and decision-making skills. Current Vice Chairman and Vice President of Investment Office of the Company. Former President and Business Manager of the Company. 		0
Hsi-Neng Hsieh Director	<ol style="list-style-type: none"> Possesses operational experience, chemistry knowledge, knowledge of international markets, and risk management, leadership, and decision-making skills. Current Director of the Company. Former Vice President of R&D Department of the Company. 		0
Ken-Chen Chen Director	<ol style="list-style-type: none"> Possesses operational experience, knowledge of international markets, knowledge of the chemical industry, and risk management, crisis management, leadership, and decision-making skills. Current CEO of Panel Group. Former CEO of Panel Group. 		0

Criteria Name and title	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Ho-Pin Lin Director	<ol style="list-style-type: none"> 1. Possesses operational experience, knowledge of international markets, knowledge of the shoe-making industry, and risk management, crisis management, leadership, and decision-making skills. 2. Current Chairman of HOR JING CORP. 3. Former Chairman of the Board of Directors of HOR JING CORP. 		0
Uei-Want Industrial Co., Ltd. Representative: Cheng-Yen Liang Director	<ol style="list-style-type: none"> 1. Possesses operational experience, knowledge of international markets, knowledge of the shoe-making industry, and risk management, crisis management, leadership, and decision-making skills. 2. Current Chairman of Uei-Want Industrial Co., Ltd. 3. Former Chairman of Uei-Want Industrial Co., Ltd. 		0
Li-Ling Chen Independent Director	<ol style="list-style-type: none"> 1. Possesses financial, accounting, and legal knowledge and risk management, crisis management, leadership, and decision-making skills. No circumstances as described in Article 30 of the Company Act 2. Current Independent Director of Hanpin Electron Co., Ltd.; Independent Director of Lin Horn Technology Co., Ltd.; CPA of Chuan-Da Accounting Firm; Independent Director, Member of the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, and Sustainable Development Committee of the Company. 3. Former CPA of Chuan-Da Accounting Firm; Manager of Audit Department at KPMG. 	<p>The three directors on the left:</p> <ol style="list-style-type: none"> 1. All satisfied the independence criteria required of independent directors. 2. Completely satisfied the independence criteria: <ul style="list-style-type: none"> (1) None of the individual, spouse, and 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related enterprises. (2) Percentage of the Company's shares held in the name of self, spouse, or 2nd-degree relatives or closer: <ul style="list-style-type: none"> Li-Ling Chen: 0 shares, 0% Hao-Chin Tsai: 0 shares, 0% Cheng-Feng Cheng: 97,270 shares, 0.12% 	2

Criteria Name and title	Professional qualification and experience (Note 1)	Independence criteria (Note 2)	Number of concurrent positions as independent director in other public companies
Cheng-Feng Cheng Independent Director	1. Possesses knowledge of the chemical industry and risk management, crisis management, leadership, and decision-making skills. No circumstances as described in Article 30 of the Company Act 2. Current Independent Director, Member of the Audit Committee, Remuneration Committee, Nomination Committee, Remuneration Committee of the Company. 3. Former: Professor of Chemistry , National Chung Hsing University; Vice President of National Chung Hsing University.	(3) Did not serve as director, supervisor, or employee in any entity that had certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"). (4) Did not receive compensation from the Company or its affiliated enterprises for commercial, legal, financial, or accounting services in the last two years.	0
Hao-Chin Tsai Independent Director	1. Possesses knowledge of the chemical industry and risk management, crisis management, leadership, and decision-making skills. No circumstances as described in Article 30 of the Company Act 2. Director of ChingTai Resin Chemical Co., Ltd.; Independent Director of Lin Horn Technology Co., Ltd.; Independent Director, Member of the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, and Sustainable Development Committee of the Company. 3. Former President of ChingTai Resin Chemical Co., Ltd.	(3) Did not serve as director, supervisor, or employee in any entity that had certain relationship with the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"). (4) Did not receive compensation from the Company or its affiliated enterprises for commercial, legal, financial, or accounting services in the last two years.	0

Note 1: Professional qualifications and experiences: Please describe the professional qualifications and experiences of individual directors and supervisors. If an Audit Committee member is equipped with accounting or financial expertise, it is necessary to provide his/her accounting or financial background and work experience and explain whether these is any circumstance specified in Article 30 of the Company Act.

Note 2: It is necessary to describe the independence of independent directors. This includes but not limits to the adherence to the following (1) to (4) requirements for the directors, their spouses and relatives within two degrees of kinship.

(1) None of the director, spouse, and relatives within two degrees of kinship serves as a director, supervisor, or employee in the Company or any of its related enterprises.

(2) None of the director, spouse, and relatives within two degrees of kinship holds the Company shares (or under other's names).

(3) Not serving as a director, supervisor or employee of a company with specific relationships with the Company (in reference to Subparagraphs 5 to 8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)

(4) No rendering of services in business, legal, financial, or accounting to the Company or its affiliated enterprises during the last two years.

4. Diversity and independence of the board of directors:

A. Board diversity

The Board of Directors is the Company’s highest governing body. Directors are elected by the shareholders’ meeting according to the “Rules Governing the Election of Directors”. The qualifications and selection of independent directors comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. Candidates are not related to the Company or its affiliates and have not been operational personnel in the two years prior to their election or during their term of office, to ensure their independence.

The Company has established a Board member diversity policy within its “Corporate Governance Best Practice Principles”. When selecting and nominating board members, the Company considers gender balance, age, academic and professional experience, and independence, taking into account its operations, business model, and development needs. The composition of the Company’s Board of Directors requires members to possess not only professional knowledge, relevant experience, skills, and qualifications but also appropriate character and expertise.

The Company’s Board of Directors comprises members with diverse professional backgrounds, genders, and work experiences. The Company prioritizes the independence of its Board of Directors, aiming for a proportion of employee directors below 30% to maintain a sound Board structure. In 2025, 22.22% of the Board members were also employees. There are four directors aged 71 or over, four between the ages of 61 and 70, and one aged 51 to 60. Women hold 11.11% of director positions.

The Company’s current Board of Directors consists of nine directors. The specific management objectives and current status of its board diversity policy are as follows:

Management targets	Implementation and description
Directors who also serve as company managers should not comprise more than one-third of the Board.	In the recent election for the 14th Board of Directors, nine directors were elected. Currently, two of those seats are held by managers, representing 22% of the Board – a proportion lower than one-third, and in line with the Company’s management objectives.
The Board must have at least one female member.	The Company has consistently prioritized gender equality on its Board of Directors. At the 2024 shareholders' meeting, nine directors were elected, including three independent directors, one of whom is a woman. This outcome aligns with the Company’s management objectives.
Independent directors may not serve more than three terms.	The Company’s 14th Board of Directors consists of nine directors, including three independent directors. These independent directors have each served for fewer than three terms, meeting the established governance goals.

- a. The following table details the implementation of the Board member diversity policy:

(1) Director

Board member	Date elected/onboard	Nationality	Gender	Age distribution			Industry experience				Professional capabilities					
				Under age 60	Age 61 to 70	Age 71 and above	Coating	Polymer	Shoe materials	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law	
Chung-Tang Chang	2024/5/31	Republic of China	Male			○	○	○	○	○	○	○	○	○		
Ah-Ming Chen	2024/5/31	Republic of China	Male		○		○	○		○	○	○	○			
Hsi-Neng Hsieh	2024/5/31	Republic of China	Male		○		○	○		○	○	○	○			
Ken-Chen Chen	2024/5/31	Republic of China	Male			○		○		○	○	○	○			
Ho-Pin Lin	2024/5/31	Republic of China	Male		○					○	○	○	○			
Cheng-Yen Liang	2024/5/31	Republic of China	Male			○				○	○	○	○			

(2) Independent directors

Board member	Date elected/onboard	Nationality	Gender	Length of service as an independent director			Age distribution			Industry experience				Professional capabilities				
				Under 3 years	3 to 9 years	9 years and above	Under age 60	Age 61 to 70	Age 71 and above	Coating	Polymer	Shoe materials	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law
Li-Ling Chen	2024/5/31	Republic of China	Female	○			○							○		○	○	
Hao-Chin Tsai	2024/5/31	Republic of China	Male	○				○			○			○		○		
Cheng-Feng Cheng	2024/5/31	Republic of China	Male		○				○		○			○		○		

- b. If the proportion of directors of either gender on a publicly listed company's board is less than one-third, the Company must explain the reasons for this and outline the measures it has taken or will take to improve gender diversity on the Board.

The following details the current situation and outlines reinforcing measures:

(I) Current situation

Industrial structure and characteristics limitations: The industry has historically been male-dominated, resulting in lower female participation in these fields and, consequently, fewer women in decision-making roles.

Policy promotion began relatively late: Compared with advanced nations in Europe and the United States, Taiwan's policies on gender equality and Board diversity were implemented later. While progress has been made incrementally, further systematic measures and resource investment are needed to close the gender gap.

(II) Planning and implementing measures

Actively seek and recruit highly qualified women to serve on the Board of Directors, focusing on candidates with strong professional backgrounds, proven leadership skills, and international experience.

Strengthen corporate brand image and cultivate cultural values that foster a diverse, inclusive, and supportive decision-making environment, enhancing appeal to female professionals.

The above measures are intended to enhance gender diversity on the Board of Directors.

B. Board Independence:

- a. The Company has obtained independence declarations from each independent director, confirming their independence and that of their immediate family members with respect to the Company. The Company's Board of Directors has nine members, including three independent directors, representing more than one-third of the total board seats. Also, no independent director may serve more than three consecutive terms.
- b. Directors who are also employees represent 22.22% of the Board, while those who are not employees represent 77.78%.
- c. There are no circumstances as described in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.
- d. No directors have spousal relationships or relatives within the second degree of kinship.

(II) Background information of the President, vice presidents, assistant vice presidents, and heads of departments and branches

April 7, 2026

Title	Nationality	Name	Gender	Date elected/onboard	Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) backgrounds	Concurrent positions in other companies	Spouse or relatives of second degree or closer serving as managers			Remarks
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
CSO	Republic of China	Chung-Tang Chang	Male	2017.03	6,700,207	8.14%	1,000,871	1.22%	-	-	Department of Chemistry, National Chung Hsing University President and Chairman of the Company	Chairman of Wada Technology Co., Ltd.; Corporate Director Representative at Miracle Textile Industry Co., Ltd.	-	-	-	Note
President	Republic of China	Yu-Chuan Hsu	Female	2015.01	322,399	0.39%	-	-	-	-	Feng Chia University (Ph.D. in Finance) Tiaoho & Co. Finance Manager and Business Department Manager of the Company	Representative of legal entity director of Miracle Textile Industry Co., Ltd.	-	-	-	Note
Chairman's Office Vice President	Republic of China	Ah-Ming Chen	Male	2007.03	6,088,802	7.39%	2,524,897	3.07%	227,000	0.28%	Department of Chemistry, National Cheng Kung University Business Manager and President of the Company	Chairman, Chia Cherng Industry Co., Ltd.;	-	-	-	-
Finance Department Vice President	Republic of China	Min-Chu Lin	Female	2013.05	92,438	0.11%	-	-	-	-	EMBA, National Chung Hsing University KPMG Taiwan	Supervisor, Miracle Textile Industry Co., Ltd.	-	-	-	-
Polymer Segment Assistant Vice President	Republic of China	Chun-Han Li	Male	2018.03	8,509	0.01%	-	-	-	-	Department of Chemical Engineering, National Chin-Yi University of Technology Production manager of the Company	None	-	-	-	-
Coating Segment Assistant Vice President	Republic of China	Chien-Chung Ko	Male	2019.06	42,288	0.05%	-	-	-	-	San-Chung Commercial and Industrial Vocation High School Business Manager of the Company	Representative of legal entity director of Miracle Textile Industry Co., Ltd.	-	-	-	-
TPU Segment Assistant Vice President	Republic of China	Tang-Yuan Chiu	Male	2024.11	-	-	-	-	-	-	Department of Chemical Engineering, Far East University Assistant Vice President, U-Best Innovative Technology Co., Ltd.	None	-	-	-	-

Note: Chairman and President or manager of the highest equivalent level are the same person or spouses or first-degree relatives to each other:

II. Compensation paid to directors, supervisors, the President, and vice presidents in the last year

(I) Remuneration of directors and independent directors (summary of remuneration ranges with name disclosure)

Unit: NTD thousands

Title	Name	Directors' remuneration								Sum of A, B, C and D as a percentage of net income		Compensation received as employee								Sum of A, B, C, D, E, F, and G and relative percentage to net income		Compensation from parent company or business investments other than subsidiaries	
		Benefits (A)		Severance pay and pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses and special disbursements, etc. (E)		Severance pay and pension (F)		Employee remuneration (G)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements				
												Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares								
Director	Chairman	Chung-Tang Chang																					
	Vice Chairman	Ah-Ming Chen																					
	Director	Hsi-Neng Hsieh																					
	Director	Ken-Chen Chen	-	-	-	-	2,142	2,149	350	352	2,492	2,501	10,932	10,932	108	108	196	-	196	-	13,728	13,737	None
	Director	Ho-Pin Lin									2,92%	2,93%								16.09%	16.11%		
Director	Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang																						
Independent Director	Independent Director	Li-Ling Chen	720	720	-	-	988	988	290	290	1,998	1,998	-	-	-	-	-	-	-	1,998	1,998	None	
	Independent Director	Hao-Chin Tsai									2.34%	2.34%								2.34%	2.34%		
	Independent Director	Cheng-Feng Cheng																					

(I) The policy, system, standards, and structure by which independent director remuneration is paid and association between the amount paid and independent directors' responsibilities, risks and time committed: Independent directors are entitled to fixed monthly pay and travel allowance for every meeting attended. Furthermore, the Articles of Incorporation allows the Company to allocate remuneration to all directors up to 3% of current year's profits. The exact amounts of remuneration are adjusted according to business performance and allocated depending on directors' contribution.

(II) Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year: None

Remuneration range

Range of compensation paid to directors of the Company	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Below NT\$1,000,000	Directors: Chung-Tang Chang, Ah-Ming Chen, Hsi-Neng Hsieh, Ken-Chen Chen, Ho-Pin Lin, and Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang Independent Directors: Cheng-Feng Cheng, Li-Ling Chen, and Hao-Chin Tsai	Directors: Chung-Tang Chang, Ah-Ming Chen, Hsi-Neng Hsieh, Ken-Chen Chen, Ho-Pin Lin, and Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang Independent Directors: Cheng-Feng Cheng, Li-Ling Chen, and Hao-Chin Tsai	Directors: Ken-Chen Chen, Ho-Pin Lin, Hsi-Neng Hsieh, Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang Independent Directors: Cheng-Feng Cheng, Li-Ling Chen, and Hao-Chin Tsai	Directors: Ken-Chen Chen, Ho-Pin Lin, Hsi-Neng Hsieh, Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang Independent Directors: Cheng-Feng Cheng, Li-Ling Chen, and Hao-Chin Tsai
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)	-	-	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	-	-	Director: Ah-Ming Chen	Director: Ah-Ming Chen
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	-	-	Director: Chung-Tang Chang	Director: Chung-Tang Chang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	9 individuals	9 individuals	9 individuals	9 individuals

(II) Remuneration to President and Vice Presidents

Unit: NTD thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)(Note 1)		Employee remuneration (D)				Sum of A, B, C and D as a percentage of net income (%)		Compensation from business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Yu-Chuan Hsu	11,397	11,397	299	299	5,497	5,497	367	-	367	-	17,560 20.59%	17,560 20.59%	None
CSO	Chung-Tang Chang													
Vice President	Ah-Ming Chen													
Vice President	Min-Chu Lin													

Note 1: Various bonuses, incentives, traffic allowances, special disbursements, benefits, payment in kind such as dormitories, company cars and other compensations.

Remuneration range

Range of compensation to President and vice presidents of the Company	Name of President and vice presidents	
	The Company	All companies included in the financial statements
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - NT\$2,000,000 (non-inclusive)	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (non-inclusive)	Min-Chu Lin	Min-Chu Lin
NT\$3,500,000 (inclusive) - NT\$5,000,000 (non-inclusive)	Yu-Chuan Hsu, Ah-Ming Chen	Yu-Chuan Hsu, Ah-Ming Chen
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	Chung-Tang Chang	Chung-Tang Chang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (non-inclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (non-inclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (non-inclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (non-inclusive)	-	-
NT\$100,000,000 and above	-	-
Total	4 individuals	4 individuals

(III) Names of managers who received employee remuneration and distribution

Unit: NTD thousands

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of net income (%)
Manager	President	Yu-Chuan Hsu	-	518	518	0.61%
	CSO	Chung-Tang Chang				
	Vice President	Ah-Ming Chen				
	Vice President	Min-Chu Lin				
	Assistant Vice President	Chun-Han Li				
	Assistant Vice President	Chien-Chung Ko				
	Assistant Vice President	Tang-Yuan Chiu				

(IV) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and Vice Presidents, and their respective percentages to standalone or separate net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks.

1. Percentage (%) of standalone or separate net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, President, and vice presidents in the last 2 years

Title \ Item	The Company				From All Consolidated Entities			
	2025		2024		2025		2024	
	Total	As a percentage of net income after tax	Total	As a percentage of net income after tax	Total	As a percentage of net income after tax	Total	As a percentage of net income after tax
Directors' remuneration	15,726	18.44%	14,566	23.71%	15,735	18.45%	14,601	23.77%
Remuneration to President and Vice Presidents	17,560	20.59%	17,792	28.96%	17,560	20.59%	18,190	29.61%
Net income after taxes	85,295		61,427		85,295		61,427	

The increase in remuneration to directors for 2025 compared to 2024 was due to the higher net income in 2025; the increase in remuneration for the president and vice presidents compared to 2024 was due to increased profitability, which resulted in higher related bonus payments.

2. Compensation policies, standards, packages and procedures, and association with future risks and business performance

A. Remuneration policies, standards, packages and procedures

(A) Director

Remuneration to directors includes transportation allowances and director's fees.

a. Transportation allowance: This allowance is paid to directors based on actual attendance at Board meetings, following industry standards.

B. Remuneration to directors: no higher than 3% of annual profits allocated as director emoluments according to Article 30 of the Company's Articles of Incorporation.

The Company's Remuneration Committee—based on the Articles of Incorporation, the “Procedures for Remuneration to Directors and Managers”, Board member attendance, and annual profit after deducting accumulated losses—recommends director remuneration to the Board of Directors. Following approval by the Board of Directors, this recommendation is then reported to the shareholders' meeting.

(B) President and vice presidents

The remuneration of the Company's managers is determined in accordance with the Company's Articles of Incorporation and the "Procedures for Remuneration to Directors and Managers". This includes the policies and standards for salaries, bonuses, and employee remuneration, which are submitted to the Remuneration Committee for review and approval by the Board of Directors before distribution.

B. Association with future risks and business performance

The Company's remuneration procedures consider both overall company performance and individual achievement, providing reasonable remuneration based on performance against targets and contribution to company results. All remuneration matters are submitted to the Remuneration Committee for review and are subject to approval by the Board of Directors. The Company periodically reviews its remuneration system, considering its operational performance and development, profitability, operational risks, and changes in relevant laws and regulations, to balance sustainable operations with risk management.

III. Corporate governance

(I) Functionality of the board of directors

(1) Functionality of the board of directors

A total of 6 Board meetings (A) were held in the last year; below are the attendance:

Title	Name	Actual Attendance in Person, B	No. of proxy attendance	Actual attendance rate (%) 【B/A】 (Note)	Remarks
Chairman	Chung-Tang Chang	6	0	100%	
Vice Chairman	Ah-Ming Chen	6	0	100%	
Director	Ken-Chen Chen	6	0	100%	
Director	Hsi-Neng Hsieh	6	0	100%	
Director	Ho-Pin Lin	5	1	83%	
Director	Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang	6	0	100%	
Independent Director	Cheng-Feng Cheng	5	1	83%	
Independent Director	Li-Ling Chen	6	0	100%	
Independent Director	Hao-Chin Tsai	6	0	100%	

Note: Calculated based on the number of board of directors meetings held and in-person attendance during active duty.

Other mandatory disclosures:

I. For board of directors meeting that meets any of the following descriptions, state the date, session, the discussed motion, independent directors' opinions and how the Company responded to such opinions:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act:

The Company has established an Audit Committee and is therefore not subject to the requirements of Article 14-3 of the Securities and Exchange Act. Information regarding the Audit Committee's operations under Article 14-5 of the Securities and Exchange Act can be found in the other required disclosures concerning the Audit Committee's activities.

(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:

1. 1st board meeting in 2025:

Subject: Review of managers' 2025 year-end bonus during the first Remuneration Committee meeting in 2024.

Resolution: The chair recused themselves from voting due to a conflict of interest and appointed Director Li-Ling Chen as acting chair. Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen recused themselves from voting due to a conflict of interest arising from their positions with the Company. The motion was passed as proposed by the remaining attending directors when inquired by chair.

2. 2nd meeting of the Board in 2025:

Subject: Appointment of the Company's Sustainable Development Committee members.

Resolution: The chair recused themselves from voting due to a conflict of interest and appointed Vice Chairman Ah-Ming Chen as acting chair. Chairman Chung-Tang Chang, along with directors Hao-Chin Tsai and Li-Ling Chen recused themselves from voting due to

a conflict of interest as they were nominees. The motion was approved unanimously by all directors present.

3. 3rd board meeting in 2025:

Subject 1: Discussion of the 2024 employee remuneration to managers.

Resolution: The chair recused themselves from voting due to a conflict of interest and appointed Director Li-Ling Chen as acting chair.

Resolution: Chairman Chung-Tang Chang and Director Ah-Ming Chen recused themselves from voting due to the personal stakes involved. The motion was passed as proposed by the remaining attending directors when inquired by chair.

Subject 2: Discussion of bonuses for managers.

Resolution: The chair recused themselves from voting due to a conflict of interest and appointed Director Li-Ling Chen as acting chair.

Resolution: Chairman Chung-Tang Chang and Director Ah-Ming Chen recused themselves from voting due to the personal stakes involved. The motion was passed as proposed by the remaining attending directors when inquired by chair.

4. 6th board meeting in 2025:

Subject 1: The Company's acquisition of right-of-use assets from a related party.

Resolution: The chair recused themselves from voting due to a conflict of interest and appointed Vice Chairman Ah-Ming Chen as acting chair. Chairman Chang-Tang Chang, as the spouse of Li-Hsueh Wu and a close relative of Li-Shiu Chen-Wu, recused themselves from voting due to the personal stakes involved. The motion was passed as proposed by the remaining attending directors when inquired by chair.

III. Listed companies are required to disclose information regarding the cycle and period, scope, methods, and content of Board of Directors' self-evaluation (or peer assessment).

Execution of board performance evaluation

Assessment cycle	Assessment duration	Report date to the Board of Directors	Scope of assessment	Assessment method	Assessment details
Once a year	2025.01.01~ 2025.12.31	2026.03.10	Board of Directors as a whole.	Internal self-evaluation questionnaire of Board of Directors	<ol style="list-style-type: none"> 1. Level of participation in the Company's operations 2. Improvement of board decision quality 3. Composition of the board of directors 4. Election and continuing education of directors 5. Internal control
Once a year	2025.01.01~ 2025.12.31	2026.03.10	Each individual director	Self-evaluation questionnaire of each board member	<ol style="list-style-type: none"> 1. Understand the objectives and missions of the Company 2. Understanding of directors' job responsibilities 3. Participation in the operation of the company 4. Internal relationship management and communication 5. Specialization and continuous education of directors 6. Internal control
Once a year	2025.01.01~ 2025.12.31	2026.03.10	Each functional committee (Note)	Self-evaluation questionnaire of each functional committee member	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Understanding of functional committee's job responsibilities 3. Improvement of the quality of the functional committee' decision making 4. Makeup of the functional committees and election of members 5. Internal control

Note: Functional Committees: Remuneration Committee, Audit Committee, Nomination Committee, Risk Management Committee, and Sustainable Development Committee.

A. Board of Directors self-evaluation results

In the 2025 performance evaluation, the Board of Directors and each functional committee rated itself between 5 - "Strongly agree" and 4 - "Agree" across all performance indicators. Meanwhile, individual directors and functional committees "Strongly agree" on most of the performance indicators. Overall, the Board of Directors and functional committees have functioned properly in line with corporate governance requirements, and the performance evaluation is deemed effective at enhancing board duties protecting shareholders' interests.

B. The appraisal results will be used as a reference for individual directors' remuneration and reappointment.

IV. Enhancements to the functionality of Board of Directors in the current and most recent year:

1. The Company established an Audit Committee in 2021, and subsequently formed a Nomination Committee and a Risk Management Committee in 2023. A Sustainable Development Committee was formed in 2025.
2. Significant attention has been placed on board members' diversity in addition to the knowledge, skills, and professional backgrounds needed to perform duties. Directors' knowledge and business judgments have contributed significantly to the Company's operating strategies.
3. The Board of Directors held 6 meetings in 2025, which met the requirements of the Board of Directors Conference Rules that meetings are to be held at least once a quarter. All key motions resolved have been disclosed on the Market Observation Post System and over the Company's website for transparency.
4. With a robust board governance system, the Company has duly made public and transparent disclosures of relevant information.

V. Succession planning for Board members and key management personnel:

1. Board members:

- (1) The Company's Articles of Incorporation clearly stipulate that director elections are conducted through a candidate nomination system. Furthermore, the "Corporate Governance Best Practice Principles" specifies that the Board of Directors' composition should consider diversity, and a diversity policy has been established based on the Company's operating structure, business development direction, and future trends. This policy includes, but is not limited to, basic qualifications and values, professional

knowledge and skills, and business execution capabilities as standards for identifying potential directors.

- (2) The Company identifies potential director candidates both through its existing network and by searching a database of independent director profiles for individuals who meet its diversity policy requirements.
 - (3) The Company follows the aforementioned director succession plan and, at each Board election, selects candidates who align with its core values, possess professional knowledge and skills that support company management, and have industry experience relevant to its business, in accordance with its diversity policy. We anticipate that adding this member will enable the Company to form an effective, complementary, diverse, and needs-aligned Board of Directors.
 - (4) The Company's process for selecting director candidates has consistently comply with qualification reviews and relevant regulations, ensuring the effective identification and selection of qualified new directors for re-elections, vacancies, or planned expansions of the Board.
2. Key management personnel:

The Company proposes its organizational chart to the Board of Directors for approval, aligning it with operational goals, and designates agents in accordance with the Deputy Agent Management Regulations. These agents facilitate succession planning for key positions, ensuring business continuity.

(II) Operations of the Audit Committee

1. A total of four Audit Committee meetings (A) were held during the last year. Attendance records of independent directors are summarized below:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (B/A)(%) (Note)	Remarks
Independent Director	Cheng-Feng Cheng	3	1	75%	
Independent Director	Li-Ling Chen	4	0	100%	
Independent Director	Hao-Chin Tsai	4	0	100%	

Note: Calculated based on the number of Audit Committee meetings held and in-person attendance during active duty.

Other mandatory disclosures:

- I. For Audit Committee meetings that meet any of the following descriptions, details such as the date and session of Audit Committee meeting held, the motions discussed, independent directors' objections, reservations, or key recommendations, the Audit

Committee’s resolution, and how the Company has responded to Audit Committee's opinions are disclosed in the chart below.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act.

Date of Remuneration Committee meeting	Motion details and subsequent actions taken
2025.03.07	1.The Company's 2024 internal control system effectiveness review and statement on internal control 2.The Company's 2024 financial statements and business report 3.The Company's 2024 earnings distribution
	<ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.
2025.05.08	1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2025 2.Amendment to the internal control and internal audit system of the Company 3.Amendment to the Company’s "Audit Committee Charter"
	<ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.
2025.08.08	1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to June 30, 2025
	<ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.
2025.11.11	1.Consolidated financial statements of the Company and

	<p>subsidiaries for the period from January 1 to September 30, 2025</p> <p>2.The Company’s acquisition of right-of-use assets from a related party</p> <p>3.Assessment of CPA independence and competency</p> <p>4.CPA appointment and remuneration for 2026</p> <p>5.Pre-approval of the Company’s non-assurance services and its independence assessment for 2026.</p> <p>6.The Company's 2026 audit plan</p>	
	<ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: Except for motion #2 where Chairman Chung-Tang Chang had recused themselves from discussion and voting due to the personal stakes involved for assuming concurrent position as CSO and Vice President, respectively, all motions were passed unanimously as recommended by the Audit Committee without objection from attending directors. 	

(II) Other than those described above, any resolutions not supported by the Audit Committee but approved by more than two-thirds of directors: None.

II. Recusal by independent directors from proposals due to conflict of interests: Please provide the name of independent directors, details of the motions, the reason for recusals due to conflict of interests and participation in voting: none

III. Communication between independent directors and internal/external auditors (e.g. discussions concerning the Company's financial and business affairs, the major events, method of communication, and the outcome).

1. The Audit Committee convenes quarterly meetings, during which the Chief Internal Auditor would report to independent directors on the internal audit tasks performed as well as follow-ups on previous findings to keep independent directors informed on the Company's operations and internal control risks. Execution of internal audit and follow-up improvement of abnormal findings are discussed in board of directors meetings, and the board would supervise the internal audit unit to evaluate and investigate major issues for the risks involved. Communication between independent directors and the Chief Internal Auditor is considered fair.

2. The Audit Committee duly reviews quarterly financial statements and issues review reports on annual financial statements. Members of the committee are able to

communicate with managers directly to clarify any issues and learn the state of the Company's operations.

3. Independent directors and the Chief Internal Auditor are invited to participate in every quarterly board of directors meeting. The Chief Internal Auditor reports the progress of internal audit tasks to the board of directors during quarterly meetings.
4. When reviewing annual financial statements, the Audit Committee would invite financial statement auditors to meetings to explain the preparation process, the issues encountered, and any updates in regulation. All related matters are adequately discussed with independent directors. Financial statement auditors are also invited to board meetings to explain and communicate with directors.
5. The Chief Internal Auditor, CPA, and independent directors are able to contact each other directly at any time using open communication channels.

■ Communication between independent directors and the Chief Internal Auditor

Date	Key points of communication	Suggestions and feedback from independent directors	Execution progress
2025.05.09 Board of Directors pre-meeting	Amendment to the Company's internal control system and internal audit system	None	Passed review and reported in board of directors meeting afterwards
2025.11.11 Board of Directors pre-meeting	Amendment to the Company's internal control system and internal audit system	None	Passed review and reported in board of directors meeting afterwards

■ Summary of communications between independent directors and external auditors

Date	Key points of communication	Suggestions and feedback from independent directors	Execution progress
2025.03.07 Audit Committee pre-meeting	2024 parent company-only and consolidated financial statements	None	The CPAs reported on the financial statements and discussed with

			independent directors on relevant issues. The financial statements passed review and were presented to the board of directors afterwards.
2025.08.08 Audit Committee pre-meeting	2025 Q2 consolidated financial statements	None	The CPAs reported on the financial statements and discussed with independent directors on relevant issues. The financial statements passed review and were presented to the board of directors afterwards.
2025.11.11 Audit Committee pre-meeting	2025 Q3 consolidated financial statements	None	The CPAs reported on the financial statements and discussed with independent directors on relevant issues. The financial statements passed review and were presented to the board of directors

			afterwards.
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IV. Work focus of the Audit Committee:

- (I) Establishment or amendment of internal control system according to Article 14-1 of the Securities and Exchange Act.
- (II) Evaluation on the effectiveness of internal control system.
- (III) Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequences according to Article 36-1 of the Securities and Exchange Act.
- (IV) Matters concerning directors' personal interests.
- (V) Major transaction of assets or derivatives.
- (VI) Major lending, endorsement or guarantee to an external party.
- (VII) Offering, issuance, or private placement of securities with equity characteristics.
- (VIII) Appointment, dismissal, or compensation of financial statement auditors.
- (IX) Appointment and dismissal of finance, accounting, or internal audit officers.
- (X) Annual financial reports signed or sealed by Chairman, manager and chief accounting officer.
- (XI) Other issues deemed material by the Company or the authority.

2. Supervisors' involvement in Board of Directors meetings: Not applicable.

Note: The Company assembled its Audit Committee on August 27, 2021 that comprises the entirety of independent directors, and at the same time abolished the supervisor system.

(III) Deviation and causes of deviation from Corporate Governance Best Practice

Principles for TWSE/TPEX Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(I) The Company has established a "Corporate Governance Best Practice Principles", which is disclosed on the MOPS and the company website.	No material deviation is found
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	V		(I) The Company has implemented a spokesperson and acting spokesperson system, and engaged a stock transfer agent - "Capital Securities Corp." to handle shareholders' suggestions and disputes.	No material deviation is found
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Company and the stock transfer agent are regularly informed of the identities of the Company's major shareholders and the ultimate controller. Changes in the shareholding of insiders (including directors, managers, and shareholders with more than 10% ownership interest) are reported in a timely manner and in accordance with the Securities and Exchange Act. These practices help ensure stability of the management.	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) Except for major decisions made by the Board of Directors, all operational and managerial matters are independently managed by management of each subsidiary. All business activities are also conducted fairly and reasonably in accordance with established written procedures. In addition, “Rules Governing Financial and Business Matters Between Related Parties” were established to ensure the Company’s financial dealings with its related parties are conducted as normal course of business.	No material deviation is found
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(IV) The Company has established and disclosed on its website the “Ethical Corporate Management Best Practice Principles”, the “Business Integrity Procedures and Behavioral Guidelines”, the “Corporate Governance Best Practices,” the “Code of Ethics for Directors, Supervisors, and Managers”, and the “Internal Material Information Handling Procedures”. These documents specify confidentiality requirements for confidential and commercially sensitive information obtained in	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			the course of business by directors, managers, employees, and controlling shareholders. The Company annually provides training on relevant laws and regulations to prohibit insider trading using non-public information. Details regarding the implementation of educational training and outreach on ethical management and the prohibition of insider trading are provided in item 6 of "Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".	
<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Does the board of directors have a diversity policy and management goals that are duly enforced?</p>	V		(I) The composition of the Board of Directors is governed by the Company's Articles of Incorporation and implemented as such. Please refer to the "Information of directors" on pages 8 and 19 for details.	No material deviation is found
<p>(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</p>	V		(II) The Company's Board of Directors approved the establishment of a "Nomination Committee" and a "Risk Management Committee" on November 10, 2023, and a Sustainable Development Committee	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation, remuneration, and nomination decisions?	V		<p>on March 7, 2025. Remaining corporate governance operations are handled by the relevant divisions. Other functional committees may be established in the future as needed.</p> <p>(III) The Company adopted the “Board Performance Evaluation Policy” on March 27, 2020. Performance evaluations are conducted in the first quarter of each year, and the results are submitted to the Board of Directors for review. These results also serve as a reference for determining individual directors’ remuneration and nomination for reappointment. The results of the self-evaluation for 2025 were submitted to the Board of Directors on March 10, 2026.</p>	No material deviation is found.
(IV) Are external auditors' independence assessed on a regular basis?	V		<p>(IV) 1. In accordance with the Company’s “Assessment Procedures for CPA Independence and Suitability”, the Company regularly assesses the independence and competency of appointed CPAs, referencing audit quality indicators (AQIs), and reports its findings to the Board of Directors.</p> <p>2. The Company’s 2025 CPA independence and competency assessment was completed and approved by the Audit</p>	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Committee and the Board of Directors on November 11, 2025. For the assessment report, see Note 1.	
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholders' meetings, and preparation of board/shareholders' meeting minutes)	V		<p>On November 6, 2020, the board of directors passed a resolution to appoint the head of finance as the Company's Corporate Governance Officer. The candidate meets the regulatory requirements of having served managerial role in legal, financial, shareholder service, or corporate governance affairs in a public company for at least 3 years.</p> <p><u>Responsibilities of the Corporate Governance Officer are as follows:</u></p> <p>Execution of corporate governance tasks, including: organization of board of directors meetings and annual general meetings; preparation of board meeting and shareholder meeting minutes; change of company registration; regular review and amendment of the Company's Corporate Governance Code of Conduct; providing directors and members of the Audit Committee and Remuneration Committee with the information needed to perform duties; compliance; enhancement of information transparency; shareholders' protection; and enforcement of sound corporate governance practices.</p>	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		(I) Communication channels with stakeholders: 1. The Company has established a stakeholder relations section on its website, providing contact information for stakeholders. 2. The Company also provides a physical "Suggestion Box" for employees to submit feedback or complaints. (II) The Company has responded to stakeholder concerns through the above communication channels. Please see the Company's ESG report for details.	No material deviation is found.
VI. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	V		The Company has commissioned the professional shareholder service agent, "Capital Securities Corporation", to handle shareholder meetings and shareholder services.	No material deviation is found.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company has established Chinese and English websites to disclose its financial, business, and corporate governance information. Company website: http://www.shuang-bang.com	No material deviation is found.
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and	V		(II) The Company has appointed personnel to collect corporate information and handle disclosure and implemented the	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)? (III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		spokesperson system. (III) The Company completed financial statements and monthly operation numbers before deadlines but did not publish earlier.	No material deviation is found.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?	V		<ol style="list-style-type: none"> 1. Purchase of liability insurance for directors: Insurance coverage has been arranged to allow individual and cumulative claims up to NT\$150 million. 2. Employee rights: The Company protects employees' rightful interests in accordance with the Labor Standards Act. 3. Employee care: The Company provides employees with comprehensive benefits and training (such as group trips and health checkups), and places great emphasis on building mutual trust. 4. Investor relations: A spokesperson, acting spokesperson, and shareholder service unit have been designated to 	No material deviation is found.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>handle shareholders' suggestions.</p> <p>5. Supplier relations: The Company evaluates suppliers on a regular basis, and engages them in bilateral communication to maintain productive relationship.</p> <p>6. Stakeholders' rights: (1) The Company handles relationship with external parties and stakeholders through dedicated officers, email, and the stock transfer agent - "Capital Securities Corp." (2) The Company complies with rules and discloses financial, business, and corporate governance information on Market Observation Post System (http://www.newmops.tse.com.tw) and the corporate website (http://www.shuang-bang.com).</p> <p>7. Continuing education of directors: Please refer to the details on Directors' continuing education on pages 60–61.</p> <p>8. Risk management policies, practices, and risk assessment standards: The Company has implemented a "Risk Management Policy" to provide guidance over risk management and risk assessment practices.</p> <p>9. Execution of customer policy: The Company maintains strong and profitable relationship with all its customers.</p>	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>(1) The Company addressed deficiencies in corporate governance in 2025. An English version of the company website was created, including information on finance, business, and corporate governance; a Sustainable Development Committee was established to oversee sustainable development initiatives. Obtained third-party verification for the 2024 ESG report and uploaded the English version.</p> <p>(2) For items that have not yet been improved, please prioritize areas for enhancement and outline the corresponding measures: Improve unscored items in order of difficulty.</p>				

Note 1: Assessment of CPAs' independence

In accordance with the Company's "Assessment Procedures for CPA Independence and Suitability", Audit Quality Indicators (AQIs) provided by the CPAs were used to assess their independence and competence as follows. The relevant assessment information was reviewed by the Audit Committee and submitted to the Board of Directors for resolution on November 11, 2025.

1. CPA independence assessment form:

Item	Specific indicators	Assessment outcome	
		Yes	No
1	The CPAs and the Company have no direct or material indirect financial interest. (Whether they are stakeholders)	Yes	
2	The CPAs have no financing or guarantee arrangements with the Company or its directors. (Whether there is any conflict of interest)	Yes	
3	The CPA and members of the audit team do not hold, and have not held within the past two years, positions as directors or supervisors, managers, or any positions with a material impact on the Company's audit engagements. (Yes or no)	Yes	
4	The CPAs do not serve as the Company's legal counsel or represented the Company in resolving disputes with third parties. (Yes or no)	Yes	
5	The principal and deputy CPAs have served less than seven years in their positions. (Did they exceed this period)	Yes	

6	The CPAs do not have a close business relationship with the Company. (Yes or no)	Yes	
7	The CPAs have no potential employment relationship with the Company. (Yes or no)	Yes	
8	The CPAs have no contingent fees related to the audit case. (Yes or no)	Yes	
9	Whether the members of the audit team, other CPAs in joint practice, or partners, accounting firms, affiliated entities, and alliance firms maintained independence from the Company. (Yes or no)	Yes	
10	The independent auditors do not provide any non-audit services that directly impact material items in the Company's audit. (Yes or no)	Yes	
11	CPAs appointed to audit the Company's financial statements do not promote or broker the Company's stock or other securities. (Yes or no)	Yes	
12	The CPAs do not represent the Company in legal proceedings or other disputes with third parties. (Yes or no)	Yes	
13	The CPAs and members of the audit team have no familial relationships with the Company's directors, supervisors, managers, or individuals with a material influence over audit engagements. (Yes or no)	Yes	
14	The CPAs did not serve as a director, supervisor, manager, or hold any position with a significant impact on the Company's audit cases within one year of leaving their previous role. (Yes or no)	Yes	

2. CPA competency assessment form:

Item	Specific indicators	Assessment outcome	
		Yes	No
1	CPAs completed the Company's financial statements and audit reports on schedule. (Whether the financial statements were provided on time)	Yes	
2	Accuracy of statement audit and preparation for each period (excluding changes to company information). The four major statements (The financial statements issued have been certified as compliant with the latest Regulations Governing the Preparation of Financial Reports, Accounting Standards, and relevant directives from the competent authority)	Yes	

3	Whether CPAs interact frequently with company management, including internal auditors, and maintain records of those interactions? (Whether interaction is frequent and collaboration smooth)	Yes	
4	Do the auditors have appropriate interaction with the Audit Committee and maintain records of those interactions before finalizing the audit plan and issuing the audit opinion? (Whether communication regarding key audit matters and audit completion is communicated)	Yes	
5	Whether the CPAs provide proactive recommendations regarding the Company's systems and internal controls, and those recommendations documented, (Whether audit findings and recommendations communicated with internal auditors and relevant units)	Yes	
6	Annual tax returns and declarations are completed before the deadline in the following year. (Whether tax certifications and reports, and tax returns are provided on time)	Yes	
7	Assist with company tax planning. (Whether assistance with tax planning review and recommendations provided)	Yes	
8	Solutions for tax issues. (Assist the Company in responding to tax authority inquiries)	Yes	
9	Regularly and proactively update the Company on tax and securities regulations and amendments to IFRS accounting standards. (Provide suitable courses, including newly applicable IFRS standards.)	Yes	
10	Respond to and answer inquiries. (Whether the problem is addressed quickly)	Yes	
11	Facilitate communication and coordination with the supervising authority. (Whether questions from the competent authority answered promptly and appropriately)	Yes	

3. Independence and competency assessment form for Audit Quality Indicators (AQIs) for CPAs:

AQI index		Key measurement areas		Assessment outcome	Whether the competency requirements are met
Aspect 1: Professionalism	(1-1) Audit experience	Whether CPAs and auditors have sufficient audit experience to carry out the audit.	Office level	Yes	Yes
			Case level	Yes	Yes
	(1-2) Training hours	Whether CPAs and auditors receive sufficient annual education and training to maintain their professional knowledge and skills.	Office level	Yes	Yes
	(1-3) Turnover rate	Whether the firm has enough experienced personnel.	Office level	Yes	Yes
	(1-4) Professional support	Whether the firm has enough qualified personnel to support the audit team.	Office level	Yes	Yes
Aspect 2: Quality control	(2-1) Workload for CPAs	Whether the workload for accountants excessive.	Office level	No	Yes
			Case level	No	Yes
	(2-2) Audit involvement	Whether the audit team members are appropriately involved in each stage of the audit.	Office level	Yes	Yes
			Case level	Yes	Yes
	(2-3) Engagement quality control review (EQCR)	Whether EQCR CPAs devote sufficient hours to reviewing audit engagements?	Office level	Yes	Yes
			Case level	Yes	Yes
(2-4) QA support capability	Whether the firm have enough quality control staff to support the audit team.	Office level	Yes	Yes	
Aspect 3: Independence	(3-1) Non-audit fees	Impact of non-audit service fees on auditor independence.	Case level	No	Yes

	(3-2) Customer familiarity	The impact of the accumulated years a firm has certified annual financial statements on its independence.	Case level	No	Yes
Aspect 4: Supervision	(4-1) External inspection deficiencies and penalties	Whether the firm's quality control and audit engagements are implemented in accordance with relevant laws and regulations.	Office level	Yes	Yes
			Case level	Yes	Yes
	(4-2) Improvement from a notice by competent authority	Whether the firm's quality control and audit engagements are implemented in accordance with relevant laws and regulations.	Office level	Yes	Yes
			Case level	Yes	Yes
Aspect 5: Innovative capacity	(5-1) Innovative plans or proposals	The firm's commitment to improving audit quality includes fostering innovation and strategic planning within the firm.	Office level	Yes	Yes

Assessment outcome: Based on the above assessment, the Company's appointed CPAs have met the standards for independence and competence, and their ability to issue reliable financial statements has been confirmed.

Assessment Unit: Finance Department

Date of Audit Committee and Board of Directors' report: November 11, 2025

(IV) Disclose the composition and functioning of remuneration committee or nomination committee, if available:

1. Information of Remuneration Committee members

Status	Criteria Name	Professional qualification and experience	Independence criteria	Number of remuneration committee members concurrently serving on the boards of other public companies.
Independent Director (Convener)	Li-Ling Chen	Please refer to “I. Disclosure of professional qualifications of directors and independence of independent directors” on page 6.	Please refer to “I. Disclosure of professional qualifications of directors and independence of independent directors” on page 6.	2
Independent Director	Cheng-Feng Cheng	Please refer to “I. Disclosure of professional qualifications of directors and independence of independent directors” on page 6.	Please refer to “I. Disclosure of professional qualifications of directors and independence of independent directors” on page 6.	None
Independent Director	Hao-Chin Tsai	Please refer to “I. Disclosure of professional qualifications of directors and independence of independent directors” on page 6.	Please refer to “I. Disclosure of professional qualifications of directors and independence of independent directors” on page 6.	None

2. Duties of the Remuneration Committee

- (1) The Remuneration Committee exists to assist the board of directors in the execution and evaluation of the Company's overall compensation and welfare policies, as well as managers' compensation.
- (2) Please visit the corporate website for more details on the Remuneration Committee Charter.

3. Functionality of the Remuneration Committee

(1) The Company's Remuneration Committee has three members, all of whom are independent directors.

(2) Duration of service: from May 31, 2024 to May 30, 2027 (same as the current board of directors). The Remuneration Committee held 6 meetings (A) in the last year; details of members' eligibility and attendance are as follows:

Title	Name	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) (B/A)(Note)	Remarks
Convener	Li-Ling Chen	6	0	100%	
Committee member	Cheng-Feng Cheng	6	0	100%	
Committee member	Hao-Chin Tsai	6	0	100%	

Note: Calculated based on the number of Remuneration Committee meetings held and in-person attendance during active duty.

Other mandatory disclosures:

- (1) If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee: There were no instances in 2025 where the Board of Directors failed to adopt or amend the Remuneration Committee's recommendations.
- (2) If any member raised objection or expressed reservations to the resolution by Remuneration Committee and such opinions were on record or in writing, please describe the date and session of the Remuneration Committee meeting: No member expressed objection or reservation to any of the resolutions of the Remuneration Committee in 2025.

(3) Discussions and resolutions of Remuneration Committee and the Company's response to members' opinions:

Date of Remuneration Committee meeting	Motion details and subsequent actions taken
2025.01.07	1. Discussion of 2024 managers' performance appraisal and year-end bonus distribution
	2. Performance appraisal and year-end bonus distribution for the head of internal audit
	3. 2025 work plan for Remuneration Committee
	■Resolution: Passed unanimously by all attending members.

	<p>■Company's response to committee's opinions: Except for motion #1 where Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen had recused from discussion and voting due to the personal stakes involved for assuming concurrent position as CSO and Vice President, respectively, all motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.</p>
2025.02.25	1. 2024 remuneration to directors and employees
	2. Amendment of the Company's "Employee Remuneration Management Procedures" and definition of the scope of "grassroots employees" within the Company.
	<p>■Resolution: Passed unanimously by all attending members.</p> <p>■Company's response to committee's opinions: All motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.</p>
2025.04.10	1. Amendment to the Company's "Procedures for Remuneration to Directors and Managers"
	2. Details of 2024 employee remuneration to managers
	3. Distribution of 2024 and 2023 bonuses to managers.
	<p>■Resolution: Passed unanimously by all attending members.</p> <p>■Company's response to committee's opinions: Except for motions #2 and #3 where Chairman Chung-Tang Chang and Vice Chairman Ah-Ming Chen as CSO and Vice President, respectively, recused from discussion and voting due to the personal stakes involved, all motions were passed unanimously by attending directors as recommended by Remuneration Committee.</p>
2025.05.09	1. 2024 remuneration to directors
	■Resolution: Passed unanimously by all attending members.
	■Company's response to committee's opinions: All motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.
2025.06.12	2. Discussion of the Company's Performance Evaluation Management Procedures
	■Resolution: Passed unanimously by all attending members.
	■Company's response to committee's opinions: All motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.
2025.10.31	I. Review of the Management Department head's salary.
	■Resolution: Passed unanimously by all attending members.
	■Company's response to committee's opinions: All motions were passed unanimously as recommended by the Remuneration Committee without objection from attending directors.

2. Members of the Nomination Committee and its operations

(1) Qualifications for Nomination Committee members:

The Company's Nomination Committee is composed of independent directors Cheng-Feng Cheng, Li-Ling Chen, and Hao-Chin Tsai. All three members possess experience

in industry operations management and corporate governance, meeting the professional requirements of the committee.

(2) Duties of the Nomination Committee:

- A. Specify the standards of professional knowledge, skills, experience, gender and independence required for board members and senior managers, and search, review and nominate candidates for directors and senior managers accordingly.
- B. Construct and develop the organizational structure of the board and committees, conduct performance appraisal of the board, committees, directors and senior managers, and assess the independence of independent directors.

(3) The Nomination Committee members' professional qualifications and experience, and committee operations:

A. The Company's Nomination Committee comprises three members.

B. Term of office of the Nomination Committee: May 31, 2024 to May 30, 2028 (concurrent with the term of the current Board of Directors). In 2025, the Nomination Committee held a total of three meetings (A). Details regarding the members' professional qualifications and experience, attendance, and discussion topics are as follows:

Title	Name	Professional qualification and experience	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) (B/A) (Note)	Remarks
Convener	Hao-Chin Tsai	Please refer to page 7 for information regarding the directors and independent directors.	3	0	100	
Committee member	Li-Ling Chen		3	0	100	
Committee member	Cheng-Feng Cheng		3	0	100	

Note: Calculated based on the number of Nomination Committee meetings held and in-person attendance during active duty.

C. Discussions and resolutions of Nomination Committee and the Company's response to members' opinions:

Date of Nomination Committee meeting	Motion details and subsequent actions taken
2025.01.07	I. 2024 manager performance evaluation <ul style="list-style-type: none"> ■Resolution: Passed unanimously by all attending members. ■Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by the Nomination Committee.
2025.02.28	1. 2024 performance evaluation of the Board of Directors (including functional committees) 2. 2024 professional qualifications and independence of the Company's current independent directors. 3. Formulate the Company's "Sustainable Development Committee Charter" and revise the Company's organizational structure. <ul style="list-style-type: none"> ■Resolution: Passed unanimously by all attending members. ■Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by the Nomination Committee.
2025.10.31	1. Review of adjustment to the Management Department head. <ul style="list-style-type: none"> ■Resolution: Passed unanimously by all attending members. ■Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by the Nomination Committee.

3. Risk Management Committee members and operations

(1) Qualifications for Risk Management Committee members:

The Company's Risk Management Committee is composed of independent directors Cheng-Feng Cheng, Li-Ling Chen, and Hao-Chin Tsai. All three members possess experience in industry operations management and corporate governance, meeting the professional requirements of the committee.

(2) Duties of the Risk Management Committee:

- Review the risk management policies, procedures and framework, and review their applicability and implementation effectiveness on a regular basis.
- Determine risk appetite (risk tolerance) and guide resource allocation.
- Ensure that the risk management measures can adequately address the risks faced by the Company and are integrated into the daily operating procedures.
- Approval of risk management priorities and risk levels.

- Review the implementation of risk management, propose necessary improvements, and report them to the Board of Directors on a regular basis (at least once a year).
- Carry out the risk management decisions of the board.
- Coordinate cross-departmental interaction and communication for risk management operations.
- Implement risk management decisions of the Risk Management Committee.
- Plan risk management training to improve overall risk awareness and foster a risk-conscious culture.

(3) Risk Management Committee: Member qualifications, experience, and operations

A. The Company's Risk Management Committee has three members.

B. Term of office of the Nomination Committee: May 31, 2024 to May 30, 2028 (concurrent with the term of the current Board of Directors). In 2025, the Risk Management Committee held a total of one meeting (A). Details regarding the members' professional qualifications and experience, attendance, and discussion topics are as follows:

Title	Name	Professional qualification and experience	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) (B/A) (Note)	Remarks
Convener	Cheng-Feng Cheng	Please refer to page 7 for information regarding the directors and independent directors.	1	0	100	
Committee member	Hao-Chin Tsai		1	0	100	
Committee member	Li-Ling Chen		1	0	100	

Note: Calculated based on the number of Risk Management Committee meetings held and in-person attendance during active duty.

C. Discussions and resolutions of Risk Management Committee and the Company's response to members' opinions:

Date of Risk Committee meeting	Motion details and subsequent actions taken
2025.04.10	<p>The Company's risk management implementation.</p> <ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Risk Committee.

4. Operations of the Sustainability Development Committee

(1) The Company's Sustainable Development Committee comprises three members.

2. Term of office of the Committee: March 7 2025 to May 30, 2027 (concurrent with the term of the current Board of Directors). In 2025, the Sustainable Development Committee held a total of two meetings. Details regarding the members' professional qualifications and experience, attendance, and discussion topics are as follows:

Title	Name	Professional qualification and experience	No. of in-person attendance (B)	No. of proxy attendance	In-person attendance rate (%) (B/A) (Note)	Remarks
Convener	Chung-Tang Chang	Please refer to page 7 for information regarding the directors and independent directors.	2	0	100	
Committee member	Li-Ling Chen		2	0	100	
Committee member	Hao-Chin Tsai		2	0	100	

(Note) Note: Calculated based on the number of Sustainable Development Committee meetings held and in-person attendance during active duty.

3. Discussions and resolutions of Sustainable Development Committee and the Company's response to members' opinions:

Sustainability Development Committee date	Motion details and subsequent actions taken
2025.06.12	<p>1. The Company's 2024 sustainability achievements and stakeholder engagement</p> <ul style="list-style-type: none"> ■Resolution: Passed unanimously by all attending members. ■Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by the Sustainable Development Committee.
2025.08.08	<p>1. The Company's 2024 ESG Report</p> <ul style="list-style-type: none"> ■Resolution: Passed unanimously by all attending members. ■Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by the Sustainable Development Committee.

(V) Sustainable development practices; deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the board of directors and run by senior management, and how does the board supervise progress?	V		<p>1. The Company’s governance structure for sustainable development: Please refer to the Company’s ESG report.</p> <p>2. Implementation:</p> <p>(1) The Company established the “Corporate Social Responsibility Implementation Committee” in 2014. On November 10, 2021, the Board of Directors resolved to rename the committee the “Sustainable Development Committee”, making it the Company’s top-level internal decision-making body for sustainable development. To further enhance the organization and hierarchy supporting the Company’s sustainable development initiatives, the committee was upgraded to a functional committee of the Board of Directors on March 7, 2025.</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>(2) The Sustainable Development Committee is supported by a Sustainable Development Working Group, led by the President. Under the Committee, four task forces have been established – the Corporate Governance Taskforce, the Sustainable Environment Taskforce, the Social Responsibility Taskforce, and the Sustainable Information Disclosure Taskforce – to implement sustainable development initiatives and ensure the advancement of the Company’s related work. Each taskforce includes the highest-ranking officers from relevant departments.</p> <p>(3) Promotion of sustainable development outcomes – The Sustainable Development Committee is responsible for ESG target implementation, supervision, and management, and for preparing ESG reports to ensure organizational compliance with international ESG trends and regulations. A report on the Company’s sustainable development implementation outcomes was submitted to the Board of Directors on June 12, 2025.</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			3. Supervision by the Board of Directors: The Sustainable Development Department reports to the Board of Directors on the Company's sustainability issues and implementation results, and the Board of Directors provides guidance and suggests sustainable development plans. The Company's "2024 ESG Report" was approved by the Board of Directors on August 8, 2025, and published on the Company's website. The "2025 ESG Report" is expected to be released in May 2026.	
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	V		1. Boundary of risk assessment: The Company is the main boundary of risk assessment. Other subsidiaries have not been included in the scope of evaluation due to their small scale of operation. 2. The ESG Committee conducts analysis based on the principle of materiality of the ESG Report to communicate with internal and external stakeholders, and reviews the evaluation data of various segments to evaluate the materiality of ESG issues, formulate risk management policies for effective identification, measurement,	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			monitoring and control and take specific action plans to reduce the impact of related risks. Please refer to section 2.8, Risk Management, in the ESG Report for information on identifying material issues and related risk management policies and strategies.	
<p>III. Environmental issues</p> <p>(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?</p>	V		<p>(I) The Company has established the "Environmental Management Policies," which describe targets and concrete plans for green innovative technologies. In addition, both of the Company's Plant 1 and Plant 2 have been certified to ISO 14001:2015 through external audits of their environmental management systems. Environmental management performance is tracked continuously each year, with certification valid from January 23, 2025 to January 23, 2028. The Company actively reduces carbon emissions and publicly discloses this information in the ESG section of its corporate website.</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Is the Company committed to improving energy efficiency and using renewable materials with a lower environmental impact?	V		(II) In the early years, the Company's energy sources included electricity, natural gas, heavy fuel oil, and coal. Since 2020, we have been progressively transitioning from coal to biofuels (primary solid biofuels) to reduce our reliance on petrochemical fuels and support clean renewable energy. We completely ceased the use of coal in April 2023. The Company has continued to implement energy-saving improvement plans. By phasing out older equipment and optimizing processes, the Company saved a total of 964.5862 GJ of energy consumption in 2025. Details are disclosed in the Company's ESG Report, section 4.2 Energy Management. To enhance quality, protect the environment, maintain the ecological balance, and promote material recycling, the Company regularly undergoes external verification and audits to minimize its environmental and social impact throughout the production	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>process. Some products have passed environmental standards such as REACH, RoHS® , OEKO-TEX® , bluesign® , and GRS. We are also actively developing new water-based environmentally friendly products to reduce their impact on the environment.</p> <p>Details are disclosed in the company's ESG Report, section 4.7, "Green Production".</p>	
(III) Has the Company assessed potential risks and opportunities associated with climate change, both currently and in the future, and taken corresponding measures?	V		(III) The Company has established the "Environmental Management Policy" in accordance with the "Taiwan 2050 Net Zero Emission" policy issued by the National Development Council and the requirements of the Financial Supervisory Commission, and implemented management and preventive measures in advance through risk assessments. At the same time, the Company will continue to promote the use of low-carbon fuels in production to reduce the effect of climate change. The details of which are disclosed in the Company's ESG report.	No material deviation is found
(IV) Does the Company maintain statistics on GHG emission, water usage, and total waste volume in the last two	V		(IV) The Company has actively responded to global climate change challenges by committing to reduce GHG emissions and strengthen environmental sustainability management. In 2023, the Company	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary description																
years, and implement policies aimed at GHG, water and waste?			<p>adopted ISO 14064-1:2018 for organizational-level GHG emissions accounting and developed a “Greenhouse Gas Inventory Management Procedure”. Through clear roles and responsibilities and internal management mechanisms, the Company regularly inventories and discloses GHG emissions from the Yongxing Plant, Renhe Plant, Nangang Plant, Taipei Office, and employee dormitories. Furthermore, a third-party independent verification agency conducts an annual verification of these emissions every year.</p> <p style="text-align: right;">Unit of GHG emissions: tCO₂e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>8,467.6397</td> <td>10,066.2229</td> <td>33,923.6296</td> <td>52,457.4922</td> </tr> <tr> <td>2025</td> <td>7,900.4355</td> <td>9,729.9183</td> <td>45,351.3640</td> <td>62,981.7178</td> </tr> </tbody> </table> <p>Note 1: GHG emissions for 2023 were verified by AFNOR (Association Française de Normalisation); GHG emissions for 2024 were verified by LRQA (Lloyd's Register Quality Assurance) Taiwan Branch. Verification of GHG emissions for 2025 is expected to be completed by August 2026.</p>		Scope 1	Scope 2	Scope 3	Total	2024	8,467.6397	10,066.2229	33,923.6296	52,457.4922	2025	7,900.4355	9,729.9183	45,351.3640	62,981.7178	
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			<p>Note 2: Due to limitations in the capacity and scheduling of third-party verification, the aforementioned GHG emission estimates are subject to revision following verification and will be updated in the ESG Report or on the official website if changes occur.</p> <p>Water Usage: The Company's primary water needs are for purification and replacement in the production process. In 2025, with business growth and the phased development of solvent recovery and aqueous resin processes at the Renhe Plant, total water intake increased by 5.10% compared to 2024 levels.</p> <p style="text-align: center;">Water withdrawal unit: million liters</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #c6e0b4;">Water source</th> <th style="background-color: #c6e0b4;">2024</th> <th style="background-color: #c6e0b4;">2025</th> </tr> </thead> <tbody> <tr> <td>Groundwater</td> <td style="text-align: center;">90.631</td> <td style="text-align: center;">82.101</td> </tr> <tr> <td>Third-party water</td> <td style="text-align: center;">29.289</td> <td style="text-align: center;">43.767</td> </tr> <tr> <td>Total water withdrawal</td> <td style="text-align: center;">119.92</td> <td style="text-align: center;">125.868</td> </tr> </tbody> </table> <p>Note 1: Third-party water is defined as tap water and excludes surface water, seawater, and produced water.</p>	Water source	2024	2025	Groundwater	90.631	82.101	Third-party water	29.289	43.767	Total water withdrawal	119.92	125.868	
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			<p>Note 2: Water use intensity = Total water intake / Company revenue.</p> <p>Waste: The Company achieves waste control and reduction through waste minimization, segregated management, and recycling efforts.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3">Unit of waste quantity: tons</th> </tr> <tr> <th>Year</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>General industrial waste</td> <td>12,765.6000</td> <td>1,832.0600</td> </tr> <tr> <td>Hazardous industrial waste</td> <td>241.1000</td> <td>12,140.3880</td> </tr> <tr> <td>Total</td> <td>13,006.7000</td> <td>13,972.4480</td> </tr> </tbody> </table>	Unit of waste quantity: tons			Year	2024	2025	General industrial waste	12,765.6000	1,832.0600	Hazardous industrial waste	241.1000	12,140.3880	Total	13,006.7000	13,972.4480	
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<p>IV. Social issues</p> <p>(I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?</p>	V		<p>(I) The Company adheres to the principles and spirit outlined in international human rights conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organization, and the Convention on the Rights of the Child. The Company bases its human rights policies and related internal regulations on applicable local laws and regulations.</p>	No material deviation is found															

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>To demonstrate its commitment to respecting human rights, the Company has established and announced several human rights-related policies, including the "Measures for Human Rights Management", the "Sexual Harassment Prevention and Control Procedures", and the "Personnel Investigation Procedures". These policies, ratified by the chairman, serve as guiding principles for the Company's human rights governance.</p> <p>Meanwhile, the Company has drafted a human rights due diligence process, referencing international human rights standards and best practices from other companies. This process aims to identify human rights issues relevant to the Company and establish mitigation and remediation measures to prevent and address potential impacts.</p> <p>The Company respects and supports international human rights principles and is committed to equal opportunity in recruitment, regardless of ethnicity, skin color, social class, nationality, or disability. We strictly prohibit the employment of child labor and forced labor, and any other practices that violate human rights. We collaborate with our value chain partners—including all employees, suppliers, customers, and</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies										
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			<p>collaborators—to implement human rights protections, as detailed in the following policies:</p> <table border="1"> <thead> <tr> <th>Policy</th> <th>content</th> </tr> </thead> <tbody> <tr> <td>Human Rights Policy</td> <td>Establish the Company’s human rights policy, including its scope, commitments and principles, policy adherence, and key human rights issue management practices.</td> </tr> <tr> <td>Sustainable Development Best Practice Principles</td> <td>Develop practical compliance measures addressing economic, environmental, and social considerations to advance sustainable development goals.</td> </tr> <tr> <td>Ethical Corporate Management Best Practice Principles</td> <td>Develop standards of ethical conduct, including preventing conflicts of interest, maintaining confidentiality, and ensuring fair dealing, to serve as guidelines for stakeholders.</td> </tr> <tr> <td>Supplier Code of Conduct</td> <td>Divided into five key areas—labor practices, health and safety, environmental responsibility, business ethics, and management systems—the supply chain is required to comply with these standards and adhere to the laws and regulations of the countries and regions in which it operates.</td> </tr> </tbody> </table>	Policy	content	Human Rights Policy	Establish the Company’s human rights policy, including its scope, commitments and principles, policy adherence, and key human rights issue management practices.	Sustainable Development Best Practice Principles	Develop practical compliance measures addressing economic, environmental, and social considerations to advance sustainable development goals.	Ethical Corporate Management Best Practice Principles	Develop standards of ethical conduct, including preventing conflicts of interest, maintaining confidentiality, and ensuring fair dealing, to serve as guidelines for stakeholders.	Supplier Code of Conduct	Divided into five key areas—labor practices, health and safety, environmental responsibility, business ethics, and management systems—the supply chain is required to comply with these standards and adhere to the laws and regulations of the countries and regions in which it operates.	
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Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Please refer to the Company's official website and section 2.7, Human Rights Protection, in the ESG report for details on our human rights policies.	
(II) Has the Company developed and implemented reasonable employee welfare measures(including compensation, leave of absence, and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		<p>(II) The Company has developed and implemented reasonable employee welfare measures, and takes the initiative to reflect business performance and outcome in employees' compensations:</p> <p><u>Employee remuneration:</u> The Company's production bonus system allocates a certain percentage of its monthly pre-tax profit to all employees. This allocation is determined based on monthly performance evaluations, and is intended to motivate all employees to work towards the Company's goals. Employee bonuses are allocated according to the Company's Articles of Incorporation, and have been set at 5% to 10% of annual profit. At least 50% of the total bonus amount is distributed to grassroots employees.</p> <p><u>Employee welfare measures:</u> This includes employee remuneration, workplace diversity and inclusion, time off, various allowances and benefits, and subsidies.</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>The Company complies with all applicable labor laws and regulations, and employee rights are legally protected. For further details, please refer to “V. Labor-management relations under Five Operational Overview” of the annual report and section 5.2 Employee Rights in the Company’s ESG report.</p> <p><u>Workplace diversity and equality</u>: The Company strives to provide equal pay for equal work and ensure fair promotion opportunities for males and females, and thereby contribute to sustainable and inclusive growth of the economy. In 2025, the average percentage of women employees was 25.53%, and the percentage of women in management positions was 21.88%.</p> <p><u>Remuneration that reflects performance</u>: The Company participates in market salary surveys each year and adjusts compensation in line with market level, economic trends, and individual performance to maintain competitiveness in the labor market.</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		<p>(III)The Company is committed to providing a safe work environment for workers, and regularly conducts annual work environment inspections, makes improvements for areas with potential public safety hazards, and strengthens occupational safety and health education and training for employees, further establishing a safe and comfortable work environment.</p> <p>1.In order to protect the safety of workers and prevent the occurrence of occupational disasters, the Company has established the Occupational Safety and Health Management Committee to stipulate the Labor Safety and Health Work Rules and has reported it to the Nantou County Government for approval.</p> <p>2.The company has established management procedures for emergency response measures.</p> <p>3.In accordance with the Occupational Safety and Health Act and the Labor Safety and Health Work Rules, we carry out health examinations of everyone once a year and employees are notified by doctors of the examination results.</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary description																
			<p>4. In accordance with the “Labor Health Protection Rules”, the Company’s Yongxing Plant and Renhe Plant are classified as Category 1 business units (employing between 100 and 199 workers). To ensure all workers have access to comprehensive occupational health services and to promote employee well-being – physically, psychologically, and socially – the Company conducts on-site health services with medical personnel as required by law.</p> <table border="1"> <thead> <tr> <th colspan="3">On-site service frequency</th> <th colspan="2">Health consultation and advice</th> </tr> <tr> <th>Occupational physician</th> <th>Physician</th> <th>Nurse</th> <th>No. of people/times</th> <th>Content of consultation</th> </tr> </thead> <tbody> <tr> <td>3 times/year</td> <td>1 times/year</td> <td>4 times/month</td> <td>426 times</td> <td>Human factors; workload; abnormal health examination results (hypertension, hyperglycemia, hyperlipidemia); specialized</td> </tr> </tbody> </table>	On-site service frequency			Health consultation and advice		Occupational physician	Physician	Nurse	No. of people/times	Content of consultation	3 times/year	1 times/year	4 times/month	426 times	Human factors; workload; abnormal health examination results (hypertension, hyperglycemia, hyperlipidemia); specialized	
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	Yes	No	Summary description		
			<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> health examination guidance; maternal health protection; health consultation; middle-aged and senior employees; new hire health assessments; and return-to-work programs. </div> <p>5. According to the law, new hires and in-service workers shall undergo safety and health education and training before changing jobs. For general workers, on-the-job safety and health education and training shall be conducted once a year, and 3-hour fire safety training shall be conducted twice a year.</p> <p>The Company has established fire safety management guidelines, and no fire accidents occurred in 2025.</p>		

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies									
	Yes	No	Summary description										
			<p align="center"><u>Company's recent occupational safety performance – statistics</u> <u>employee disability injuries:</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Fatal accidents</th> <th>Disabling accidents</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>Male: 0, Female: 0</td> <td>Male: 0, Female: 0</td> </tr> <tr> <td>2025</td> <td>Male: 0, Female: 0</td> <td>Male: 0, Female: 0</td> </tr> </tbody> </table>	Year	Fatal accidents	Disabling accidents	2024	Male: 0, Female: 0	Male: 0, Female: 0	2025	Male: 0, Female: 0	Male: 0, Female: 0	
Year	Fatal accidents	Disabling accidents											
2024	Male: 0, Female: 0	Male: 0, Female: 0											
2025	Male: 0, Female: 0	Male: 0, Female: 0											
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	V		<p>(IV) The Company values the importance of employee training and development, which cover two major areas, new employee training and professional skill training. Through systematic teaching of professional knowledge and techniques, important skills can be passed on to new employees. In addition, we have external courses or external lecturers to improve the skills which employees need for their development.</p> <p>Please refer to page 91 for the 2025 statistics on employee continuing education and training.</p>	No material deviation is found									

<p>(V) Has the Company complied with the relevant regulations and international standards and formulated policies for protection of consumers and clients' rights and interests and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?</p>	<p>V</p>	<p>(V) The Company strives to improve customer satisfaction and reputation, establish long-term partnerships with customers, and comply with international standards and relevant laws and regulations to ensure product quality and protect customer health and safety.</p> <p>We value the importance of customer privacy and have signed confidentiality agreements with a number of multinational companies. So far, we have not received any complaints from customers about infringement of customer privacy or loss of customer information. In 2025, the Company had no violations of product labeling-related regulations or fines, and no incidents of customer privacy damage or leak. In order to protect the health and safety of customers, the Company clearly labels products according to the GHS (Global Harmonization System) specifications, provides customers with accurate and clear SDS (Safety Data Sheets) and prevents the use of hazardous substances in products. Therefore, before we collaborate with our suppliers, they are required to sign a letter of commitment to integrity, and we conduct supplier evaluations on a regular basis to ensure that suppliers comply with relevant standards.</p>	<p>No material deviation is found</p>
<p>(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health, or</p>	<p>V</p>	<p>(VI) The Company has included "Environment safety and health" in the supplier on-site evaluation form. The Company would consider suspending or terminating business relationship if on-site evaluation identifies violation of ESG policy and a significant impact to the</p>	<p>No material deviation is found</p>

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
work rights/human rights issues, and tracked suppliers' performance on a regular basis?			environment and the society. No such situation was found in the 2025 supplier evaluation.	
V. Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?	V		We prepare and publish ESG reports regularly and in accordance with Global Reporting Initiative (GRI) standards and the Procedures for Preparation and Filing of Sustainability Reports by TPEX Listed Companies, to disclose the measures for and information about sustainable development. Please visit the sustainable development section of the Company's website (http://www.shuang-bang.com) and Market Observation Post System for details.	No material deviation is found
<p>VI. If the Company has established its own sustainable development code of conduct in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any differences in operation compared to the established code of conduct.</p> <p>The Company has established its own "Sustainable Development Best Practice Principles" that operates in alignment with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".</p>				

Promotion Items	Execution progress			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>VII. Other important information for facilitating the understanding of sustainability and its implementation:</p> <p>(I) Employees' rights and care to employees: Please refer to section "V. Labor-management relations" in "Four. Operational Overview" (pages 90-92) for details.</p> <p>(II) Human rights: The Company never hires child labor, and has implemented its own Work Rules and organizes labor-management meetings in accordance with Act of Gender Equality in Employment and the Employment Services Act. Business Integrity Procedures and Behavioral Guidelines have also been created to serve as guidance.</p> <p>(III) Work-life balance: The Company allows employees to take unpaid parental leaves as required by laws, and offers family care leave, parental leave, menstruation leave, breastfeeding break, nursery room etc. to cater for employees' needs. Not only are employees encouraged to take leave of absence, the Company even subsidizes trips and organizes regular health checkups.</p> <p>(IV) The Company has purchased liability insurance for directors and managers.</p>				

(Table 2-2-3) Climate-related information of publicly traded and OTC companies

Item	Execution progress										
<p>1. Describe board and management supervision and governance of climate-related risks and opportunities.</p>	<p>To address the uncertainties of climate change and proactively manage potential impacts, the Company has integrated climate change-related risks into its “Risk Management Policy and Procedures”. The Board of Directors serves as the highest governance body for climate issues, overseeing the effective operation of climate-related risk management. A Risk Management Committee—comprised of three independent directors—operates under the Board to ensure climate-related risks and opportunities are aligned with the Company’s operations. Supporting this committee is a risk management task force composed of senior management, which implements climate-related response mechanisms.</p>										
<p>2. Describe how the identified climate risks and opportunities will affect the Company's business, strategy and finances (short, intermediate and long-term).</p>	<p>The Company—referencing the framework of Taskforce on Climate-related Financial Disclosures (TCFD)—has its risk management team regularly collect potential and actual impacts of climate-related risks and opportunities annually. The Company defines the short term as within three years, the medium term as three to six years, and the long term as over six years to assess potential timelines for impact. In 2025, following issue collection and risk assessment procedures, the Company consolidated five transition risks, five physical risks, and ten opportunities.</p> <table border="1" data-bbox="595 850 2143 1252"> <thead> <tr> <th data-bbox="595 850 846 933">Risks and opportunities</th> <th data-bbox="846 850 1171 933">Risk factors</th> <th data-bbox="1171 850 1267 933">Risk levels</th> <th data-bbox="1267 850 1666 933">Operational and financial effects (-/+)</th> <th data-bbox="1666 850 2143 933">Response strategy</th> </tr> </thead> <tbody> <tr> <td data-bbox="595 933 846 1252"> <p>Transition risks</p> </td> <td data-bbox="846 933 1171 1252"> <p>Regulatory and carbon pricing risks (policy pressure)</p> </td> <td data-bbox="1171 933 1267 1252"> <p>High</p> </td> <td data-bbox="1267 933 1666 1252"> <ul style="list-style-type: none"> – Increased operating costs: Carbon taxes and stricter emission standards will increase compliance costs for the enterprise. – Declined profit margins: If the Company is unable to pass on costs to consumers, its profits will be directly affected. </td> <td data-bbox="1666 933 2143 1252"> <p>Investment in equipment and technology: Improve energy efficiency and reduce carbon emissions.</p> <p>Strengthening of compliance management: Establish a dedicated team to monitor policy changes and ensure company compliance with the latest regulations.</p> </td> </tr> </tbody> </table>	Risks and opportunities	Risk factors	Risk levels	Operational and financial effects (-/+)	Response strategy	<p>Transition risks</p>	<p>Regulatory and carbon pricing risks (policy pressure)</p>	<p>High</p>	<ul style="list-style-type: none"> – Increased operating costs: Carbon taxes and stricter emission standards will increase compliance costs for the enterprise. – Declined profit margins: If the Company is unable to pass on costs to consumers, its profits will be directly affected. 	<p>Investment in equipment and technology: Improve energy efficiency and reduce carbon emissions.</p> <p>Strengthening of compliance management: Establish a dedicated team to monitor policy changes and ensure company compliance with the latest regulations.</p>
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Item	Execution progress				
		Changes in market demand and the pressure to transition to a low-carbon economy	High	<ul style="list-style-type: none"> - Declined market share: Failure to promptly adjust products to meet market demand resulted in customer loss. - Declined revenue: Reduced sales volume directly impacts revenue. 	<p>Development of green products: Launch environmentally friendly products that meet customer needs.</p> <p>Enhancement of market research: Regularly survey customer preferences and quickly adapt product strategies.</p>
		Disruptions to the energy supply chain and raw material shortages	High	<ul style="list-style-type: none"> - Rising production costs: Raw material shortages will drive up costs. - Production delays: Supply disruptions will lead to delayed deliveries, impacting customer satisfaction. 	<p>Diversified supply chain: Identify alternative suppliers to reduce dependence on a single source.</p> <p>Development of an emergency response plan: establish corresponding measures to address supply disruptions.</p>
	Physical risk	Rising average temperatures and heat waves	Medium	<ul style="list-style-type: none"> - Rising energy costs: Increased cooling demand will lead to higher power costs. - Reduced productivity: High temperatures could lower employee performance. 	<p>Optimizing the cooling system: Improve equipment energy efficiency and reduce energy consumption.</p> <p>Heatwave response plan: Ensure employee safety and health in high-heat environments.</p>
		Increased frequency and intensity of extreme weather events.	Medium	<ul style="list-style-type: none"> - Decline production: Extreme weather could halt factory operations and impact output. - Increased insurance costs: Insurance premiums may increase as risks rise. 	<p>Contingency planning: Develop contingency plans to address extreme weather and ensure business continuity.</p> <p>Strengthening of infrastructure: Invest in flood defenses and typhoon resilience.</p>
	Opportunity	Disaster prevention and emergency response systems	High	<ul style="list-style-type: none"> +Loss reduction: Effective emergency systems will reduce disaster losses. 	<p>Establishment of emergency plans: Develop detailed emergency plans.</p> <p>Emergency drills: Regularly practice disaster response drills to enhance preparedness.</p>

Item	Execution progress			
	Sustainable supply chain development		+Improved production recovery capability: Quick response can minimize downtime.	Assessment of supplier sustainability: Select suppliers that meet sustainability standards.
		High	+ Reduction of supply chain risks: Supply chain transparency can reduce risks. +Improvement of company image: Sustainable supply chain management can attract more customers.	
3. Describe the financial impact caused by extreme climate events and transition actions.	The financial impacts from extreme climate events (floods, increase in average temperature) and transition actions (energy and greenhouse gas regulations, increase in greenhouse gas emission costs, and impact on corporate image) are as described in Item 2 above.			
4. Describe how the identification, assessment and management processes of climate risks are integrated into the overall risk management system.	<p>The Risk Management Committee under the Board of Directors is the highest organization for "climate change" management and climate change-related issues are included in the scope of goals and performance management; the Risk Management team is responsible for identifying and inventorying climate change risks and opportunities and carrying out identification and management to enhance corporate resilience and grasp market opportunities.</p> <p>Through the participation of the Board of Directors and senior management, we have supported and established a risk management unit to incorporate risk management awareness into daily decision-making and business activities to form a comprehensive enterprise risk management.</p> <p>It covers five major elements: risk identification, risk analysis, risk assessment, risk response and risk monitoring and review mechanism.</p> <p><u>I. Risk Identification</u></p>			

Item	Execution progress
	<p>The sources and types of risks mainly include strategic risks, operating risks, financial risks, information risks, compliance risks, ethics risks and other emerging risks (risks related to climate change or infectious diseases).</p> <p>Each operating unit should identify risks based on the Company's short-term, intermediate-term and long-term goals and business duties. Risk identification should adopt various feasible analysis tools and methods. Through analysis and discussion, fully identify the risk events that may cause the Company to fail to achieve its goals, cause losses or cause negative impacts to the Company.</p> <p><u>II. Risk analysis</u></p> <p>Each operating unit understands the nature and characteristics of the identified risk events and assesses the probability and degree of impact through qualitative and quantitative methods in order to understand the impact of risks on the Company.</p> <p><u>III. Risk assessment</u></p> <p>Based on the results of risk analysis, each operating unit evaluates the degree of impact on the Company and decides which risk events need to be prioritized.</p> <p><u>IV. Risk response</u></p> <p>After assessing and summarizing the risks, it is advisable that each operating unit take appropriate response measures for the risks faced.</p> <p>The risk response measures can be adopted in the following ways:</p> <ol style="list-style-type: none"> (1) Risk avoidance: Adopting measures to avoid various activities that may cause risks. (2) Risk reduction: Measures are taken to reduce the impact or the possibility of occurrence of a risk. (3) Risk allocation: Part or all of the risk is borne by other means by way of transfer.

Item	Execution progress																																								
	(4) Risk acceptance: No action will be taken to change the likelihood and impact of a risk.																																								
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions and analysis factors used and significant financial impacts should be explained.	<p>The Company selected the climate change models SSP 1-2.6 and SSP 5-8.5 as the basis for future scenario simulations and forecasts. For the Taiwan region where the Company operates, the models identified potential climate change impacts on the market, technology, finance, and operations. Assuming both a low-emission scenario (SSP1-2.6) and a high-emission scenario (SSP5-8.5)—representing aggressive carbon reduction and a lack of carbon reduction efforts—a scenario analysis was conducted on the three most significant transformation risks and the two most significant physical risks to evaluate potential impacts and resilience capabilities. This assessment will inform the Company’s future impact adaptation planning.</p> <table border="1" data-bbox="595 719 2145 1334"> <thead> <tr> <th data-bbox="595 719 752 775">Type</th> <th data-bbox="752 719 969 775">Transition risks</th> <th data-bbox="969 719 1149 775">Transition risks</th> <th data-bbox="1149 719 1323 775">Transition risks</th> <th data-bbox="1323 719 1487 775">Physical risk</th> <th colspan="2" data-bbox="1487 719 2145 775">Physical risk</th> </tr> </thead> <tbody> <tr> <td data-bbox="595 775 752 975">Risks</td> <td data-bbox="752 775 969 975">Regulatory and carbon pricing risks Policy pressure</td> <td data-bbox="969 775 1149 975">Changes in market demand and the pressure to transition to a low-carbon economy</td> <td data-bbox="1149 775 1323 975">Disruptions to the energy supply chain and raw material shortages</td> <td data-bbox="1323 775 1487 975">Rising average temperatures and heat waves</td> <td colspan="2" data-bbox="1487 775 2145 975">Increased frequency and intensity of extreme weather events.</td> </tr> <tr> <td data-bbox="595 975 752 1225">Key assumptions</td> <td colspan="3" data-bbox="752 975 1323 1225">According to Taiwan’s current policy planning, climate-related policies in the jurisdiction of the operation continued to follow the "2050 Net Zero Emission Path" and complied with Appendix 1, "Industry-Specific Reduction Rates", of the "Greenhouse Gas Reduction Target Designation for Carbon Levy Subjects", which stipulated that the GHG annual emission reduction rate for other industries in 2030 was 42% relative to the 2021 baseline. (Note 1)</td> <td colspan="3" data-bbox="1323 975 2145 1225">Impact of national or regional variables: According to official reports, such as the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform and national meteorological observations, climate models indicate that the length of summer has increased from approximately 130 days to 155-210 days. Additionally, the maximum consecutive days without rainfall and the number of days with high temperatures above 36°C have also increased. (Note 2)</td> </tr> <tr> <td data-bbox="595 1225 752 1281">Selection scenarios</td> <td colspan="3" data-bbox="752 1225 1323 1281">2050 net zero emissions scenario</td> <td colspan="3" data-bbox="1323 1225 2145 1281">SSP 1-2.6 (low-emission), and SSP 5-8.5 (high-emission)</td> </tr> <tr> <td data-bbox="595 1281 752 1334">Time interval</td> <td colspan="6" data-bbox="752 1281 2145 1334">2025–2050</td> </tr> </tbody> </table>						Type	Transition risks	Transition risks	Transition risks	Physical risk	Physical risk		Risks	Regulatory and carbon pricing risks Policy pressure	Changes in market demand and the pressure to transition to a low-carbon economy	Disruptions to the energy supply chain and raw material shortages	Rising average temperatures and heat waves	Increased frequency and intensity of extreme weather events.		Key assumptions	According to Taiwan’s current policy planning, climate-related policies in the jurisdiction of the operation continued to follow the "2050 Net Zero Emission Path" and complied with Appendix 1, "Industry-Specific Reduction Rates", of the "Greenhouse Gas Reduction Target Designation for Carbon Levy Subjects", which stipulated that the GHG annual emission reduction rate for other industries in 2030 was 42% relative to the 2021 baseline. (Note 1)			Impact of national or regional variables: According to official reports, such as the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform and national meteorological observations, climate models indicate that the length of summer has increased from approximately 130 days to 155-210 days. Additionally, the maximum consecutive days without rainfall and the number of days with high temperatures above 36°C have also increased. (Note 2)			Selection scenarios	2050 net zero emissions scenario			SSP 1-2.6 (low-emission), and SSP 5-8.5 (high-emission)			Time interval	2025–2050					
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Item	Execution progress	
	Analysis scope	Main Operations (Taiwan)
	Impacts and resilience	<p>Evaluation of impact: Under the 2050 net-zero emission scenario, the Company faces potential risks of increased operating costs in the mid- to long-term due to GHG emission controls and carbon taxes. As for shifts in customer product selection criteria, the risks were relatively higher in the short and medium term due to the rise of sustainable practices and growing environmental awareness in recent years. However, these risks have potentially lowered over the long term as the green market matured.</p> <p>Resilience: The Company actively invests in the research and development of low-carbon and circular products. Moreover, we have also begun procuring products or equipment with green circular certification. The Sustainable Development Committee meets quarterly to discuss and track analysis results and develop appropriate responses.</p> <p>Assessment of impact: According to the scenario analysis, the Company experienced no significant impact under the low emission scenario (SSP1-2.6). However, some plants may experience high temperature power rationing, drought water rationing, or high temperature work stoppages in the long term under the high emission scenario (SSP5-8.5).</p> <p>Resilience: The Company's Sustainable Development Committee meets quarterly to discuss and analyze results, and develops strategies to address them.</p>
6. If there is a transition plan to manage climate-related risks, explain the content of the plan and the indicators and goals used to identify and manage physical risks and transition risks.	The Company has no transition plan for managing climate-related risks	
7. If internal carbon pricing is used as a planning tool, the basis	The Company has not implemented internal carbon pricing	

Item	Execution progress
for setting the price should be explained.	
<p>8. If there are climate-related goals set, the activities, scope of greenhouse gas emissions, planning schedule, annual progress and other information covered should be explained. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be exchanged or the quantity of renewable energy certificates (RECs)</p>	<p>The Company has set 2024 as its base year for GHG emissions and has regularly collected carbon emissions data annually according to its “Greenhouse Gas Inventory Management Procedure”. Third-party verification ensures the accuracy of the Company's GHG emissions, and we have set a carbon reduction target for 2030 by implementing process improvements, equipment upgrades, and energy structure optimization initiatives.</p>

Item	Execution progress
should be explained.	
<p>9. Status of GHG inventory and assurance and the reduction goals, strategy and specific action plans are to be filled in 1-1 and 1-2 separately).</p> <p>According to the "Sustainable Development Roadmap of TWSE/TPEX Listed Companies" published by the Financial Supervisory Commission in March 2022, the Company has a paid-in capital of less than NTD 5 billion, so the standalone company (i.e., the parent company) should Inventory the GHG in the third phase (that is, the inventory will be completed in 2026 and the verification will be completed in 2028).</p>	

1-1 GHG inventory and assurance in the last 2 years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/million NT\$) and data coverage of greenhouse gases in the past two years.

Emissions (tCO ₂ e), intensity (tCO ₂ e per NT\$1 million)					
Scope	Scope	Emissions		Density	
		2024	2025	2024	2025
Parent company	Scope 1	8,467.6397	7,900.4355	4.7403	4.4648
	Scope 2	10,066.2229	9,729.9183	5.6352	5.4987
	Scope 3	33,923.6296	45,351.3640	18.9910	25.6297
	Total GHG emissions	52,457.4922	62,981.7178	29.3665	35.5932

Note 1: GHG emissions for 2024 were verified by LRQA (Lloyd's Register Quality Assurance) Taiwan Branch. Verification of GHG emissions for 2025 is expected to be completed by August 2026.

Note 2: Due to limitations in the capacity and scheduling of the third-party verification unit, the above GHG emission estimates are subject to change following third-party verification and will be updated in the ESG Report or on the official website as needed.

1-1-2 Greenhouse gas assurance information

Describe the status of assurance in the last 2 years as of the date of publication of the annual report, including the scope of assurance, body of assurance, standards of assurance and opinions of assurance.

Unit of GHG emissions: tCO_{2e}

Note 1: GHG emissions for 2023 were verified by AFNOR (Association Française de Normalisation); GHG emissions for 2024 were verified by LRQA (Lloyd's Register Quality Assurance) Taiwan Branch. Verification of GHG emissions for 2025 is expected to be completed by August 2026.

Note 2: Due to limitations in the capacity and scheduling of the third-party verification unit, the above GHG emission estimates are subject to change following third-party verification and will be updated in the ESG Report or on the official website as needed.

Scope of assurance performed		2023 Emissions (tCO2e)	2024 Emissions (tCO2e)
The Company	Scope 1	8,717.6643	8,467.6397
	Scope 2	8,857.7022	10,066.2229
	Scope 3	Not inventoried	33,923.6296
	Total	17,575.3665	52,457.4922
	As a percentage of the inventory disclosed in 1-1-1	100%	100.00%
Verification body		AFNOR	LRQA Taiwan Branch
Verification details		ISO 14064-1:2018 reasonable assurance	ISO 14064-1:2018 reasonable assurance
Verification findings/conclusions		Unqualified opinion	Unqualified opinion

Note 1: GHG emissions for 2023 were verified by AFNOR (Association Française de Normalisation); GHG emissions for 2024 were verified by LRQA (Lloyd's Register Quality Assurance) Taiwan Branch. Verification of GHG emissions for 2025 is expected to be completed by August 2026.

Note 2: Due to limitations in the capacity and scheduling of the third-party verification unit, the above GHG emission estimates are subject to change following third-party verification and will be updated in the ESG Report or on the official website as needed.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of reduction goals.

Considering the Company’s current process characteristics, capacity utilization, and the completion of many existing energy-saving improvements in recent years, the potential for further short-term carbon reduction is limited. To ensure the feasibility and implementability of its reduction targets, the Company has established 2024 GHG emissions as the base year and adjusted its 2030 reduction target to 3%. The Company will continue to develop mid- and long-term plans for process improvement, equipment replacement, and energy structure optimization to gradually expand carbon reduction results and demonstrate a long-term commitment to addressing climate change.

GHG reduction targets

Short-term (2026)	Mid-term (2027)	Long-term (2030)
GHG emissions decreased by 0.5% compared to the previous year.	GHG emissions decreased by 0.5% compared to the previous year.	GHG emissions decreased by 3% compared to the base year of 2024.

2025 GHG reduction strategy

Concrete action planning

Replace high-energy-consumption equipment	<ul style="list-style-type: none"> (1) Continue to inventory high-energy-consumption equipment in the plants and gradually replace older, less efficient models with more energy-efficient ones. (2) Equipment upgrades should prioritize improvements to energy-intensive processes and utilities.
Introduction of high-efficiency motors and variable frequency drives	<ul style="list-style-type: none"> (1) High-efficiency motors and variable frequency control systems are being gradually introduced to adjust operating conditions based on actual equipment load and reduce unnecessary energy consumption. (2) For motor-driven equipment, employ high-efficiency motors with variable

	frequency drives to prevent prolonged operation at full load or in an idle state.
Optimization of process operating conditions	<p>(1) Enhance energy monitoring and management by regularly compiling and analyzing electricity consumption data to understand energy use across all units, providing a foundation for energy-saving improvements and informed management decisions.</p> <p>(2) Establish an energy monitoring and management system to track energy use in real time, identify unusual consumption patterns promptly, and continuously implement improvement measures.</p>
Improvement of equipment maintenance and operating efficiency	<p>(1) Regularly maintain and inspect equipment to ensure proper maintenance and prevent energy waste due to efficiency loss.</p> <p>(2) Enhance equipment maintenance management and operating condition checks to enhance equipment efficiency and reduce unplanned energy consumption.</p>
Promotion of employee energy conservation awareness and electricity management	<p>(1) Internal communication and training programs enhance employee awareness of energy conservation and encourage responsible electricity management in daily operations.</p> <p>(2) Encourage employee energy conservation through behavioral management, integrating electricity usage guidelines and awareness campaigns to foster collective participation in energy-saving initiatives.</p>

(VI) Enforcement of business integrity, and deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>I. Establishment of integrity policies and solutions</p> <p>(I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the Board of Directors and the senior management committed to fulfilling this commitment?</p> <p>(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best</p>	V		<p>(I) The Company has established "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and Behavioral Guidelines" that requires all employees to abide by government laws and regulations and uphold integrity and fairness while performing business for the Company. Board members and the management, too, recognize integrity as the ultimate principle when managing businesses.</p> <p>(II) The Company has identified in Business Integrity Procedures and Behavioral Guidelines the operating activities where unethical behavior are more likely and has established relevant operational rules. The Company has put in place a clause on recusal by directors due to conflict of interest in Rules of Procedure</p>	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?</p>	V		<p>for Board Meetings. Employee Handbook also strictly prohibits the request or offer of monies, goods or other improper benefits.</p> <p>(III) The Company describes in Business Integrity Procedures and Behavioral Guidelines its procedures, rewards and disciplinary actions, whistleblowing and recording of violations of code of conduct by covering measures to prevent the following dishonest behavior:</p> <ul style="list-style-type: none"> (1) Offer or receipt of improper gains (2) Offer or promise of facilitation payments (3) Offer of illegal political donations (4) Charity donations or sponsorships (5) Infringement of trade secrets, trademarks, patents, copyrights and other intellectual properties (6) Unfair competition (7) Products/services damaging to stakeholders (8) Insider trading 	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>II. Enforcement of business integrity</p> <p>(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the Company have a unit that specializes in business integrity? Does this unit report make regular reports (at least once a year) to the board of directors regarding the implementation of business integrity policy and execution of preventions against dishonest conducts?</p>	V		<p>(I) Pursuant to “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behavioral Guidelines”, the Company will cease all business dealing with any counterparty that exhibits dishonest conduct and will blacklist the counterparty in question in order to enforce the Company's business integrity policy.</p> <p>(II) The Administrative Department is tasked with the responsibility to communicate and execute the Company's business integrity policies. The department makes regular reports (at least once a year) to the board of directors on the misconducts discovered, how they are handled, and the improvement measures taken. The most recent report was made to the Board of Directors on November 11, 2025.</p>	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(III) The Company sets out in “Business Integrity Procedures and Behavioral Guidelines” the regulations governing recusal due to conflict of interest, to prevent personnel from making decisions not in conformity with the Company’s code of conduct. If employees violate relevant rules, investigation units and decision-making managers will give those concerned an ample opportunity to make statements before the Company imposes formal disciplinary actions.	
(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity?Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment,and to audit employees' compliance with various preventions against dishonest conduct?	V		(IV) The Company has implemented an internal audit system and plans internal audit activities in advance. The internal audit team carries out audit activities according to plan and may arrange ad-hoc audits under special circumstances.	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(V) In 2025, the Company organized a total of eight training sessions on ethics with 568 person/times in participation. In addition to formal internal training and education, the Company often reminds employees the importance of business ethics during meetings and reiterates that code of conduct is the Company's core regulations. The Company's business philosophy is integrity, quality, innovation and sharing. Integrity lies at the heart of the Company's business philosophy.	
<p>III. Whistleblowing system</p> <p>(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?</p>	V		<p>(I) Employees are able to report dishonest conducts using either the "opinion box" or the "dedicated e-mail"; all misconduct reports are handled by dedicated personnel of the Administrative Department.</p> <p>Management Department: sbi_mgmt@sbinet.com.tw Or mail to: No. 3, Yongxing Road, Nantou City, 540. Management Department</p>	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported misconducts?	V		(II) The Company has implemented an "Employee Grievance and Response Policy" that outlines the standard procedures and confidentiality measures to be followed in an investigation. Any relevant documents and information are considered confidential, and all personnel involved will be responsible for maintaining secrecy of the entire process.	
(III) Has the Company provided proper whistleblower protection?	V		(III) The Company specifies its commitment to whistleblowers at its corporate website and in "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and Behavioral Guidelines" to protect whistleblowers from improper treatment due to whistleblowing.	
IV. Enhanced information disclosure Has the Company disclosed its integrity principles and progress onto its website and MOPS?	V		The Company's "Ethical Corporate Management Best Practice Principles" and "Business Integrity Procedures and Behavioral Guidelines" are fully disclosed on its corporate website and via Market Observation Post System. The implementation of	No material deviation is found

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			business code of conduct is disclosed on the company website.	
<p>V. If the Company has established its own guidelines on ethical corporate management according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the functioning of its own guidelines and the difference: The Company has established its own “Ethical Corporate Management Best Practice Principles”, its functioning is not different from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>				
<p>VI. Other information relevant to understanding the Company's business integrity: (e.g. review of business integrity principles) Anchored on the business philosophy of integrity, quality, innovation and sharing, the Company has established policies centered on ethics and a robust corporate governance and risk control mechanism. The purpose is to create a sustainable business environment and be accountable to investors, customers, suppliers and the society. The Company has established a website and a mailbox for complaining and whistleblowing. Employees may submit complaints or whistleblowing online if they have identified any matter in violation of code of conduct or damaging to the corporate reputation. Meanwhile, the Company has long-standing cooperation with vendors and business partners. Contracts are signed and relevant personnel is involved to maintain the long-term cooperative ties.</p>				

2. Other information material to the understanding of corporate governance within the Company:

1.2025 continuing education of directors

Title	Name	Date of training	Date of training	Organizer	Course name	Training hours
		From	To			
Director	Chung-Tang Chang	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Director	Ah-Ming Chen	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Director	Ken-Chen Chen	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Director	Ho-Pin Lin	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Director	Hsi-Neng Hsieh	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Director	Cheng-Yen Liang	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Independent Director	Li-Ling Chen	2025.02.18	2025.02.20	National Federation of Certified Public Accountants Associations of the Republic of China	ISO 14064-1:2018 Greenhouse Gas Inventory Standard Lead Verifier Training Course	24
		2025.09.03	2025.09.03		Estate Tax: A Comprehensive Guide to Theory and Practice	3
Independent Director	Cheng-Feng Cheng	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Independent Director	Hao-Chin Tsai	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3

2.2025 continuing education of managers

Title	Name	Date of training	Date of training	Organizer	Course name	Training hours
		From	To			
Director	Chung-Tang Chang	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Director	Ah-Ming Chen	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
President	Yu-Chuan Hsu	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Vice President	Min-Chu Lin	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Assistant Vice President	Chun-Han Li	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Assistant Vice President	Tang-Yuan Chiu	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3
Assistant Vice President	Chien-Chung Ko	2025.11.11	2025.11.11	Taiwan Corporate Governance Association	Bank Financing Challenges and Potential Financial Crises Faced by Enterprises During Innovation and Transformation, and Countermeasures in Light of Tariff Implications	3
					Corporate Governance Trends and Responses in Light of Sustainable Development Action Plans	3

3.2025 continuing education of corporate governance officer

Name	Date	Organizer	Name of course/lecture	Time
Vice President of Finance Department/Corporate Governance Officer Min-Chu Lin	2025.09.11	Accounting Research and Development Foundation	Promoting Corporate Sustainability Through Risk Management	6
	2025.09.25	Accounting Research and Development Foundation	Workshop on Sustainability Information Preparation and Reporting Practices	6

4.2025 business implementation status of corporate governance officer

- (1) Handle matters relating to Board meetings and shareholders meetings in compliance with law.
- (2) Prepare minutes of the board meetings and shareholders meetings.
- (3) Provide the Board of Directors with relevant corporate governance laws and regulations, and update this information regularly.
- (4) Arrange training for board members.
- (5) Provide directors with the data needed to perform their duties.
- (6) Assist directors in complying with laws and regulations.
- (7) Evaluate the purchase of directors and officers liability insurance.
- (8) Arrange meetings for independent directors to communicate with accountants or the head of internal audit.

3. The implementation status of the internal control system should disclose the following:

1. Statement of Internal Controls

For the Statement of Internal Controls, please refer to the MOPS website under “Corporate Governance/Company Regulations/Internal Control/Statement of Internal Controls”. Website: <https://mops.twse.com.tw/mops/#/web/t06sg20>

2. It is necessary to disclose the review report issued by CPAs if CPAs are appointed to review the internal control system: none

4. Key resolutions of shareholders' meetings or Board of Directors meetings in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report:

1. Major resolutions adopted at the most recent shareholders' meeting and the execution progress.

Date	Major resolutions	Execution progress
2025.06.12 AGM	I. Acknowledgment of the Company's 2024 business report and financial statements.	Resolution passed
	II. Acknowledgment of the Company's 2024 earnings distribution.	July 29, 2025 was the distribution record date. August 20, 2025 was the distribution date. To distribute cash dividends at NT\$0.8 per share

2. Key resolutions of the Board of Directors in the most recent year up to the publication date of the annual report

Date	Major resolutions
2025.01.16	I. Discussion of 2024 managers' performance appraisal and year-end bonus distribution.
	II. Performance appraisal and year-end bonus distribution for the head of internal audit.
	III. The Company's 2025 business plan and budget.
2025.03.07	I. The Company's 2024 internal control system effectiveness review and statement on internal control
	II. Discussion of 2024 remuneration to directors and employees.
	III. The Company's 2024 financial statements and business report
	IV. The Company's 2024 earnings distribution.

Date	Major resolutions
	<p>V. Formulate the Company's "Sustainable Development Committee Charter" and revise the Company's organizational structure.</p> <p>VI. Appointment of the members of the 1st session of Nomination Committee.</p> <p>VII. Amendments to the Company's "Articles of Incorporation"</p> <p>VIII. Amendment of the Company's "Employee Remuneration Management Procedures" and definition of the scope of "grassroots employees" within the Company.</p> <p>IX. Amendments to the Company's "Corporate Governance Code of Conduct"</p> <p>X. Amendments to the Company's "Shareholder Conference Rules"</p> <p>XI. Set the date, time, place and other related matters of the 2025 shareholders' meeting.</p> <p>XII. Matters related to handling shareholder proposals from holders of more than 1% of shares.</p>
2025.05.09	<p>I. Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2025.</p> <p>II. Amendments to the Company's "Board of Directors Conference Rules"</p> <p>III. Amendment to the Company's "Audit Committee Charter".</p> <p>IV. Amendment to the Company's "Procedures for Remuneration to Directors and Managers"</p> <p>V. Discussion of the 2024 employee remuneration to managers.</p> <p>VI. Discussion of bonuses for managers.</p> <p>VII. Amendment to the internal control and internal audit system of the Company</p> <p>VIII. Purchase of directors' liability insurance by the Company</p>
2025.06.12	<p>I. Discussion of 2024 remuneration to directors</p> <p>II. To apply for a short-term credit line from Taiwan Business Bank.</p>
2025.08.08	<p>I. Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2025.</p> <p>II. To apply for an intermediate-term credit loan from Bank of Taiwan.</p> <p>III. Discussion of the Company's Performance Evaluation Management Procedures.</p> <p>IV. The Company's 2024 ESG Report.</p>

Date	Major resolutions
2025.11.11	<ul style="list-style-type: none"> I. Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2025. II. The Company’s acquisition of right-of-use assets from a related party III. Assessment of CPA independence and competency IV. CPA appointment and remuneration for 2026 V. Pre-approval of the Company’s non-assurance services and its independence assessment for 2026. VI. Amendment to the Company's internal control system and internal audit system. VII. The Company's 2026 audit plan. VIII. Review of adjustment to the Management Department head. IX. Review of the salary for the new management department head. X. Expected renewal of the Company’s credit facilities with banks for 2026.
2026.02.06	<ul style="list-style-type: none"> I. Discussion of 2025 managers' performance appraisal and year-end bonus distribution. II. Performance appraisal and year-end bonus distribution for the head of internal audit. III. The Company’s 2026 business plan and budget.
2026.03.10	<ul style="list-style-type: none"> I. The Company's 2025 internal control system effectiveness review and statement on internal control. II. Discussion of 2025 remuneration to employees and directors. III. The Company's 2025 financial statements and business report. IV. The Company's 2025 earnings distribution. V. Formulation of the Company's “Personal Data Protection and Management Policy”. VI. Set the date, time, place and other related matters of the 2026 shareholders' meeting VII. Approved measures to handle proposals from shareholders who have more than 1% of shareholding.

1. In the most recent year and up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a key resolution passed by the board and the dissenting opinion has been recorded or prepared as a written declaration: none.

IV. Disclosure of audit remuneration

Unit: NTD thousands

Name of accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
Weyong International CPAs & Co.	Chun-Chen Ko	2025.01.01~ 2025.12.31	2,500	513	3,013	None
	Hui-Fen Lin					

Note: The total amount for payroll verification, changes to company registration, sustainability consulting, and assurance fees for 2025 was NT\$513 thousand.

(I) Any change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fees before and after the change and the cause of such change: None.

(II) Any reduction in audit fee by more than 10% compared to the previous year; state the amount, percentage, and reason of such variation: None.

V. Change of CPAs:

None.

VI. Any of the Company's Chairman, President, or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company in the most recent year

None.

VII. Details of shares transferred or pledged by directors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report

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

Unit: shares

Title	Name	2025		2026 up to April 7	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman and CSO	Chung-Tang Chang	-	-	-	-
Vice Chairman and Vice President	Ah-Ming Chen	1,090,000	2,000,000	-	-
Director	Hsi-Neng Hsieh	-	-	-	-
Director	Ken-Chen Chen	-	-	-	-
Director	Ho-Pin Lin	-	-	-	-
Director	Uei-Want Industrial Co., Ltd. Representative: Cheng-Yen Liang	-	-	-	-
Independent Director	Li-Ling Chen	-	-	-	-
Independent Director	Hao-Chin Tsai	-	-	-	-
Independent Director	Cheng-Feng Cheng	-	-	-	-

Title	Name	2025		2026 up to April 7	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
President	Yu-Chuan Hsu	-	-	-	-
Vice President and Head of Finance and Accounting Corporate Governance Officer	Min-Chu Lin	-	-	-	-
Assistant Vice President	Chun-Han Li	-	-	-	-
Assistant Vice President	Chien-Chung Ko	-	-	-	-
Assistant Vice President	Tang-Yuan Chiu	-	-	-	-

(II) Transfer of shareholding: None.

(III) Pledge of shareholding: None.

VIII. Information on top ten shareholders and their mutual relationship

April 7, 2026; Unit: shares

Name	Shares held in own name		Shareholding of spouse and underage children		Shares held in the names of others		Names and relationships of top-10 shareholders characterized as spouse or relative of second degree or closer		Remarks
	No. of shares	Shareholding percentage (%)	No. of shares	Shareholding percentage (%)	No. of shares	Shareholding percentage (%)	Name	Relationship	
Chung-Tang Chang	6,700,207	8.14	1,000,871	1.22	-	-	Tzu-Jung Chang Chia-Ying Chang	First and second degree relatives	-
Ah-Ming Chen	6,088,802	7.39	2,524,897	3.07	227,000	0.28	Mei-Ching Liu San-Che Chen	Spouse 2nd-degree relative	-
Ho-Pin Lin	2,622,121	3.18	509,196	0.62	-	-	-	-	-
Mei-Ching Liu	2,524,897	3.07	6,088,802	7.39	-	-	Ah-Ming Chen San-Che Chen	Spouse Relative by affinity	-
Uei-Want Industrial Co., Ltd.	2,500,000	3.04	-	-	-	-	-	-	-
Uei-Want Industrial Co., Ltd. Representative: Cheng-Yen Liang	-	-	-	-	-	-	-	-	-
Guang-Rong Investment Co., Ltd.	2,424,363	2.94	-	-	-	-	-	-	-
Guang-Rong Investment Co., Ltd. Representative: Chia-Ying Chang	1,566,222	1.90	-	-	2,424,363	2.94	Chung-Tang Chang	1st-degree relative	-
San-Che Chen	2,101,197	2.55	384,212	0.47	-	-	Ah-Ming Chen Mei-Ching Liu	2nd-degree relative Relative by affinity	-
Tzu-Jung Chang	2,090,370	2.54	-	-	-	-	Chung-Tang Chang	2nd-degree relative	-
Li-Chang Chen	2,015,000	2.45	-	-	-	-	-	-	-
Chuang Hung-Nien	1,676,157	2.04	542,359	0.66	-	-	-	-	-

IX. Investments jointly held by the Company, the Company's directors, managers, and enterprises directly or indirectly controlled by the Company; disclose shareholding in aggregate of the above parties

April 7, 2026; Unit: thousand shares; %

Business investments (Note 1)	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage
Miracle Textile Industry Co., Ltd.	2,225	44.50%	-	-	2,225	44.50%

Note 1: Investments that the Company has accounted using the equity method.

Three. Fundraising Overview

I. Capital and outstanding shares

(I) Source of capital

1. Change of share capital in the most recent year and up until the publication date of annual report

Unit: thousand shares; NTD thousands

Year/Month	Issue price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid in properties other than cash	Others
1989.11	10	8,000	80,000	8,000	80,000	Initial share capital	None	-
1991.08	10	10,400	104,000	10,400	104,000	Cash issue NT\$24,000,000	None	-
1998.10	10	17,000	170,000	17,000	170,000	Cash issue NT\$66,000,000	None	-
1999.12	10	27,000	270,000	27,000	270,000	Cash issue NT\$45,600,000 Capitalization of earnings NT\$6,800,000 Capitalization of capital reserves NT\$47,600,000	None	Note 1
2000.06	17	50,000	500,000	34,659	346,590	Cash issue NT\$45,000,000	None	Note 2
	10					Capitalization of earnings NT\$31,590,000		
2001.06	10	50,000	500,000	40,551	405,510	Capitalization of earnings NT\$58,920,000	None	Note 3
2001.09	12.5	50,000	500,000	44,606	446,061	Cash issue NT\$40,551,000	None	Note 4
2002.07	10	50,000	500,000	49,067	490,667	Capitalization of earnings NT\$16,370,000 Capitalization of capital reserves NT\$28,236,000	None	Note 5
2004.11	10	50,000	500,000	40,634	406,336	Capital reduction against losses NT\$84,332,000	None	Note 6
2006.07	10	50,000	500,000	41,971	419,711	Capitalization of capital reserves NT\$13,375,000	None	Note 7
2008.10	10	50,000	500,000	43,650	436,499	Capitalization of earnings NT\$16,788,000	None	Note 8
2009.06	10	70,000	700,000	51,650	516,499	Cash issue NT\$80,000,000	None	Note 9
2010.08	10	70,000	700,000	53,716	537,159	Capitalization of earnings NT\$20,660,000	None	Note 10

Year/Month	Issue price	Authorized capital		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital	Paid in properties other than cash	Others
2011.05	15.5	70,000	700,000	60,432	604,319	Cash issue NT\$67,160,000	None	Note 11
2011.11	10	100,000	1,000,000	62,849	628,492	Capitalization of earnings NT\$24,173,000	None	Note 12
2012.09	10	100,000	1,000,000	64,106	641,062	Capitalization of capital reserves NT\$12,570,000	None	Note 13
2014.08	10	100,000	1,000,000	65,388	653,883	Capitalization of earnings NT\$12,821,000	None	Note 14
2015.05	10	100,000	1,000,000	67,350	673,500	Capitalization of earnings NT\$19,616,000	None	Note 15
2015.06	10	100,000	1,000,000	75,350	753,500	Cash issue NT\$80,000,000	None	Note 16
2016.06	10	100,000	1,000,000	76,857	768,570	Capitalization of earnings NT\$15,070,000	None	Note 17
2017.06	10	100,000	1,000,000	78,394	783,941	Capitalization of earnings NT\$15,371,000	None	Note 18
2018.06	10	100,000	1,000,000	80,746	807,459	Capitalization of earnings NT\$23,518,000	None	Note 19
2019.06	10	120,000	1,200,000	82,361	823,608	Capitalization of earnings NT\$16,149,000	None	Note 20

Date, approval reference, and amount of capital increase for years 1999-2002, 2004, 2006, 2008-2012, and 2014:

Note 1: Increased NT\$100,000,000 of share capital in 10,000,000 shares (NT\$45,600,000 from cash, NT\$6,800,000 from earnings, and NT\$47,600,000 from capital reserves) under the approval of Correspondence No. (88)-Tai-Tsai-Cheng-(I)-107263 dated December 21, 1999.

Note 2: Increased NT\$76,590,000 of share capital in 7,659,000 shares (NT\$45,000,000 from cash and NT\$31,590,000 from earnings) under the approval of Correspondence No. (89)-Tai-Tsai-Cheng-(I)-50311 dated June 12, 2000.

Note 3: Increased NT\$58,920,000 of paid-up capital in 5,892,000 shares (NT\$58,920,000 from earnings) under the approval of Correspondence No. (90)-Tai-Tsai-Cheng-(I)-144739 dated July 13, 2001.

Note 4: Increased NT\$40,551,000 of share capital in 4,055,000 shares (NT\$40,551,000 from cash) under the approval of Correspondence No. (90)-Tai-Tsai-Cheng-(I)-160993 dated October 3, 2001.

Note 5: Increased NT\$44,606,000 of share capital in 4,461,000 shares (NT\$16,370,000 from earnings and NT\$28,236,000 from capital reserves) under the approval of Correspondence No. Tai-Tsai-Cheng-I-0911041591 dated July 25, 2002.

Note 6: Reduced NT\$84,332,000 of share capital in 8,433,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0930147634 dated November 2, 2004.

Note 7: Increased NT\$13,375,000 of share capital in 1,337,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0950122738 dated June 6, 2006.

Note 8: Capitalized NT\$16,788,000 of earnings in 1,679,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0970040325 dated August 8, 2008.

- Note 9: Made cash issue of NT\$80,000,000 in 8,000,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-I-0980010790 dated March 20, 2009.
- Note 10: Capitalized NT\$20,660,000 of earnings in 2,066,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-0990042107 dated August 11, 2010.
- Note 11: Made cash issue of NT\$67,160,000 in 6,716,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1000010915 dated March 25, 2011.
- Note 12: Capitalized NT\$24,173,000 of earnings in 2,417,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1000036268 dated August 4, 2011.
- Note 13: Capitalized NT\$12,570,000 of capital reserves in 1,257,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1010035928 dated August 15, 2012.
- Note 14: Capitalized NT\$12,821,000 of earnings in 1,282,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1030025112 dated July 2, 2014.
- Note 15: Capitalized NT\$19,616,000 of earnings in 1,962,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1040014635 dated April 29, 2015.
- Note 16: Made cash issue of NT\$80,000,000 in 8,000,000 shares under the approval of Correspondence No. Jin-Guan-Zheng-Fa-1040014634 dated May 7, 2015
- Note 17: Capitalized NT\$15,070,000 of earnings in 1,507,000 shares on June 24, 2016.
- Note 18: Capitalized NT\$15,371,000 of earnings in 1,537,000 shares on June 19, 2017.
- Note 19: Capitalized NT\$23,518,000 of earnings in 2,352,000 shares on July 13, 2018.
- Note 20: Capitalized NT\$16,149,000 of earnings in 1,615,000 shares on June 28, 2019.

2. Share categories:

Share categories	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered	82,360,826	37,639,174	120,000,000	TPEX listed

(II) List of major shareholders

April 7, 2026

Shareholding Name of major shareholder	Shares held	Shareholding percentage
Chung-Tang Chang	6,700,207	8.14%
Ah-Ming Chen	6,088,802	7.39%
Ho-Pin Lin	2,622,121	3.18%
Mei-Ching Liu	2,524,897	3.07%
Uei-Want Industrial Co., Ltd.	2,500,000	3.04%
Guang-Rong Investment Co., Ltd.	2,424,363	2.94%
San-Che Chen	2,101,197	2.55%
Tzu-Jung Chang	2,090,370	2.54%
Li-Chang Chen	2,015,000	2.45%
Chuang Hung-Nien	1,676,157	2.04%

(III) Dividend policy and execution

1. Dividend policy

According to Article 30-1 of the Articles of Incorporation, earnings concluded from a year are to be allocated in the following order:

- (1) Taxation
- (2) Compensation of losses
- (3) 10% provision for legal reserve
- (4) Provision for special reserve as deemed necessary

The remainder plus undistributed earnings carried from previous years and current year's adjustments may be distributed at board of directors' proposal. Distribution of earnings that involves issuance of new shares is subject to resolution in a shareholder meeting.

Any cash distribution of dividend, profit, legal reserve, or capital reserve, whether in whole or in part, may be resolved in a board meeting with more than two-

thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

The Company is currently in a stage of consistent growth, and after taking into consideration shareholders' interests and the organization's financial position and long-term prospects, no more than 90% of distributable earnings shall be paid out as dividends, with cash dividends amounting to no less than 10% of total dividends.

2. Dividend distribution resolved by the board of directors in the current year

On March 10, 2026, the Company's Board of Directors approved the distribution of NT\$85,360,826 (NT\$1.0 per share) as cash dividends from the 2025 distributable profits.

(IV) Impacts of proposed stock dividends on the Company's business performance and earnings per share: Not applicable as no stock dividend was proposed.

(V) Remuneration to employees and directors

1. Percentage or range of employee and director remuneration stated in the Articles of Incorporation

According to Article 30 of the Articles of Incorporation, the Company shall allocate 5%-10% of current year's profits as employee remuneration, and may allocate no more than 3% of profit as director remuneration. However, profits must first be taken to offset against cumulative losses if any.

An amount no less than 50% of the remuneration of employees described in preceding paragraph shall be appropriated as the remuneration of entry-level employees.

The annual profit mentioned in the above Paragraph shall refer to pre-tax profit before employees' and directors' remuneration in the current year. The remuneration of employees may be made in the form of shares or cash, and the subjects for receiving the shares or cash may include employees of controlling or subordinate companies satisfying certain criteria.

Distribution of employee/director remuneration is subject to resolution in a board meeting with more than two-thirds of the board present, and voted in favor by more than half of all attending directors. This decision must also be reported in shareholder meeting.

2. Basis of calculation for employee/director remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

The Company estimated employee remuneration payable for 2025 at NT\$7,300,000 and director remuneration payable at NT\$3,130,000. These amounts were estimated based on profit distribution from the year's results. The estimated amounts of employee remuneration and director remuneration were recognized either as operating cost or operating expense for the given period; should the board

of directors resolve a different amount on a later date, the difference will be adjusted to profit or loss in the year the decision is made.

3. Remuneration passed by the board of directors

- (1) Amount of employee and director remuneration paid in cash or shares; disclose the amount, causes and treatment of any differences between the amount paid and the amount estimated in the year the expense was recognized

On March 10, 2026, the Board of Directors approved the distribution of cash remuneration for 2025 to employees at NT\$7,300,000 and to directors at NT\$3,130,000.

- (2) Sum and percentage of employee remuneration paid in shares, relative to net income and total employee remuneration shown in current separate and standalone financial statements: Not applicable.

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

On March 7, 2025, the Board of Directors approved the distribution of cash remuneration for 2024 to employees at a total of NT\$5,800,000 and to directors at a total of NT\$2,160,000. These amounts are consistent with the recognized expenses in 2024 for employee remuneration and director remuneration.

The actual amount of 2024 director remuneration paid was the same as the amount resolved by the board meeting and the amounts previously recognized.

(VI) Buyback of company shares: None.

II. Corporate bonds (including offshore corporate bonds)

None.

III. Preferred shares

None.

IV. Issuance of global depository receipts

None.

V. Employee warrants

None.

VI. Employee restricted shares

None.

VII. New shares issued for merger or acquisition

None.

VIII. Progress on planned use of capital

(I) Plan details

Uncompleted securities offering or private securities placement or any capital plans completed in the last three years that have yet to yield the desired outcome: None.

(II) Execution progress: None.

Four. Operational Overview

I. Business activities

(I) Scope of business

1. Principal business activities

- (1) Manufacturing, processing, and trading of PU resin for footwear, PU resin for dry-processed and wet-processed synthetic leather, and various forms of synthetic resin.
- (2) Manufacturing, processing, and trading of industrial adhesives and trading of related auxiliaries.
- (3) Coating, lamination, processing, and trading of breathable waterproof fabrics and PU for synthetic leather.
- (4) Manufacturing and trading of curing agents.
- (5) Trading of photoinitiator and chemical products.
- (6) Manufacturing and trading of plastics.
- (7) Trading of the materials mentioned above.
- (8) Import, export, and trading of the abovementioned products.

2. Main products and weight

Unit: NTD thousands

Main products		2024		2025	
		Net operating	Percentage of	Net operating	Percentage of
Coating and lamination		1,006,767	52.77%	961,439	51.27%
Polymer	Resins (including	197,905	10.37%	206,947	11.03%
	Curing agents	389,607	20.42%	390,093	20.80%
	Photoinitiator	64,589	3.39%	80,632	4.30%
TPU		200,874	10.53%	236,332	12.60%
Others		48,097	2.52%	0	0.00%
Total		1,907,839	100.00%	1,875,443	100.00%

3. Current products of the Company

The Company currently offers products in four categories, namely coating and lamination, resins, and special chemicals. Below is a description of the different product categories and the current state of industry:

Main product categories		Main purpose or function
Coating and lamination		Lamination and breathable, waterproof coating of footwear, handbag, garment, PU for synthetic leather, and TPU film
Polymer	Resin	PU resin for dry/wet processed synthetic leather, PU resin for footwear, resin for PU elastomer, breathable and waterproof resin, water-based PU resin
	Curing agent	Curing agent for industrial roller, wheel, insulation varnish, and packaging material
	Photoinitiator	Photoinitiator for UV ink and optical fiber
TPU products		<ol style="list-style-type: none"> 1. Garments: TPU waterproof breathable film 2. Footwear materials: High frequency welding, brand badges, no-sewing vamp 3. Medical: Tubing for medical air mattresses, medical rehabilitation inflatable materials 4. Outdoor activities: Outdoor air mattress, water bag

4. New products planned for the future

- Development and applications of recycled-content PU resins
- High-performance microporous membrane with 10K/10K/10K performance after lamination
- R-PET thick decorative film
- Extrusion-grade ether-base TPU-70A
- Medical-grade PU film with excellent hydrolysis resistance
- Functional water-based PU dispersions for color coatings, spray coatings, hot-melt adhesives, etc.

(II) Industry overview

1. Current and future industry prospects

(1) Current state of industry

① Coating and lamination

Direct coating and lamination is downstream to polymer resins, and involves processing of fabrics from the upstream. The process is classified as "other finishing" of the dyeing and finishing industry, and is defined as the use of soaking, coating, layering, or laminating techniques to attach water-based

materials, solvent liquid, polyurethane (PU), polyvinyl chloride (PVC), silicon, acrylic, neoprene, foam, or other plastic materials onto textile materials.

Ongoing globalization and advancement in textile technology have brought people's attention to performance apparel, thereby increasing demand for functional fabrics. Products from breathable, waterproof diving suits, windbreakers, and snow suits, fire-retardant fire proximity suits to anti-static and antibacterial surgical gowns and bed sheets all require highly professional coating and lamination, and this technology is one area where Taiwan rivals with European and American competitors and leads Mainland counterparts by far.

Breathable and waterproof fabric (a specialized fabric), in particular, has been the major source of profit for Taiwanese fabric manufacturers in recent years. Many sizable manufacturers in Taiwan such as Formosa Taffeta, Nam Liong, Li Peng, Everest Textile, Far Eastern, Chang Ho, Minlan, and Pepwing have all introduced different types of breathable and waterproof fabrics, and are supplying them in high volume to world's reputable brands like Nike, Adidas, Benetton, Hugo Boss, Champion, Columbia, and The North Face for use in windbreakers, jackets, mountaineering suits, ski suits, hats, and footwear. Any performance apparel sold in a recreational clothing store that advertises being breathable and waterproof can be sold at prices that are many times higher than ordinary garments. The U.S. company - Gore, for example, introduced its own patented breathable waterproof fabric called GORE-TEX® that gained wide popularity among consumers, making them an essential gear for hikers. However, most average consumers are deterred by the high price tags associated with such a premium product. As an alternative, the industry came up with the idea of laminating TPU materials with knitted or woven fabrics to make products that are "comfortable to wear and priced for the masses." Driven by increasing demand for breathable waterproof apparels from consumers around the world, new processes such as PU coating, lamination of TPU films and Teflon films etc. were introduced to make garments that retain warmth without feeling stuffy, a feature that became highly popular in Europe and America. Meanwhile, Gore introduced a WINDSTOPPER® lineup for cycling and hiking that, too, received favorable rating from the market.

There is currently a plethora of businesses in Taiwan that perform coating and lamination processes, but most of which do so as part of a vertical integration and do not provide such service alone; for these businesses, coating and lamination make up a low percentage of overall revenues. For the few businesses that are not vertically integrated, they serve the end-user market and make fabrics for downstream uses such as garment and healthcare depending on customers' requirements.

②PU resins

Being a part of the petrochemical industry, synthetic resin has contributed significantly to Taiwan's economic growth and is needed as a fundamental industrial material. The material offers uses so extensive that countries around the world are committing substantial capital and manpower into development.

Taiwan produces synthetic resins primarily for downstream uses such as adhesive, coating material, plastic processing, FRP, and synthetic leather, and its reputation for making high-quality plastics has been a key driver to the domestic synthetic resin industry. Furthermore, Taiwan has a well-established petrochemical industry to supply raw materials for making synthetic resins, and the completion of Formosa Plastics' Sixth Naphtha Cracker further secures supply of petrochemical materials in the upstream.

Synthetic resin offers extensive consumer and industrial applications from electronics, electrical engineering, architecture, automobile, textile, dyeing and finishing, plastics, rubber, shoe-making, furniture, adhesive tape, paint, leather to ink that make it less susceptible to the cyclicity of any single industry. The table below summarizes the production and sales of synthetic resins made in Taiwan during the past five years. It shows a long-term upward trend despite the fluctuations in production and sales due to COVID-19.

Production and sale of synthetic resins in the last 8 years

Year	Production				Sales			
	Volume	Growth rate	Production value	Value growth rate	Volume	Growth rate	Sales value	Value growth rate
	(MT)	(%)	(NTD millions)	(%)	(MT)	(%)	(NTD millions)	(%)
2018	3,982,775	(0.31)	228,615	6.59	3,709,544	(0.70)	210,036	5.75
2019	3,977,106	(0.14)	199,832	(12.59)	3,744,772	0.95	185,690	(11.59)
2020	3,937,320	(1.00)	179,401	(10.22)	3,738,063	(0.18)	168,110	(9.47)
2021	4,173,782	6.01	268,270	49.54	3,869,540	3.52	243,956	45.12
2022	3,434,156	(17.72)	217,853	(18.79)	3,252,029	(15.96)	202,321	(17.07)
2023	3,174,940	(7.55)	164,481	(24.50)	2,933,648	(9.79)	150,691	(25.52)
2024	3,148,285	(0.84)	172,660	4.97	2,910,509	(0.79)	159,993	6.17
2025	2,813,377	(10.64)	148,098	(14.23)	2,592,938	(10.91)	135,521	(15.30)

Source: Department of Statistics, Ministry of Economic Affairs

Note: 1. Synthetic resins in the above chart include polystyrene (PS), ABS resin, unsaturated polyester (UP) resin, phenol formaldehyde (PF) resin, epoxy, PU resin, and other resins.

2. Year-on-year growth was calculated by prorating previous year's figures.

③Special chemicals

According to the Production Monthly Statistics Report published by the Industrial Development Bureau, Ministry of Economic Affairs, Taiwan produces special chemicals primarily for five industries, namely "Pesticide and environmental health supply manufacturing," "Coating, dyeing, and coloring materials manufacturing," "Cleaning supply manufacturing," "Cosmetics manufacturing," and "Other chemical manufacturing." The latter category - "Other chemical manufacturing" further encompasses "Stabilizers," "Other industrial catalysts and additives," "Industrial additives," "Chemical treatment agents for electronics," and "Other sundry chemical products."

Curing agent, which includes amines such as Di-o-chlorodiphenylamine methane and Di-p-tolylamine, is a sub-category of special chemicals, and there are very few businesses in Taiwan capable of mass production. Curing agents are mainly used for PU elastomer and epoxy in applications such as industrial roller, skate wheel, PU track, waterproofing, packaging, and anti-corrosion coating. The Company is currently working with reputable foreign manufacturers to explore more diverse product uses and to develop products that offer unique features and market potentials.

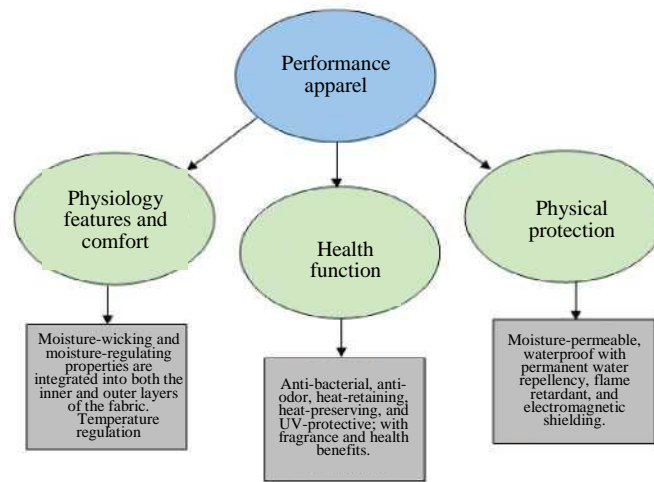
Photoinitiator is another important special chemical. It is commonly found in green, blue, and black ink, and is often used to make photoresist or solder resist ink for electronics, wood paint, varnish, clear coating, UV coating, and UV adhesive. Although this product is mainly produced by large foreign manufacturers such as CIBA, BASF, and LAMBSON, the Company has been able to appeal to a large number of customers by offering exceptional quality at reasonable price.

(2) Future development

①Performance apparel

Performance apparel refers to garments made with special fibers. What distinguishes them from general garments is the use of fibers that offer special features such as antibacterial, anti-odor, UV resistance, anti-resistance, fire resistance, wind resistance, and anti-static. As consumer behaviors change, the emphasis of performance apparel has expanded from the functions they offer to include factors such as comfort and fashion.

The main features, polymer structure, and manufacturing technology of functional fibers are depicted in the figure below.



Main function	Polymer and structure	Manufacturing and processing technology
Moisture absorption	Hydrophilic polymer	Surface grafting
Sweat absorption	Microporous structure	Surface grafting
Breathability/waterproof	Microfiber	Coating/lamination, high-altitude fabrics
Water repellent, moisture retention	Water repellent, oil repellent polymer	Water repellent and oil repellent processing, coating/lamination
Smudge-proof	Smudge-proof polymer treatment agent	Coating/lamination, soaking
Thermal insulation, moisture retention	Hollow structure and thermal insulation/moisture retention polymer	Mixing, compounding, coating/lamination
Anti-bacteria, anti-odor, odor removal	Anti-bacteria, anti-odor, odor removal polymer	Mixing, compounding, coating/lamination
Anti-static, electrical conduction	Anti-static, electrical conduction polymer	Mixing, compounding, coating/lamination
Flame retardance	Flame retardance polymer	Mixing, coating/lamination
Electromagnetic shielding	Anti-electromagnetic polymer	Coating/lamination, electroplating
UV shielding	UV absorption polymer	Mixing, coating/lamination
Anti-radiation	Anti-radiation polymer	Mixing, coating/lamination
Negative ion	Negative ion polymer	Mixing, compounding
Fragrance	Fragrance, forest bathing polymer	Mixing, compounding, coating/lamination

The key manufacturing/processing technologies used are explained below:

- A. Surface grafting: The base material is first chemically treated so that the fiber surface can be bonded with a functional layer and made into functional fabric.
- B. High-density fabric: The fabric achieves "structural waterproofing" by greatly increasing the density of fibers, narrowing the gap between fibers, and applying water repellents and fillers of different specifications depending on the market's needs. By controlling the size of gaps between fibers, manufacturers are able to achieve the right level of breathability and waterproof required by customers. This technology is suitable for products such as recreational jacket, windbreaker, and downs jacket.
- C. Mixing: A yarn-spinning method that alters the physical property, and is one of the most popular technologies used for developing functional fiber. The technology mainly involves adding/mixing functional additives or dispersing agents into the spinning compound or the melted compound, and spinning yarns that can be made into functional materials.

D. Compounding: The purpose of this process is to make compound fibers or microfibers. It involves extruding yarns from two or more compounds or the same compound of different characteristics, and eliminating one particular component to make very fine fibers.













E. Coating: The process involves coating resin or laminating high polymer material over the fabric for added functions such as waterproof and breathability. The coating method may be distinguished between direct, dry, and wet coating.

The main role of Taiwan's textile industry is to supply functional fabrics for professional sports and outdoor garments. In recent years, there has been a shift in consumers' lifestyle toward sports and recreational activities, which broadened the use of functional fabrics from sports and outdoor garments to general, daily lifestyle garment.

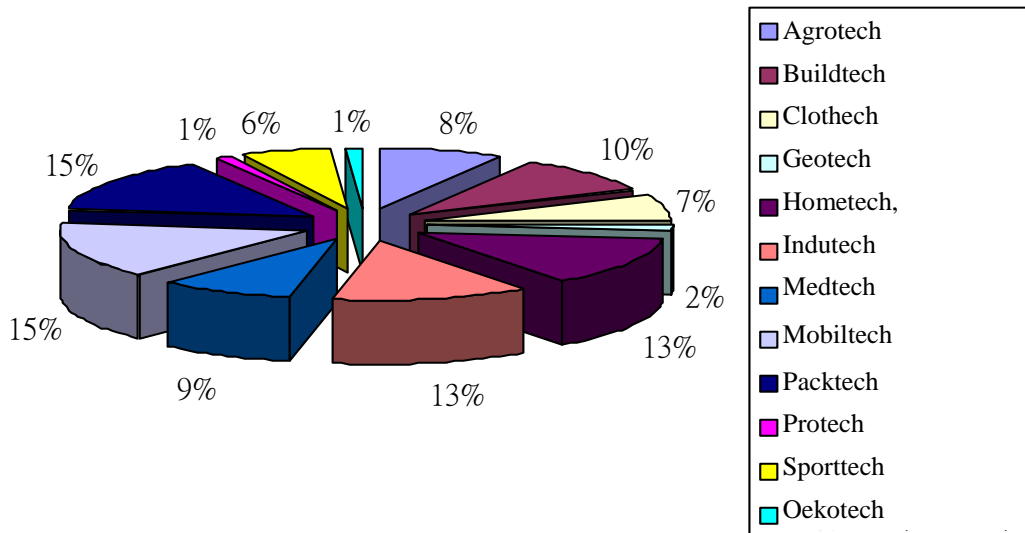
Apparel is the most popular end product for functional textile, with sports and outdoor garments making up the majority of products. In terms of industry classification, the Company is considered a manufacturer of "Functional outdoor textile products" under "Clothtech." Functional outdoor textile product refers to sports garment that contains functional fiber, and is considered a type of active sportswear. The type of garment we wear when engaging in sports or outdoor activities (such as hiking, camping etc.) affects comfort, warmth, and safety, and functions such as thermal insulation and wind resistance are especially critical for certain outdoor activities.

Considering that nowadays people value the importance of their own health and try ways to relieve all kinds of pressure and experience different activities in daily lives, consumers at home and abroad are more interested in participating in road running, fitness, yoga and ball games, and other more outdoor recreational activities such as surfing, mountaineering and rock climbing. Under this trend, the potential market for outdoor activity textiles still has room for growth.

The IFAI (Industrial Fabrics Association International) introduces 12 major categories:

 Mobiltech	 Protech
 Buildtech	 Packtech
 Geotech	 Medtech
 Indutech	 Sporttech
 Agrotech	 Clothtech
 Oekotech	 Homotech

The Company is considered a manufacturer of functional outdoor textile products under Clothtech.



According to a 2023 report by market research firm Euromonitor, the global apparel market reached US\$231.2 billion, with the global sportswear market accounting for US\$101.4 billion (see Figure 3). The sportswear market has grown and is projected to reach US\$274.6 billion by 2028, with functional sportswear representing the largest share. Driven by the global trends in the sportswear market, the demand for stylish, functional and multi-purpose apparel will continue to expand. Functional sportswear has become one of the fastest-growing segments within the textile industry.

Size of the global sports garment market 2018-2028



Source: Euromonitor (2023/10)

Figure 1: Global sportswear market size

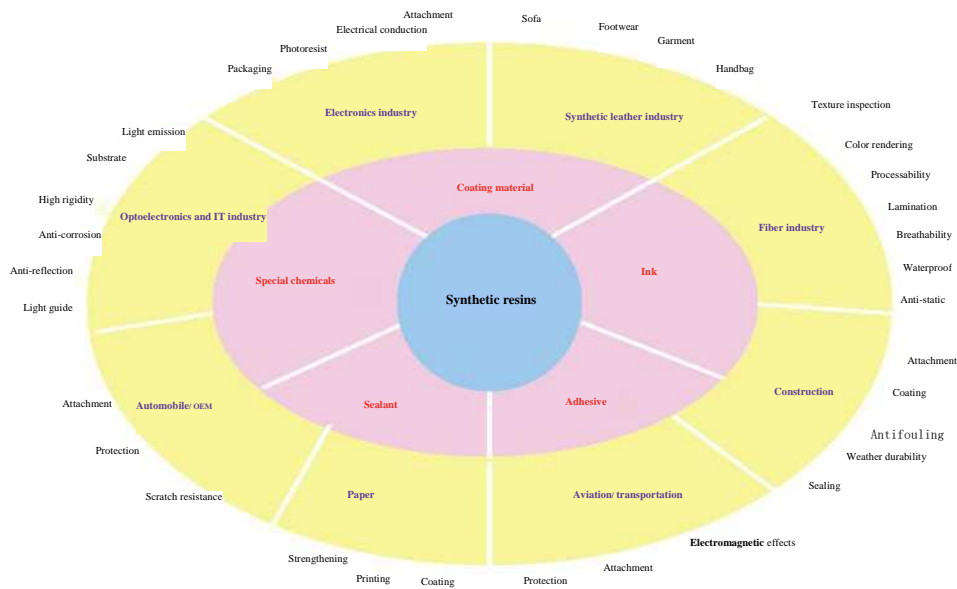
② Synthetic resins

The Company's Polymer Department produces synthetic resin and related products. Synthetic resin is a type of synthetic high polymer used primarily for

making plastic materials. It often has auxiliaries added for ease of processing and performance improvement, and are sometimes processed and formed without auxiliaries. Synthetic resin is also a base material used for making synthetic fibers, coating materials, adhesives, and insulation materials.

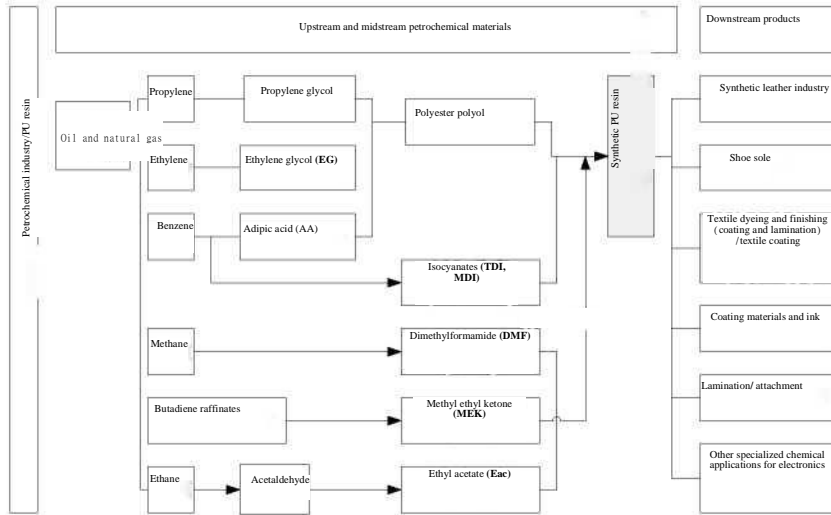
The synthetic resin industry sources raw materials from the downstream of the petrochemical industry, and there are many downstream uses of synthetic resin. As depicted in the figure below, synthetic resin has five major uses, namely: coating material, ink, adhesive, sealant, and special chemicals. Its formula can be adjusted to deliver such a broad diversity of physical properties and functions that makes it an essential part of virtually every industry from electronics, synthetic leather, synthetic fiber, construction, aerospace, transportation, paper making, automobile to optoelectronics and information. This is why competitiveness of the synthetic resin industry has a profound effect on the growth of a nation's overall economy.

The synthetic resin industry and applications



Source: IEK, Industrial Technology Research Institute

2. Association between upstream, midstream, and downstream industry participants



3. Product trend and competition

The Company's products are mainly used for the production of daily supplies, textile goods, construction materials, and industrial supplies. Considering how economic growth, population growth, and rising awareness for environmental protection increase dependency for synthetic resins, demand should continue to rise in line with economic growth. The Company's product portfolio mainly comprises coating, lamination, TPU film, and special chemicals; its attention to product development combined with adequate research capacity and abundant experience have earned itself strong competitive advantage and reputation among peers.

(1) Product trends

① Coating and lamination

Conventional textile products are made using common processes such as yarn spinning, weaving, dyeing, and finishing, and plastic materials (e.g. PVC) may be added for processing in some circumstances. The market and competition for such products are overly saturated, and due the industry's labor-intensive nature, most industry participants have chosen to migrate production activities to the Mainland. Coating and lamination is a process that brings useful functions such as breathability, waterproof, fire retardance, anti-bacteria, anti-odor, and UV resistance to conventional textile, thereby providing consumers with greater diversity of products. The industry currently exhibits the following trends:

- A. Coating and lamination processes that are less sophisticated will gradually migrate to emerging countries.
- B. Businesses will have to develop broader variety of processing technologies to satisfy downstream participants' one-stop shopping needs.

Textile products that are treated with coating and lamination are classified as special fabric for export purpose. Driven by the growth of economic activities and personal income, consumers now place more attention to lifestyle, healthcare, and safety than ever before, which fuels demand for performance apparel such as diving suit and snow suit, medical textile such as surgical gowns and bed sheets, and accessories made with fire-retardant materials. Demand for functional textile goods should continue to grow in the future as a result.

② Resins

Uses of conventional "solvent-type" PU resin are gradually phased out and replaced with "solvent-free" PU resin. This reform is happening on a global scale, and the environmental protection and energy conservation values that advance nations are advocating will largely determine product applications in the future. Meanwhile, uses of PU resin for general purposes such as coating and adhesive will be presented with similar challenges. Although it only takes a change of medium to turn "solvent-type" into "solvent-free," doing so would alter the property of resin as well as how it is processed for various applications. PU synthetic leather, in particular, is a whole new territory.

The use of water-based PU resin in PU synthetic leather is extremely challenging. For waterborne PU dispersions, manufacturers can apply "crosslinking" to improve physical properties for a given application, or use emulsion thickener to thicken water-based resin and either create foams through machinery or use water-based PU as adhesive. In theory, there should be no problem replacing solvent-type PU resin with water-based PU for the processing of PU synthetic leather; the process only requires persistent development and refinement from participants of the PU industry.

As for "multi-solvent type" dry PU resins, improvements will be made to the production procedures to simplify or unify the use of solvents, which is a feasible response to the tightening emission control over VOCs. Doing so would increase the efficiency at which solvent is recycled, reduce the types and volume of solvents used, simplify the recycling process, and improve the overall quality of solvents recovered. However, simplified or unified use of solvent may alter the volatility rate and reduce production speed, and any changes to the existing production procedures in response may all affect the quality, cost structure, and competitiveness of PU products. From the production of "solvent-free" PU resin and "water-based" PU resin to the simplified use of solvents, there are still many bottlenecks that have yet to be overcome and require collaboration between industry participants, the government, and the academia to make PU synthetic leathers more economically viable, environment-friendly, and sustainable for the future.

③Curing agents

Curing agents are high-value industrial products with a wide range of applications, often customized to meet specific customer requirements. Therefore, the Company's research and development capabilities, as well as its control of sales channels, are key determinants of its future success. The industry currently exhibits the following trends:

- A. New product developments that aim to support industry upgrade in the downstream.
- B. High degree of specialization, producing small volume in high variety.
- C. Market distinction through quality improvement.
- D. Establishment of complete marketing and service network.
- E. Industry-wide integration as a way to compete against foreign counterparts, or reducing competition through OEM with major manufacturers.

(2) Competition

The Company's primary products include coating and lamination of special textiles, as well as polymer products—specifically PU synthetic resin, curing

agents , and initiators. The following lists our main competitors and their key business areas:

Product		Name of main competitor	Business activities
Coating and lamination		Ho Chien, Hwa Sheng Hsing, Yie-Cheng, G-Fun, Formosa Taffeta, Tahsin, Everest Textile	Transfer lamination of breathable and waterproof fabric, fabric lamination, sandwich lamination, wet lamination
Polymer	PU synthetic resin	Evermore Chemical, U-Best, DALI Polymer	PU resin
	Curing agent	Wanhua, Xiangyuan, and Johnson Fine	Curing agent

Source: Member List of Taiwan Synthetic Resin & Adhesives Industrial Association

There are two main types of processing for garment fabric: transfer lamination and wet coating. Due to differences in customers' demand and the downstream processing environment, the Company is required to adjust product formula to customers' request and work with an extensive variety of specifications. Industry participants are so diverse in terms of resource and capacity that no single business is able to meet the pricing and quality needs of all customers, therefore only very few manufacturers enjoy monopolistic advantage. The Company ventured into coating and lamination at an early time, and has accumulated extensive experience in the business to command better R&D capacity and product yield than its peers. Local industry peers that are sizable and currently listed on TWSE/TPEX include: Formosa Taffeta, San Fang, Formosan Rubber, Hsin-Li, Pony Leather, and G-Fun; among which, only the Company and G-Fun specialize in production, and the Company has advantage in terms of cost and technology because it produces its own resins for lamination.

Resins is a highly competitive industry, and the strengthening of NTD currency combined with labor shortage and rising wages in recent years have forced many downstream participants to migrate to the Mainland and Southeast Asian countries where labor is abundant and relatively cheap. This ongoing migration has led to the reduction of production capacity, causing disequilibrium in the supply and demand of PU resin in Taiwan. Price competition ensued and profit margin reduced across the industry as a result. Despite the above challenges, the Company took the initiative to improve production equipment and procedures for increased production efficiency and lower cost, while at the same time committed resources persistently into the research and development of high value-added offerings to replace overly homogeneous products. By offering products of comparable quality to imports at reasonable prices, the Company has managed to sustain competitiveness over time.

Curling agents are one of our core products. Currently, we are the only company in Taiwan mass-producing curling agents, and we continue to collaborate with major international manufacturers to develop new hardener applications, enhancing its competitiveness and added value. Although our competitors are primarily based in China, we are dedicated to delivering stable, differentiated products and services within the region.

(III) Technology and R&D overview

1. Research and development expenses

Unit: NTD thousands

Item	2025
R&D expense	27,245
Net operating revenues	1,875,443
R&D expense as a	1.45%

2. Technologies or products successfully developed in the last year:

- Bio-based >25% hydrophilic transfer lamination products and moisture-permeable membrane
- Bio-based > 25% colored coating transfer lamination product
- Bio-based >40% wet-process membrane
- High durability hydrophobic coating base material
- Calendar-grade TPU-85A
- Phenol-Free TPU-85A
- Water-based PU dispersion for yarn bonding in composite materials
- Water-based PU resin for primer applications
- r-PET recycled polyol PUR for EVA
- PUR adhesive for ethylene-vinyl acetate (EVA) lamination

3. Future research and development plans and projected expenses

(1) Future R&D plans

Future technologies and R&D efforts will be directed toward capturing markets that offer higher added value, and diversifying products and services for broader market reach. Below is a description of future R&D efforts:

- Development and applications of recycled-content PU resins
- High-performance microporous membrane with 10K/10K/10K performance after lamination

- r-PET thick decorative film
- Extrusion-grade ether-base TPU-70A
- Medical-grade PU film with excellent hydrolysis resistance
- Functional water-based PU dispersions for color coatings, spray coatings, hot-melt adhesives, etc.

(2) Expected R&D expenses

R&D expenses are included in the annual budget. The Company spent NT\$27,245 thousand on R&D in 2025. As revenues grow, additional R&D personnel will be recruited and R&D equipment will be purchased to support future R&D plans. The budget for 2026 R&D expense is NT\$30,000 thousand.

(IV) Long and short-term business plans

1. Short-term plan

- (1) Enhance group-wide resource integration and improve operating performance.
- (2) Strengthen customer relations for increased collaborative benefits.
- (3) Promote environment-friendly products and rally consumers toward social responsibilities.
- (4) Improve quality management practices to ensure the stability of product quality for better customer satisfaction.
- (5) Invest into the improvement of production procedures for reduced production cost and enhanced competitiveness.
- (6) Enhance industrial safety and health training, and improve work environment for all employees.

2. Medium and long-term plans

- (1) Maintain productive interaction with upstream and downstream partners for more stable supply and sales network.
- (2) Develop innovative products for greater market expansion.
- (3) Train talents and enhance employee training to support business expansion efforts.

II. Market, production, and sales overview

(I) Market analysis

1. Locations where products are mainly sold

Unit: NTD thousands

Year		2024		2025	
		Amount	%	Amount	%
Domestic sales		1,461,768	76.62%	1,413,923	75.39%
Exports	Europe	2,275	0.12%	2,400	0.13%
	Asia	282,105	14.79%	320,421	17.09%
	Americas	156,169	8.19%	128,427	6.85%
	Others	5,522	0.29%	10,272	0.54%

	Subtotal	446,071	23.38%	461,520	24.61%
Total		1,907,839	100.00%	1,875,443	100.00%

2. Market share

Product category		content
Coating and lamination		This process applies PU lamination to produce breathable and waterproof fabric, medical fabric, blackout fire-retardant fabric, heat-resistant washed fabric, any high-end fabric with laminated TPU film, tarp, 2-layer laminates, and 3-layer laminates. In terms of sales destination, 16% of the products are directly exported while 84% of the products are indirectly exported. Export destinations mainly include Europe, USA, Japan, and Southeast Asia. The Company currently has approximately 10%-15% share of the domestic market.
Polymer	PU resin	The Company mainly sells resin for garments; 78% of the products are sold domestically while 22% are exported. The Company currently occupies approximately 20% share of the local market.
	Curing agent	The Company mainly sells MOCA and MDA; 68% of the products are sold to Japan, Korea, USA, and Singapore, while 32% are sold domestically. The Company currently occupies approximately 40% share of the local market.
	Photoinitiator	Products are sold in Taiwan and to Japan, Europe, and USA. The Company currently occupies approximately 20% share of the local market.

3. Future market supply, demand, and growth

(1) Supply

Taiwan's coating and lamination industry exhibits high degree of seasonality, and considering the fact that medium and small manufacturers are unable to expand equipment and capacity for seasonal demand, large players should continue to dominate the industry in the future, and it is unlikely to see any significant increase in supply volume over the short term.

Taiwan's synthetic resin manufacturers have developed strong competitiveness over the last several decades. Given its position in the midstream and downstream of the petrochemical industry, production of synthetic resin involves sophisticated know-how and highly specialized personnel that present significant barriers of entry. For this reason, it is unlikely to see new competitors or any significant increase in supply volume over the short term.

(2) Demand

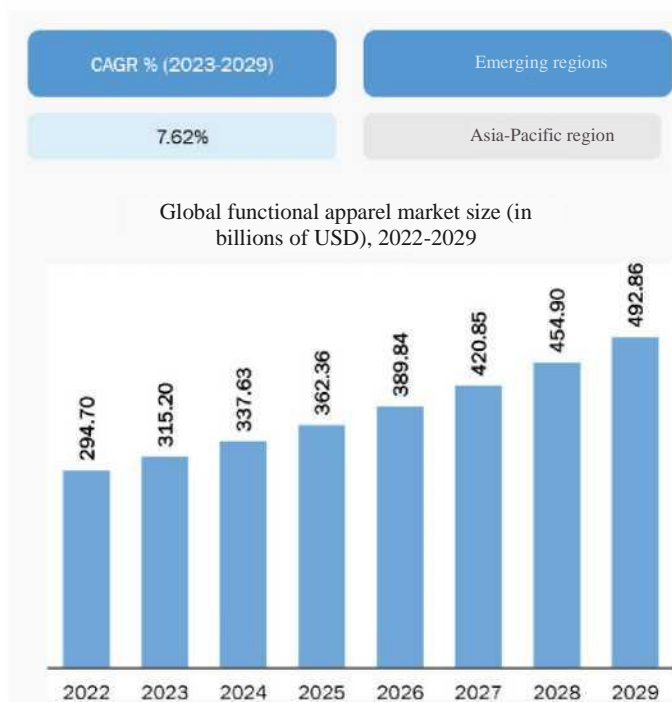
Evolution and expansion of performance apparel are being driven not only by people's pursuit for performance, but by changes to the work environment, climate, and physical protection requirements as well. As people spend more time on recreational activities, they demand a broader range of garments with functions and added values, which in turn supports the growth of performance apparels. Consumers are willing to pay premium for these products mainly because of the advertised functions and the prospect of engaging in their activities with optimal comfort, safety, and performance.

Performance apparel used to be dominated by sports and outdoor garments; it was not until recent years when consumers started demanding performance apparels "partially for sports and partially for everyday wear" that the lines between homewear and sportswear began to blur, and gave rise to a new category of Lifestyle apparel.

Sports and recreation have become the new fashion trend in Europe and USA, meaning that lifestyle garments are no longer confined to fitness centers. World's leading sports garment brands including NIKE, UA, Adidas, and Lululemon have all jumped onto the trend, and their main suppliers consist entirely of Taiwanese manufacturers. Wei-Chi Huang, President of Taiwan Textile Federation (TTF), said that Taiwan is currently world's main supplier of synthetic fibers, and as many as 70% of the world's reputable brands source functional fabrics from Taiwan. Below is an overview of the performance apparels industry.

According to the report published by the market research agency Maximize Market Research, in 2022, the global functional clothing market reached US\$294.7 billion, and it is expected to expand to US\$492.86 billion by 2029, with a compound annual growth rate (CAGR) of 7.62%. Functional clothing refers to clothing that, in addition to providing basic protection and comfort, has specific functions, including waterproof, breathable, moisture-absorbent and thermal regulation. Functional clothing is usually made with high-tech materials and structural technology, so it offers unique performance. For example, the fabric used in moisture-absorbent shirts can absorb perspiration from the body so that it can be quickly evaporated.

Functional clothing is designed with a focus on functionality such as moisture wicking, heat insulation, UV protection, odor control and durability. Functional apparel has a wide range of applications, such as sportswear, outdoor apparel, medical uniforms, military and protective equipment and work clothes. The development and use of advanced materials and technologies significantly promote the growth of the performance apparel market.



4. Competitive niche

(1) R&D capacity

Chemical engineering is a technology-intensive industry, and only with an experienced and efficient R&D team may businesses deliver high quality, stay competitive, and gain market share over time. Since the establishment of a dedicated R&D Center, the Company has successfully developed and mass-produced several coating/lamination products, PU resins, curing agents, and photoinitiators that contributed significantly to business performance. This R&D team that is capable of keeping up with market trends and introducing products to the market's needs has been critical to the competitiveness of the Company.

(2) Quality of the management team

The Company has a management team that comprises elite talents from the local petrochemical industry. Their strong knowledge in the production, research, development, and marketing of PU resins, special chemicals, coating, and lamination is what enabled the Company to grow persistently over time.

(3) Marketing channels

All members of the management team have more than ten years of experience in the petrochemical industry, and are therefore well-versed in the business of selling chemicals. Combined with excellent quality and cost control, every new product introduced has been able to achieve favorable sales. For this reason, the Company considers marketing channel to be a critical factor for its growth.

(4) PU resins can be supplied to the coating department, which reduces production cost and makes pricing more competitive

The Company's polymer department produces highly breathable PU resins that can be supplied to the coating department for use as raw materials, which enables the Company to introduce specialized new products more quickly than its competitors. Furthermore, the ability to source resins internally gives the Company an advantage over peers who rely on external purchase, in the case of a price competition.

5. Future opportunities, threats, and response strategies

(1) Opportunities

By department		content
Coating and lamination		<ol style="list-style-type: none"> 1. Uses of high-tech textile are increasingly popular, thereby presenting the market with growth opportunities. 2. The Company ventured into coating and lamination at an early time, and has accumulated extensive experience in the business to command better R&D capacity and product yield than its peers. 3. The management team is highly experienced and well-versed in relevant technologies to quickly develop new products and expand customer base. 4. The Company has access to marketing channels and a sales service network that reaches hundreds of customers domestically and abroad.
Polymer	Resins	<ol style="list-style-type: none"> 1. The Company has the ability to develop and produce high-performance and high-quality products, and is unaffected by price competitions in the market. 2. Key materials such as DMF and MEK are being produce domestically, which will be very helpful to lowering costs for the PU industry.
	Curing agent	Both the polymer segment and the coating segment have accumulated abundant experience and are very knowledgeable about the midstream and downstream applications of the special chemicals produced by the Company. This insight allows them to develop products with market potentials quickly and accurately.

(2) Adverse factors:

By department		content
Coating and lamination		<ol style="list-style-type: none"> 1. Mainland manufacturers are able to produce at lower cost with fewer environmental restrictions. Their dominance in low-level production affects profitability of Taiwanese manufacturers. 2. Rising environmental awareness increases cost of waste treatment, whereas rising labor awareness increases personnel cost.
Polymer	Resins	<ol style="list-style-type: none"> 1. Downstream manufacturers are gradually migrating and reducing the amount of purchases in Taiwan. 2. Rigorous environmental protection requirements pose additional costs and burden.
	Curing agent	<ol style="list-style-type: none"> 1. Fluctuating prices and market competition pressure have impacted profitability. 2. Certain critical materials are sourced from few suppliers at higher price.

(3) Response strategies:

By department		content
Coating and lamination		<ol style="list-style-type: none"> 1. Take initiative in the development of high value-adding products for improved margin. 2. Enhance production management efforts and explore ways to improve production procedures; aim to reduce manufacturing costs and minimize pollution over the course of production. 3. Install solvent recycling equipment to reduce pollution and emission from the production process.
Polymer	Resins	<ol style="list-style-type: none"> 1. Expand production site overseas to serve customers up close. 2. Support development of high-performance and high value-adding products.
	Curing agent	<ol style="list-style-type: none"> 1. Direct R&D efforts toward improving product performance and develop products with distinctive advantages to maintain margins.

By department		content
		2. Explore supply sources and aim to increase self-sufficiency of raw materials; secure the source and quality of supply by maintaining at least two suppliers for every material.

(II) Main product applications and production processes

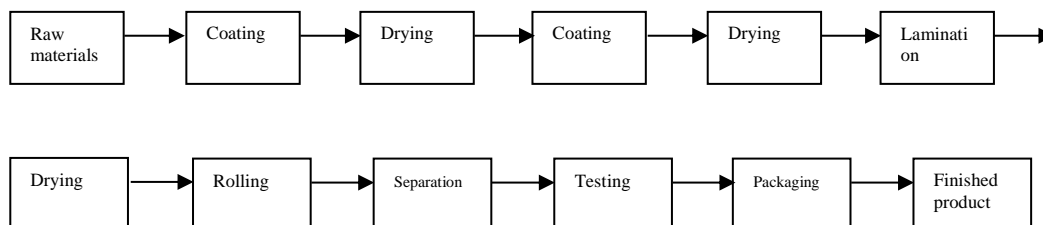
1. Main product applications

Product category		Purpose	
Professional lamination/coating of fabrics	PU transfer lamination	Breathable and waterproof fabric	Snow suit, diving suit, windbreaker, outdoor/sports/recreational garment
		Colored fabric	Processing of fashion garments; provides color and pattern variations
		Medical fabric	Safety vest, surgical gown, medical bed, padding, breathable tape
		Fire-retardant blackout fabric	Fireproof construction materials and curtains
		Hot-pressed film	Laptop bag, electric recliner
	Fabrics	Sandwich lamination	Used in gloves, sports garments, and sports shoes
	Processing	2-layer lamination	Windbreaker, outdoor/sports/recreational garment
Polymer	Resin	PU resin for breathable and waterproof fabric	Coating and lamination of various fabrics
		PU resin for shoes	Shoe insole, insert, and outsole
		PU resin for synthetic leather	Dry and wet synthetic leather
		Polyester polyol	PU elastomer, PU foam, PU resin
		Resin for PU elastomer	Waterproof coating, wear resistant coating, industrial roller, industrial supply, pipeline etc.
	Curing agent	Methylenebis - (2-Chloroaniline)	For roller blade, roller, industrial caster wheel, waterproof material, sports flooring, and track

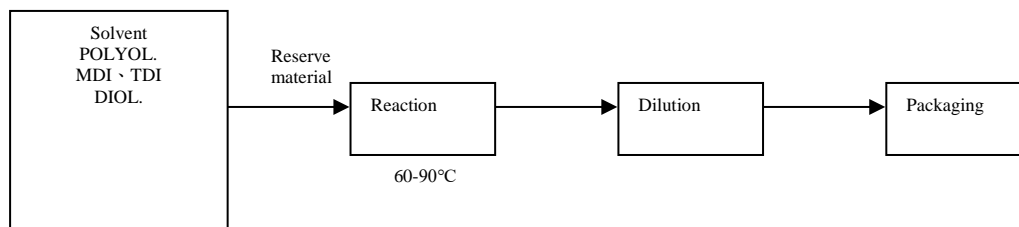
Product category		Purpose
	Methylenedianiline	Flooring material, packaging material, anti-corrosion coating
	Photoinitiator	Commonly found in green, blue, and black ink, and is often used to make photoresist or solder resist ink for electronics, wood paint, varnish, clear coating, UV coating, and UV adhesive
TPU Film		1. Garments: TPU waterproof breathable film 2. Footwear materials: High frequency welding, brand Logo, no sewing vamp 3. Medical: Medical bedding tube, medical rehabilitation inflatable materials 4. Outdoor activities: Outdoor air mattress, water bag

2. Production processes of main products

(1) Coating and lamination process for breathable and waterproof products

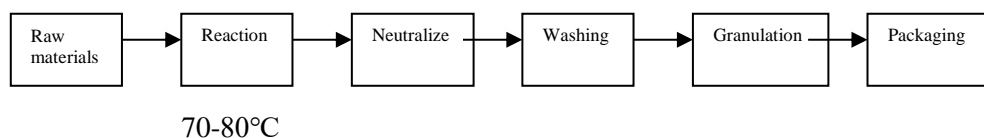


(2) Production process for resins

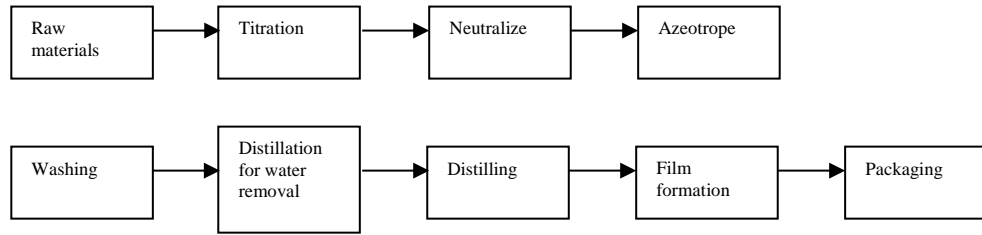


(3) Curling agent manufacturing process

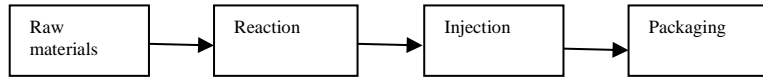
①Methylenebis - (2-Chloroaniline)



②Methylenedianiline



(4) Production process for TPU



(III) Supply of main materials

Main raw materials	2. List of main suppliers	Supply status
Aniline	Domestic and overseas	Fair
TOL	Domestic	Fair
DMF	Domestic and overseas	Fair
MDI-PH	Overseas	Fair
OCA	Overseas	Fair
Formaldehyde	Domestic	Fair

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the previous two years, and the amount and percentage of purchase (sale); describe the cause of any variation

1. List of main buyers

Item	113 years				114 years			
	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer
1	B1(Note)	289,602	15.18%	None	B1(Note)	227,477	12.13%	None
2	-	-	-	-	-	-	-	-
	Others	1,618,237	84.82%	-	Others	1,647,966	87.87%	-
	Net sales	1,907,839	100.00%	-	Net sales	1,875,443	100.00%	-

Note: Based on the Group's consolidated revenues

Reason for increase/decrease of sales from main customers

Company B1's sales decreased in 2025 due to declining performance and fewer orders.

2. List of main suppliers

No supplier accounted for more than 10% of our purchases in 2024 or 2025.

III. Employee size, average years of service, average age, and academic background in the last 2 years up until the publication date of annual report

Year	2024	2025	During the year until 2026.03.31	
Total number of people	355	376	375	
Average age	40.63	39.93	40.15	
Average years of service	9.60	8.44	9.19	
Academic background	Doctoral Degree	0.85%	0.80%	0.53%
	Master's Degree	8.16%	7.71%	8.00%
	Bachelor Degree	31.55%	33.78%	34.13%
	Senior high school	26.76%	25.00%	24.80%
	Below senior high school	32.68%	32.71%	32.54%

IV. Contribution to environmental protection

Total amount of loss (including compensation and violation of environmental regulations discovered by environmental audit, which shall specify the date and document number of penalty, provisions of violation, content of violation and content of penalty) due to pollution as of the most recent year and the date of publication of the annual report: August 20, 2025 <Fu Shou Huan Kong Zi Di 1140184148 No.>: A fine of NT\$160,000 was issued for violation of Paragraph 2 of Article 22 of the Air Pollution Control Act and Paragraph 5 of Article 38 of the Emission Standards for Volatile Organic Compounds (VOCs) Air Pollutant.

(II) If the amount and countermeasures that may occur at present and in the future cannot be reasonably estimated, the facts that cannot be reasonably estimated should be explained. Countermeasures:

Additional education and training has been provided to prevent recurrence.

V. Labor-management relations

(I) Availability and execution of employee welfare, education, training, and retirement policies; elaborate on the agreements between employers and employees, and protection of employees' rights

1. Employee welfare, education, and training

(1) Employee welfare measures and implementation

- Employees are entitled to special leave of absence and pension fund contributions under laws. An Employee Welfare Committee has been assembled to organize benefits and protect workers' rights.
- In addition to mandatory Labor Insurance and National Health Insurance coverage, all employees are also covered by additional group insurance.
- Employee health checkups are organized on a regular basis.
- Customary cash is distributed for occasions such as Labor Day, Duanwu Festival, and Mid-autumn Festival.
- Subsidies, in addition to special leave of absence, are granted for wedding, funeral, and celebrations as required by the Labor Standards Act.
- Earnings concluded by the Company may be shared with employees.
- Accommodation and meal are provided to employees.
- Role-model employees are openly commended and gifted with gold medals.
- Birth incentive: Childbirth subsidy and child care subsidy (age 0-5) are offered to employees (and spouse) who give birth.

(2) Ongoing education and training

The Company plans and executes annual training programs with the goal of enhancing employees' professional capabilities, work efficiency, and product quality awareness. Both internal and external training programs are organized to help employees develop professional capacities in various areas of expertise. The Company organizes the following training programs:

- ①Orientation: Provides new recruits with a basic understanding of the Company's business activities, work rules, employee benefits, and disciplinary/reward policies.
- ②Pre-job training: According to Article 16 of Worker Safety and Health Education and Training Rules, employees are required to undergo safety and health training before being assigned to a new role.
- ③On-job training: Help employees develop the professional skills, knowledge, and management capacity needed to perform work duties.
- ④Specialist training: Employees are assigned to undergo training and obtain certification at relevant institutions.

The Company has a set of "Education and Training Policy" in place to serve as training guideline for new recruits as well as existing employees. Training progress is consolidated by the Human Resources Department every six months, and the outcomes of which provide reference for performance evaluation.

Statistics related to employee training and education in 2025:

2025 employee training				
Category	Gender	Employee count	Total training hours	Average training hours
High-level executives	Male	10	203.00	20.30
	Female	4	85.50	21.38
	Total	14	288.50	20.61
Mid-level managers	Male	19	477.50	25.13
	Female	6	190.00	31.67
	Total	25	667.50	26.70
First-line managers	Male	48	1012.00	21.08
	Female	11	205.00	18.64
	Total	59	1217.00	20.63
Non-management positions	Male	203	6831.00	33.65
	Female	75	1522.50	20.30
	Total	278	8353.50	30.05
Not categorized	Male	280	8523.50	30.44
	Female	96	2003.00	20.86
	Total	376	10526.50	28.00

2. Retirement system and implementation

- (1) The Company handles employees' retirement in accordance with the Labor Standards Act, and makes monthly pension fund contributions at 5% of gross salary. All pension contributions are deposited into the account held with the Trust Department of Bank of Taiwan, as instructed by the government authority.
- (2) Following the implementation of "Labor Pension Act" on July 1, 2005, the Company has been making monthly contributions equal to 6% of salary to the Bureau of Labor Insurance for employees who opted for the pension scheme introduced by the Act.

3. Enforcement of labor agreements and employee rights

The Company convenes labor-management meetings once a quarter to communicate with employees on matters concerning its operations, and thereby promote employment relations.

The Company has not established a trade association and therefore has not entered into any collective bargaining agreements.

(II) Actual or estimated losses arising as a result of employment dispute in the last two years up until the publication date of annual report, and any response measures taken: None

VI. Cybersecurity management

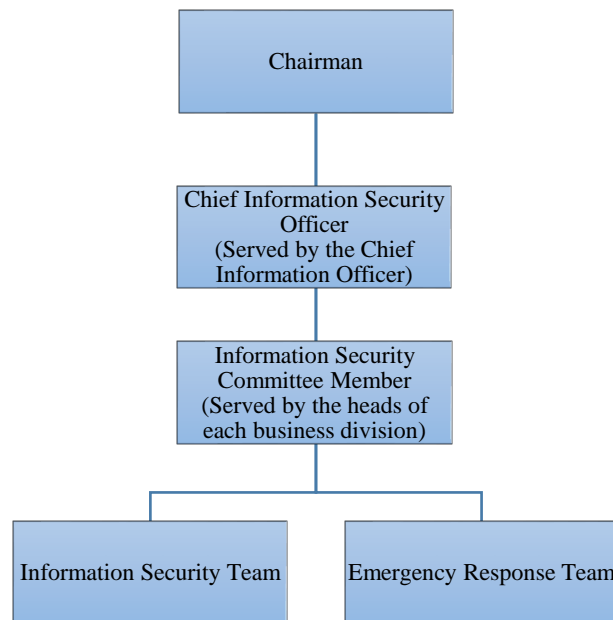
(I) Explain the cybersecurity risk management framework, cybersecurity policy, management practices, and resources committed.

1. Cybersecurity risk management framework

(1) To improve and strengthen information communication security risk management, the Company has established an information communication security team and an information communication security risk management framework, and formulated information security policies.

(2) Regularly follow-up and improvement, adopt PDCA model management, continue to refine and improve, and maintain and update immediately in case of loopholes or risks to ensure availability and reduce information security risks.

(3) Structure of Cybersecurity Team



2. Cybersecurity policy

(1) Establish an information security organization and clearly define its roles and responsibilities to drive and sustain information security management, implementation, and auditing.

- (2) Establish information security management policies and procedures to protect the confidentiality, integrity, and availability of personnel data, electronic data, information systems, computer equipment, and networks.
- (3) An information security management conference should be convened each fourth quarter to review the latest developments in internal and external risks, technology, and business needs, and to implement appropriate measures.
- (4) Information security assessments should be conducted regularly to evaluate risks within the information environment and implement improvements.
- (5) Install information security protection systems and monitoring equipment to continuously improve the security of the overall information environment and reduce the incidence of various risks.
- (6) Access to the system and data requires authorization, and access rights should be granted on a least-privilege basis for business needs.
- (7) The information system should have appropriate backup and redundancy mechanisms in place, and response drills should be conducted to strengthen the resilience of information services against threats.
- (8) Establishment of response and reporting procedures for information security incidents to improve the internal staff's ability to respond and coordinate in case of emergencies.
- (9) Organize employee information security training to continuously enhance employees' information security awareness.
- (10) Handle and protect data and the security of the system carefully in accordance with the regulations related to information security and personal information protection.

3. Specific management solutions

The Company has strengthened its management measures for various information systems and rules. The specific solutions and measures are as follows:

Category	Description	Related allocation measures
Network security	Boundary control and endpoint protection	<ol style="list-style-type: none"> 1. Firewalls are used in each factory area to control boundary information and communication security. 2. Establish an anti-virus console, install anti-virus software on servers and computers, and download and update virus patterns automatically. 3. Conduct weekly computer scan with anti-virus software 4. VPN connection shall be used for external connection
Data management	Account and access management	<ol style="list-style-type: none"> 1. Review and management of adding and deactivating employee accounts 2. Review and management of information system authorization settings 3. The information unit implements information security control and configuration according to the software and hardware change requisition form, after the user application has been approved by supervisors. 4. Logging in to computers and any information system requires the use of account name and password.
Business Sustainability Operations	Data backup and related verification	<ol style="list-style-type: none"> 1. Perform data backup (file/database/system) and perform off-site backup operations according to the nature of data 2. Perform data restoration test regularly 3. Check the log of the backup server to see if the backup runs successfully (with or without error messages).
Handling of information security incidents	Disaster Recovery Plan	<ol style="list-style-type: none"> 1. Establish a disaster recovery plan 2. Regular simulations 3. Post-disaster recovery plan implementation report
Information security education	Education and training to raise employees' information security awareness	<ol style="list-style-type: none"> 1. Strengthen the awareness of personnel information security through meetings, announcements, intranets, or mails. 2. Educate employees and share case study with them on the concept of information security. Do not open any suspicious information or emails to prevent social engineering attacks.
Hardware protection	Protective measures in the computer room	<ol style="list-style-type: none"> 1. There are two sets of air conditioning systems for computer rooms in each plant, which are switched regularly to ensure normal operating temperature and humidity in the computer room. 2. The UPS uses a stabilized voltage function to ensure stable power and no interruptions in a short period of time. 3. Carbon dioxide fire extinguishers in computer rooms.

4. Commit resources to cybersecurity management.

In addition to the information unit's staff (currently four members), the Company has long-term maintenance contracts with external vendors to maintain, back up, and

restore its hardware, software, and network security equipment. These services include:

- (1) Firewall renewal and annual license signing.
- (2) Enhance the security of the email system and add image verification.
- (3) Endpoint protection, anti-virus update and annual license signing.
- (4) Annual licensing for spam protection and email audit signed.
- (5) Social engineering exercises and system vulnerability scans.
- (6) Complete annual training and promotion.

5. Information security implementation results.

2025:

- (1) For the personnel education training and information security promotion, we have implemented 3 projects in 2025 with a completion rate of 100%.
- (2) Information system disaster recovery simulation exercise: 3 drill was conducted in 2025, with a 100% completion rate.
- (3) Simulated social engineering drills: 9 times in 2025 (February to October), with a 100% completion rate.
- (4) System vulnerability detection and scanning: 2 times in 2025, with a 100% completion rate.

(II) Losses arising as a result of major cybersecurity incident in the last year up until the publication date of annual report, and possible impacts and response measures; state the reasons if losses cannot be reasonably estimated:

The Company's finance, business and operations have not been affected by any cybersecurity risk in the past three years (please refer to the cybersecurity incident statistics table)

Cybersecurity Incident Statistics Table

Number of cybersecurity incidents \ Year	2023	2024	2025
Number of information security or	0	0	0
Number of business information leakage	0	0	0
Number of personal data breach	0	0	0
Number of incidents affected by data	0	0	0
Number of incidents resulting in losses	0	0	0

VII. Major contracts

Nature of contract	Party concerned	Contract start/end date	Main contents	Restrictive clauses
Mid-term borrowing	The Company and Hua Nan Commercial Bank	2023.05.25~2028.05.25	Mid-term secured borrowing contract	None
Long-term borrowing	The Company and Chang Hwa Commercial Bank	2019.05.09~2034.05.09	Long-term secured borrowing contract	None
Long-term borrowing	The Company and Mega Bank	2023.07.27~2038.07.27	Long-term secured borrowing contract	None
Mid-term borrowing	The Company and Mega Bank	2024.11.06~2029.11.06	Mid-term secured borrowing contract	None
Mid-term borrowing	The Company and the Bank of Taiwan	2025.08.25~2030.08.25	Mid-term credit loan agreement	None

Five. Review and Analysis of Financial Position and Business performance, and Risk Management Issues

I. Review and analysis of consolidated financial position

Unit: NTD thousands

Item	Year		Difference		Description of changes
	End of 2024	End of 2024	Amount	%	
Current assets	836,321	857,679	(21,358)	(2%)	
Property, plant and equipment	1,573,206	1,453,222	119,984	8%	
Intangible assets	1,808	3,064	(1,256)	(41%)	
Other assets	121,581	205,003	(83,422)	(41%)	Description (1)
Total assets	2,532,916	2,518,968	13,948	1%	
Current liabilities	619,263	571,783	47,480	8%	
Non-current liabilities	613,776	675,853	(62,077)	(9%)	
Total liabilities	1,233,039	1,247,636	(14,597)	(1%)	
Share capital	823,608	823,608	0	0%	
Capital reserve	10,615	10,586	29	0%	
Retained earnings	437,579	419,224	18,355	4%	
Other equity items	-	-	-	-	
Non-controlling interest	28,075	17,914	10,161	57%	Description (2)
Total equity	1,299,877	1,271,332	28,545	2%	

Significant changes (for the amount changed by more than 20% and exceeded NT\$10 million):

(1) The decrease in other assets was primarily due to the acceptance of new production line equipment in 2025 and a reduction in equipment prepayments.

(2) The decrease in non-controlling interests was primarily due to the dissolution of Shoe Jing in 2024.

2. Possible impacts on future financial and business performance: No material impact is expected.

3. Future response measures: Not applicable.

II. Review and analysis of consolidated financial performance

Unit: NTD thousands

Item	2025	2024	Amount increase (decrease)	Variation (%)
Operating revenues	1,875,443	1,907,839	(32,396)	(1.70%)
Operating costs	(1,575,170)	(1,647,242)	72,072	(4.38%)
Gross profit	300,273	260,597	39,676	15.23%
Operating expenses	(175,098)	(191,680)	16,582	(8.65%)
Operating income (loss)	125,175	68,917	56,258	81.63%
Non-operating income and expenses	(13,435)	1,709	(15,144)	(886.13%)
Net profit (loss) before tax	111,740	70,626	41,114	58.21%
Income tax (expense) benefit	(16,232)	(21,443)	5,211	(24.30%)
Net income (loss)	95,508	49,183	46,325	94.19%
Other comprehensive income, net	(1,103)	2,430	(3,533)	(145.39%)
Total comprehensive income for the year	94,405	51,613	42,792	82.91%

Significant changes (for the amount changed by more than 20% and exceeded NT\$10 million):

(1) Reduced government subsidy income and increased exchange losses led to a decrease in non-operating income.

(2) Operating costs and expenses decreased from the previous year, and net income before tax increased year-over-year.

(3) Operating costs and expenses decreased from the previous year, and net profit increased year-over-year.

(4) Operating costs and expenses decreased from the previous year. Total comprehensive income for the current period increased from the previous year.

2. Sales forecast for the next year and basis of estimation:

Unit: tonnes/thousand yards

Main products	Expected 2026 sales volume
Coating and lamination	17,000
Resin	1,700
Curing agent	3,100
TPU	1,000

The above forecasts of sales and volumes are based on 2025 results, new products under development, anticipated growth in 2026 and customers' demand.

3. Possible impacts on future financial and business performance: None.

4. Future response measures: Not applicable.

III. Cash flow analysis

(I) Analysis of cash flow variations in the last year

Unit: %

Item	Year		Amount increase (decrease)
	2025	2024	
Cash flow ratio	34.68	30.80	13%
Cash flow adequacy ratio	53.93	61.73	-13%
Cash reinvestment ratio	6.54	6.09	7%

Explanation to major variations:

(1) Cash flow ratio:

The cash flow ratio increased in 2025 due to higher cash flows from operating activities.

(2) Cash flow adequacy ratio:

The decline in the cash flow adequacy ratio in 2025 was due to an increase in cash flows from operating activities.

(3) Cash reinvestment ratio:

The cash flow reinvestment ratio increased in 2025 due to higher net cash flows from operating activities and higher capital expenditures and cash dividends in 2025.

(II) Improvement plans for inadequate liquidity: Not applicable.

(III) Liquidity analysis for the next year

Unit: NTD thousands

Opening cash balance (1)	Projected yearly net cash flow from operating activities (2)	Projected cash outflow for the year (3)	Projected cash surplus (deficit) (1)+(2)-(3)	Financing of expected cash deficits	
				Investment plans	Financing plans
103,000	220,000	250,000	73,000	-	-

(1) Analysis of cashflow changes in 2026

Operating activities: Cash inflows are expected from 2026 operating activities in the normal course of business.

Investing activities: Net cash outflows from investing activities primarily due to purchase of machinery and equipment.

Financing activities: It is expected that in 2026, some long-term and short-term loans will be borrowed and repaid, and the 2025 cash dividends will be paid, resulting in net cash outflow.

(2) Response measures and liquidity analysis for cash flow deficit: Not applicable.

IV. Impact of major capital expenditures in the most recent year on financial operations:

The Company's capital expenditures for 2025 totaled NT\$127,984 thousand, primarily due to increased investment in RTO pollution control equipment, organic solvent recovery equipment, and new facilities. The RTO pollution control equipment reduces volatile organic compounds (VOCs) and recovers thermal energy, meeting environmental protection requirements while also conserving energy and lowering carbon emissions. Additionally, organic solvent recovery equipment reclaims and reuses organic solvents, providing both environmental benefits and cost savings. New equipment has increased production capacity, generating revenue and improving profitability.

V. Company's investment policy in affiliates for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving profitability and investment plans for the coming year:

1. Investment policy: The Company devises its investment policy based on future prospect and the overall business plan.
2. For profit or loss from investment in affiliates, please refer to the operating overview of each related enterprise in Six. Special Remarks. In 2025, increased orders—driven by inventory reduction at downstream manufacturers—resulted in profit growth. The Company continued to make effective allocation of resources to maintain the overall operating performance and stable growth and profitability.
3. Investment plans for the coming year: Investments will be made mainly into core business activities.

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

(I) Impact of interest rate, exchange rate, and inflation on the Company's earnings, and response measures

1. Interest rate

The Company reported interest income of NT\$825 thousand and NT\$1,542 thousand in 2025 and 2024, respectively. Interest income is mainly generated from bank deposits. Interest expenses are incurred mainly on working capital borrowed from financial institutions. The reported interest expenses were NT\$15,769 thousand and NT\$16,771 thousand in 2024 and 2025, respectively. The Company adopts a conservative financial management approach and anticipates interest rate movements based on research reports published by research institutions and banks local and abroad. The Company also maintains close interaction with banks as a way to monitor interest rate changes.

2. Exchange rate changes

Imported materials accounted for approximately 30%-40% of total purchase in the last three years, and most imports are denominated in USD. Exports accounted for approximately 20%-40% of total sales in the last three years, and most exports are denominated in USD. For these reasons, exchange rate variation does impact the Company to some degree. Net gains (losses) on exchange in 2024 and 2025 were reported at NT\$10,917 thousand and (NT\$7,598) thousand, representing 15.46% and (6.80%) of pre-tax profit for the respective years. Below is a description of the responses taken for the exchange rate risks above:

- (1) Persistent efforts are being made to raise exchange rate risk awareness among financial personnel, and significant attention is being directed to obtaining the latest exchange rate information through the use of online quotation system and communication with financial institutions. Based on this information, the Company is able to anticipate exchange rate changes and adjust foreign currency position accordingly.
- (2) Depending on exchange rate changes, the Company shifts between domestic purchase and import purchase as a cost management practice, and in doing so secures profit margins.
- (3) Most of the Company's export sales and import purchases are denominated in USD and JPY. Personnel involved in such transactions are tasked with the duty of adjusting currency positions in the foreign currency account, adopting conservative hedges, and gathering information on exchange rate changes. Currency exchanges can then be made depending on capital needs and exchange rate movements to minimize business risks.

3. Inflation

According to the analysis on national economic indicators, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, concluded that Taiwan's Consumer Price Index (CPI) increased approximately 1.31% in 2025, still within the acceptable range.

However, given how the prices of oil, fuel, and organic solvent have surged globally in recent years, the Company has invested into the installation of a recycling system to recycle and reuse organic solvents, which mitigates inflationary impact on the Company.

- (II) Policies on high-risk and highly leveraged investments, loans to external parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures

The Company did not engage in any high-risk or highly leveraged investment in the last year up until the publication date of annual report. As for endorsements and guarantees,

the Company not only conducts thorough assessment and regular tracking of such transactions, but has also established "Asset Acquisition and Disposal Procedures" and "Endorsement and Guarantee Procedures" with the approval of existing shareholders to serve as guidance.

The Company transacts derivatives for the purpose of hedging exchange rate risks associated with business activities. These transactions are carried out in accordance with "Asset Acquisition and Disposal Procedures."

(III) Future research and development plans and projected expenses

I. Future R&D Plans

Please refer to section Four.Operational Overview regarding overview of technology and R&D in business operations for the Company's future R&D plans Please refer to pages 82–83 of the Annual Report.

2. Expected R&D expenses

R&D expenses are included in annual budgets. The Company spent a total of NT\$27,245 thousand on R&D in 2025. As revenue grows, the Company will recruit additional R&D personnel and procure related equipment to support research projects in the future.

(IV) Financial impacts and response measures in the event of changes in local and foreign regulations

The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year. The Company pays constant attention to changes in local and foreign policies and regulations, and conducts impact assessments and makes response plans where appropriate. The Company would also engage external legal consultants to inquire and handle legal issues if necessary.

(V) Financial impacts and response measures in the event of technological or industrial changes (including cybersecurity risks)

The Company has a talented R&D team, top-notch research facilities, and the flexibility to adjust production procedures. By participating in international exhibitions and through engagement with customers and suppliers, the Company is able to gather business intelligence and technological changes for timely adjustment and response. For these reasons, the Company encountered no change in technology that adversely affected its financial or business performance in the last year and up until the publication date of annual report.

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image

The Company has always served its customers and shareholders in a pragmatic, consistent, and responsible manner, and encouraged employees to engage in charity activities since

it was first founded. All members of the organization are committed to maintaining corporate image, which is why the Company encountered no crisis from change of corporate image in the last year up until the publication date of annual report.

(VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions

The Company did not engage in any merger or acquisition in the last year up until the publication date of annual report.

(VIII) Expected benefits, risks, and response measures associated with plant expansions

The Company did not expanded its facilities in the last year up until the publication date of annual report.

(IX) Risks and response measures associated with concentrated sales or purchases

1. Concentration of purchases

The Company purchases all of its important raw materials from two or more qualified suppliers. The quality, supply terms and conditions, finance and management must comply with the Company's supplier management policy. The Company must maintain a stable long-term collaborative relationship with those who offer stable quality and sources and well-coordinated supply and delivery time, which can prevent the possible risk of concentration risk in a single vendor procurement.

2. Concentration of sales

No single customer accounted for more than 20% of the Company's sales in the most recent two years, so there was no concentration of sales.

(X) Impacts, risks, and response measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest: None.

(XI) Impacts, risks, and response measures associated with a change of management: None.

(XII) Major litigations, non-contentious cases, or administrative litigations involving directors, President, person-in-charge, any shareholder with more than 10% ownership interest, or any subsidiary of the Company, whether concluded or pending judgment, which may pose significant impact on shareholders' interest or security price: None.

(XIII) Other significant risks and response measures: None.

VII. Other material issues

None

Six. Special Remarks

I. Summary of affiliated companies

[Website <https://mops.twse.com.tw/mops/#/web/home> > Single Company > Electronic File Download >

Three Statements of Affiliated Companies] enter company code to inquire about affiliated company data.

II. Private placement of securities in the last year up until the publication date of annual report:

None.

III. Other supplementary information: None.

IV. Occurrences significant to shareholders' equity or security price, as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, in the last year up until the publication date of annual report: None.



Shuang-Bang Industrial Corp.



Chairman: Chung-Tang Chang

