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Shuang-Bang Industrial Corp.

2024 Annual Report

Published April 15, 2025

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

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Acting Spokesperson

Name: Min-Chu Lin

Title: Vice President of Finance
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III. Name, Address, Website, and Telephone Number of the Share Transfer Agent

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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

Names of Certified Public Accountants: CPA Ko Chun-Chen and CPA Lin Hui-Fen

CPA firm: Weyong International CPAs & Co.

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

Website: www.veyong.com.tw

TEL: (04)2319-2789

V. Name of Overseas Securities Trading Venues and Methods for Accessing Information on Overseas Securities: None

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

Shuang-Bang Industrial Corp.

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One. Message to Shareholders

I. 2024 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 2024 operating results and 2025 business plan and targets are hereby reported as follows:

(I) Implementation Outcomes of 2024 Business Plan

The Company's net consolidated revenue totaled NT\$1,907,839 thousand for 2024, at a gross margin of 13.66%. Earnings per share after tax was at NT\$0.75.

(II) In 2024, following the end of the pandemic, numerous industries began to recover, which in turn boosted pull-in demand. Consequently, revenue returned to pre-pandemic levels. Consolidated revenue increased by 20.70% compared to 2023. The current period's gross profit margin also rose by 75.35% compared to the same period last year.

(III) 2024 Budget Execution

The Company did not disclose its financial forecast for 2024, hence no explanation is required.

(IV) Revenue, expense, and profitability analysis

1. Financial overview and analysis

Unit: NTD thousands			
Item	2024	2023	Rate of Increase/Decrease (%)
Net operating revenues	1,907,839	1,580,608	20.70
Operating costs	(1,647,242)	(1,457,450)	13.02
Gross profit	260,597	123,158	111.60
Operating expenses	(191,680)	(180,475)	6.21
Operating Net Income (loss)	68,917	(57,317)	220.24
Non-operating net income (expense)	1,709	22,525	(92.41)
Net profit (loss) before tax	70,626	(34,792)	302.99
Income tax expense	(21,443)	15442	(238.86)
Current net income (loss)	49,183	(19,350)	354.18
Other comprehensive income	2,430	(1,902)	227.76
Total comprehensive income for the current period	51,613	(21,252)	342.86

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

2. Profitability analysis

Item/Year		2024	2023
Return on assets (%)		2.46%	(0.42%)
Return on equity (%)		3.89%	(1.47%)
As a percentage of paid-up capital (%)	Operating profit	8.37%	(6.96%)
	Profit before tax	8.58%	(4.22%)
Net profit margin (%)		2.58%	(1.22%)
Earnings per share (NTD) (Note)		0.75	0.01

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

(V) Research and development

- High flexibility - softness - three-layer belt
- Bio-content > 35% Wet Film
- Hydrophilic graphene film
- Fluorine-free water-repellent fabric bonding primer
- Waterborne composite packaging resins
- High-resilience Foam Footwear Insole Materials
- Recycled PET Flakes Reprocessed into “Recycled Polyols”
- Recycled Material Resin/PUR
- R-PET hot-melt adhesive
- Breathable film with Bluesign® approval

II. 2025 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 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.

(II) Expected sales volume and basis

Unit: tonnes/thousand yards

Main products	Expected 2025 sales volume
Coating and lamination	18,000
Resin	1,800
Curing agent	3,500
TPU	1,000

The above forecasts of sales and volumes are based on 2024 results, new products under development, anticipated growth in 2025 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

- 1.Maintain productive interaction with upstream and downstream partners for more stable supply and sales network.
- 2.Take initiative in the development of innovative products for greater market expansion.
- 3.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 tracked market changes closely 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 been able to introduce products with distinctive advantages to meet the competition and thrive amidst the challenging environment. 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 2024 along with outlooks and strategies for the current year. Motivated by the philosophy of "integrity, quality, innovation, and sharing," Shuang-Bang envisions itself of becoming "world's top tier technology innovator and value creator" 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

1. Information on Directors

April 14, 2025; 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 in the name of others		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	R.O.C.	Chung-Tang Chang	Male 73	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	R.O.C.	Ah-Ming Chen	Male 66	2024.05.31	3 years	1994.11.10	4,998,802	6.07%	4,998,802	6.07%	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	R.O.C.	Hsi-Neng Hsieh	Male 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	1

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 in the name of others		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	R.O.C.	Ken- Chen Chen	Male 81	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	R.O.C.	Ho-Pin Lin	Male 69	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	—
Director	R.O.C.	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	—
	R.O.C.	Representative: Cheng-Yen Liang	Male 75			—	—	—	—	—	—	—	—	—	National Pingtung Senior High School Director, Uei-Want Industrial Co., Ltd.	Note 5	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 in the name of others		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	
Independent Director	R.O.C.	Chen, Li- Ling	Female 58	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	R.O.C.	Tsai, Hao- Chin	Male 66	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	R.O.C.	Cheng- Feng Cheng	Male 73	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.; also serves as 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.; also serves as Member of the Company's Remuneration Committee, Audit Committee, and Risk Management Committee, and Convener of the Nomination Committee

Note 8: Concurrent positions held include Member of the Remuneration Committee, Member of the Audit Committee, Member of the Nomination Committee, and Convener of the Risk Management Committee.

Note 9: Instances where the Chairman and the President (or an equivalent top executive) are the same person, spouses, or first-degree relatives: None.

Note 10: The date of initial appointment indicated in the table refers to the individual's first appointment as an Independent Director (not necessarily at this Company). The starting date of service as an Independent Director of Shuang-Bang Industrial Corp. is May 31, 2024.

2. Major shareholders of corporate shareholders:

April 14, 2025

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

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

Criteria Name and Position	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	1. Possesses operational experience, chemistry and textile knowledge, knowledge of international markets, and risk management, crisis management, leadership, and decision-making skills. 2. Current Chairman and CSO of the Company. 3. Former President of the Company.	1. Non-independent Director 2. None of the directors had any relationship characterized as spouse or 2nd-degree relative or closer to each other	0
Ah-Ming Chen Director	1. Possesses operational experience, chemistry and textile knowledge, knowledge of international markets, and risk management, crisis management, leadership, and decision-making skills. 2. Current Vice Chairman and Vice President of Investment Office of the Company. 3. Former President and Business Manager of the Company.		0
Hsi-Neng Hsieh Director	1. Possesses operational experience, chemistry knowledge, knowledge of international markets, and risk management, leadership, and decision-making skills. 2. Current Director of the Company. 3. Former Vice President of R&D Department of the Company.		0
Ken-Chen Chen Director	1. Possesses operational experience, knowledge of international markets, knowledge of the chemical industry, and risk management, crisis management, leadership, and decision-making skills. 2. Current CEO of Panel Group. 3. Former CEO of Panel Group.		0

Criteria Name and Position	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. Currently the Chairman of HOR JING CORP. 3. Successively served as 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. Successively served as the Chairman of Uei-Want Industrial Co., Ltd. 		0
Chen, Li-Ling 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 Positions: Independent Director of Hanpin Electron Co., Ltd., Independent Director of Lin Horn Technology Co., Ltd., CPA at Chuan-Da Accounting Firm, Independent Director of the Company, Member of the Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee. 3. Current positions: CPA at Quan Da Accounting Firm, Audit Manager 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: <ol 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: Chen Li-Ling, Tsai Hao-Chin: 0% 	2

Criteria Name and Position	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 positions: Independent Director of the Company, Member of Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee. 3. Former: Professor of Chemistry , National Chung Hsing University; Vice President of National Chung Hsing University.	Cheng-Feng Cheng, 97,270 shares, 0.12% (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").	0
Tsai, Hao-Chin 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 positions: Director of Ching-Tai Resins Chemical Co., Ltd., Independent Director of our Company, Member of Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee. 3. Previous Positions: President of Ching-Tai Resins Chemical Co., Ltd.	(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

- a. In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be diversified. Except that the number of directors concurrently serving as managerial officers of the Company shall not exceed one-third of the total board seats, the selection criteria for directors shall not be limited by gender, age, nationality, or culture. The Company shall endeavor to appoint elite professionals with diverse expertise and extensive experience aligned with the Company's operational model, business characteristics, and developmental needs.
- b. The 14th Board of Directors of the Company comprises members with broad industry experience. Among them, two hold doctoral degrees and two hold master's degrees. Their areas of expertise include finance and accounting, business management, law, chemistry, and international markets. All members possess the knowledge, skills, and competencies required for the execution of their duties and meet the core indicators of board diversity as stipulated in corporate governance requirements.
- c. Of the current directors, there are eight Taiwanese male directors and one Taiwanese female director. The age distribution is as follows: one director under the age of 59, four directors aged between 60 and 70, and four directors above the age of 71.
- d. The Company's current Board of Directors consists of nine directors. The specific management objectives and the status of achievement regarding the Board diversity policy are as follows:

Management targets	Achievement Status and Explanations
No more than one-third of directors concurrently serving as managerial officers	Following the re-election of the 14th Board of Directors, nine directors were appointed, of whom two concurrently serve as managerial officers, accounting for 22% of the board seats. This is below the one-third threshold and complies with the management objective.
At least one female director	The Company has consistently emphasized gender equality within the Board. In the 2024 Annual Shareholders' Meeting, nine directors were elected, including three independent directors, among whom one is a female independent director, meeting the management objective.
Independent Directors serving no more than three terms	Among the nine directors of the 14th Board, three are independent directors. None of the independent directors have served more than three terms, thus meeting the management objective.

- e. Implementation Status of the Board Diversity Policy:
 - (1) Director

Director member	Date elected/ onboard	Nationality	Gender	Age distribution			Industry experience				Professional capabilities				
				Age 59 and under	Age 60 to 70	Age 71 and above	Coating	Polymer	Footwear Materials	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law
Chung-Tang Chang	2024/5/31	R.O.C.	Male			○	○	○	○	○	○	○	○	○	
Ah-Ming Chen	2024/5/31	R.O.C.	Male		○		○	○		○	○	○	○		
Hsi-Neng Hsieh	2024/5/31	R.O.C.	Male		○		○	○		○	○	○	○		
Ken-Chen Chen	2024/5/31	R.O.C.	Male			○		○		○	○	○	○		
Ho-Pin Lin	2024/5/31	R.O.C.	Male		○				○	○	○	○	○		
Cheng-Yen Liang	2024/5/31	R.O.C.	Male			○			○	○	○	○	○		

(2) Independent directors

Director member	Date elected/onboard	Nationality	Gender	Independent Director Term of Service			Age distribution			Industry experience				Professional capabilities				
				Less than 3 years	3 to 9 years	More than 9 years	Age 59 and under	Age 60 to 70	Age 71 and above	Coating	Polymer	Footwear Materials	Investment	Business administration	International markets	Risk management	Accounting and financial analysis	Law
Chen, Li-Ling	2024/5/31	R.O.C	Female	○			○							○	○	○	○	
Tsai, Hao-Chin	2024/5/31	R.O.C	Male	○				○				○		○	○			
Cheng-Feng Cheng	2024/5/31	R.O.C	Male		○					○		○		○	○			

- f. If the proportion of directors of either gender on the board of a listed or OTC company is less than one-third, the reasons and the measures to enhance gender diversity shall be disclosed:

The current status and measures are described and reinforced as follows:

- Current Status Explanation

Industry Structure and Characteristics: The industry has historically been male-dominated, resulting in lower participation rates of female talent in these fields, which consequently impacts the proportion of women reaching decision-making positions.

Late Initiation of Policy Promotion: Compared to advanced economies in Europe and North America, Taiwan initiated gender equality and board diversity policies at a relatively later stage. Although gradual improvements have been made, further systemic measures and resource investments are still required to narrow the gender gap.

- Planning and Implementation Measures

The Company actively seeks and recruits female candidates with strong professional expertise, leadership experience, and international perspective to join the Board of Directors.

Strengthens its corporate brand image and cultural values to foster a diverse, inclusive, and gender-equal decision-making environment, thereby enhancing its appeal to female professionals.

Through these initiatives, the Company aims to further advance gender diversity within the Board.

B. Board independence:

- a. The Company has obtained a Declaration of Independence from each Independent Director, confirming their independence from the Company, including that of their immediate family members. The Board of Directors consists of nine members, of whom three are Independent Directors. The number of Independent Directors exceeds one-third of the total board seats, in compliance with applicable regulations. Furthermore, the consecutive terms of all Independent Directors do not exceed three terms.
- b. Among the members of the Board of Directors, 22.22% concurrently do not serve as employees of the Company, while 77.78% do not hold employee status.
- c. There are no circumstances as specified under Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.
- d. There are no spousal or second-degree familial relationships among any of the Directors.

(II) Information on President, Vice Presidents, Assistant Vice Presidents, Department Heads, and Branch Managers

April 14, 2025

Title	Nationality	Name	Gender	Date elected/onboard	Current shareholding		Shareholding held by the spouse and minor children		Shares held by proxy		Main career (academic) backgrounds	Concurrent positions in other companies	Spouse or relatives within two degrees of kinship as managers			Remarks
					No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage	No. of shares	Shareholding Percentage			Title	Name	Relationship	
CSO	R.O.C	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.; Representative of legal entity director of Miracle Textile Industry Co., Ltd.	—	—	—	Note
President	R.O.C	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	R.O.C	Ah-Ming Chen	Male	2007.03	4,998,802	6.07%	2,524,897	3.07%	227,000	0.28%	Department of Chemistry , National Cheng Kung University Business Manager and President of the Company	Chairman of Chia Cherng Industry Co., Ltd.	—	—	—	—
Finance Department Vice President	R.O.C	Min-Chu Lin	Female	2013.05	92,438	0.11%	—	—	—	—	EMBA, National Chung Hsing University KPMG Taiwan	Supervisor of Miracle Textile Industry Co., Ltd.	—	—	—	—
Polymer Segment Assistant Vice President	R.O.C	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	R.O.C.	Chien-Chung Ko	Male	2019.01	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	R.O.C.C.	Chiu Tang-Yuan	Male	2024.11	—	—	—	—	—	—	Department of Chemical Engineering, Far East University of Technology 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: none

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

(I) Directors' and Independent Directors' Remuneration (Summary disclosure with name classification by remuneration bracket)

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)		Business 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	The Company	All companies included in the financial statements			
Director	Chairman	Chung-Tang Chang	—	—	—	—	1,440	1,440	310	336	1,750 2.85%	,1776 2.89%	11,162	108	108	154	—	154	—	13,165 21.43%	13,200 21.49%	None	
	Vice Chairman	Ah-Ming Chen																					
	Director	Hsi-Neng Hsieh																					
	Director	Ken-Chen Chen																					
	Director	Ho-Pin Lin																					

	Director	Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang																				
Independent Director	Independent Director	Yang Tu-Hsin (Note 2)	390	390	—	—	720	720	290	290	1,400 2.28%	1,400 2.28%	—	—	—	—	—	—	—	1,400 2.28%	1,400 2.28%	None
	Independent Director	Wang Yen (Note 2)																				
	Independent Director	Chen Li-Ling (Note 1)																				
	Independent Director	Tsai Hao-Chin (Note 1)																				
	Independent Director	Cheng Cheng-Feng (Note 3)																				

Note 1: New appointment following the re-election of directors at the Annual Shareholders' Meeting on May 31, 2024.

Note 2: Former appointment prior to the re-election of directors at the Annual Shareholders' Meeting on May 31, 2024.

Note 3: Reappointment following the re-election of directors at the Annual Shareholders' Meeting on May 31, 2024.

1. 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.
2. 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 Bracket Table

Range of compensation paid to directors of the Company	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (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, Hsieh Hsi-Neng, Chen Ken-Chen, Ho-Pin Lin, and Uei-Want Industrial Co., Ltd. (representative: Cheng-Yen Liang) Independent Directors: Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng, Chen Li-Ling, and Tsai Hao-Chin	Directors: Chung-Tang Chang, Ah-Ming Chen, Hsieh Hsi-Neng, Chen Ken-Chen, Ho-Pin Lin, and Uei-Want Industrial Co., Ltd. (representative: Cheng-Yen Liang) Independent Directors: Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng, Chen Li-Ling, and Tsai Hao-Chin	Directors: Chen Ken-Chen, Lin Ho-Pin, Hsieh Hsi-Neng, and Representative of Uei-Want Industrial Co., Ltd.: Cheng-Yen Liang Independent Directors: Yen Wang, Tu-Hsin Yang, Cheng-Feng Cheng, Chen Li-Ling, and Tsai Hao-Chin	Directors: Chen Ken-Cheng, Lin Ho-Pin, Hsieh Hsi-Neng, Representative of Uei-Want Industrial Co., Ltd., Liang Cheng-Yen Independent Directors: Wang Yen, Yang Tu-Hsin, Cheng Cheng-Feng, Chen Li-Ling, and Tsai Hao-Chin
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: Chen Ah-Ming	Director: Chen Ah-Ming
NT\$5,000,000 (inclusive) - NT\$10,000,000 (non-inclusive)	—	—	Director: Chang Chung-	Director: Chang Chung-
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	11 individuals	11 individuals	11 individuals	11 individuals

(II) Remuneration to President and Vice Presidents

Unit: NTD thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Special Disbursements, etc. (C) (Note 1)		Employee remuneration (D)				The sum of A, B, C, and D as a percentage of net income after tax (%)		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	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
President	Yu-Chuan Hsu	11,541	11,901	295	316	5,664	5,682	292	—	292	—	17,792 28.96%	18,191 29.61%	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 Bracket Table

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 managerial officers receiving employee remuneration and distribution details

Unit: NTD thousands

	Title	Name	Amount paid in shares (Note)	Amount paid in cash (Note)	Total	Total distributed amount as a percentage of after-tax net profit (%)
Managers	President	Yu-Chuan Hsu	—	437	437	0.71%
	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	Chiu Tang-Yuan				

Note: As of the date of publication of the 2024 Annual Report, the Board of Directors has not yet approved the distribution of employees' remuneration to managerial officers. The figures presented are estimated amounts.

(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

Item Title	The Company				From All Consolidated Entities			
	2023		2024		2023		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	10,488	1649.06%	14,566	23.71%	10,499	1650.79%	14,601	23.76%
Remuneration to President and Vice Presidents	14,818	2329.87%	17,792	28.96%	15,248	2397.48%	18,190	29.61%
Net income after taxes	636	—	61,427	—	636	—	61,427	—

The increase in Directors' remuneration in 2024 compared to 2023 is attributable to the increase in after-tax net profit for the year. Similarly, the increase in the President and Vice Presidents' remuneration compared to 2023 is due to higher profitability, resulting in an increase in related bonus payments.

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

A. Policies, Standards, Composition, and Procedures for Determining Remuneration

(A) Directors

Directors' remuneration includes transportation allowances and directors' remuneration:

- a. Transportation Allowance: Based on industry standards, directors are paid attendance fees on a per-meeting basis according to their actual attendance at Board meetings.
- b. Directors' Remuneration: In accordance with Article 30 of the Company's Articles of Incorporation, directors' remuneration is allocated at a rate not exceeding 3% of the Company's net profit for the year.

The Company's Remuneration Committee, based on the Articles of Incorporation, the "Rules Governing the Remuneration of Directors and Managerial Officers," directors' attendance, and the Company's annual profitability after deducting accumulated losses, reviews and recommends the directors' remuneration. The

recommendation is then submitted for Board approval and subsequently reported to the Shareholders' Meeting.

(B) President and vice presidents

The remuneration for the Company's managerial officers is determined pursuant to the Articles of Incorporation and the "Rules Governing the Remuneration of Directors and Managerial Officers." The remuneration structure includes salary, bonuses, and employee remuneration allocations. All remuneration proposals are submitted to the Remuneration Committee for review and are implemented upon approval by the Board of Directors.

B. Correlation between remuneration and business performance and future risks

The Company's procedures for determining remuneration take into account not only overall corporate operating performance but also individual performance achievement rates and contributions to corporate results, in order to provide reasonable remuneration. All relevant remuneration matters are submitted to the Remuneration Committee for review and are approved by the Board of Directors. The Company also continuously reviews its remuneration system based on developments in business operations, profitability, operational risks, and changes in relevant regulations, ensuring a balance between sustainable corporate development and effective risk management.

III. Corporate governance

(I) Functionality of the board of directors

(1) Functionality of the board of directors

The Board of Directors convened 6 times (A) during the most recent fiscal year. Directors' attendance is detailed below:

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%	Re-elected May 31, 2024
Vice Chairman	Ah-Ming Chen	5	1	83%	Re-elected May 31, 2024
Director	Ken-Chen Chen	5	1	83%	Re-elected May 31, 2024
Director	Hsi-Neng Hsieh	6	0	100%	Re-elected May 31, 2024
Director	Ho-Pin Lin	5	1	83%	Re-elected May 31, 2024
Director	Representative of Uei-Want Industrial Co., Ltd.: Liang Cheng-Yen	4	1	67%	Re-elected May 31, 2024
Independent Director	Yen Wang	3	0	100%	Dismissed May 31, 2024
Independent Director	Tu-Hsin Yang	3	0	100%	Dismissed May 31, 2024
Independent Director	Cheng-Feng Cheng	6	0	100%	Re-elected May 31, 2024
Independent Director	Chen, Li-Ling	3	0	100%	Newly Appointed May 31, 2024
Independent Director	Tsai, Hao-Chin	3	0	100%	Newly Appointed May 31, 2024

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.

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

Board of directors	Motion details and subsequent actions taken	Conditions described in Article 14-3 of the Securities and Exchange Act	Objections or reservations from independent directors
1st Board meeting in 2024 2024.02.02	Items reviewed during the Company's first Remuneration Committee meeting of 2024	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	Resolution: Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming recused due to the personal stakes involved, and the motion was passed as proposed by the remaining attending directors when inquired by Director Wang Yen.		
2nd Board meeting in 2024 2024.03.12	The Company's subsidiary - Shoetex Corporation's cash capital increase.	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	Resolution: Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming recused themselves due to that they are the Chairman and director of Shoetex, and the motion was passed as proposed by the remaining attending directors when inquired by Director Wang Yen.		
3rd Board meeting in 2024 2024.5.10	Amendment to the Company's internal control system and internal audit system.	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		

Board of directors	Motion details and subsequent actions taken	Conditions described in Article 14-3 of the Securities and Exchange Act	Objections or reservations from independent directors
	<p>Resolution:</p> <p>Unanimous vote by all present directors to approve the motion after the chairperson consulted with the board.</p>		
4th Board meeting in 2024 2024.5.31	1.Appointment of Remuneration Committee member	V	-
	2.Appointment of members to the Company's Second Nomination Committee	V	-
	3.Appointment of members to the Company's Second Risk Management Committee	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	<p>Resolution:</p> <p>Motion 1 ~ 3: Independent Director Tsai Hao-Chin, Director Chen Li-Ling, and Director Cheng Cheng-Feng, being the nominees, recused themselves from voting due to conflicts of interest. These items were unanimously approved by all attending directors without objection.</p>		
5th Board meeting in 2024 2024.8.12	1.Ratification of the acquisition of right-of-use assets from related parties	V	-
	2.Proposed dissolution and liquidation of the Company's subsidiary - Shoetex Corporation	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	<p>Resolution:</p> <p>Motion 1: The Chairman, due to related party concerns, appointed Vice Chairman Chen Ah-Ming as acting chairman. Chairman Chang Chung-Tang, who is the spouse of Wu Li-</p>		

Board of directors	Motion details and subsequent actions taken	Conditions described in Article 14-3 of the Securities and Exchange Act	Objections or reservations from independent directors
	<p>Hsueh and a second-degree relative of Chen Wu Li-Hsueh, is a related party to this case and therefore recused himself from voting. With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.</p> <p>Motion 2: The Chairman, due to related party concerns, appointed Director Chen Li-Ling as acting chairman.</p> <p>Chairman Chang Chung-Tang and Vice Chairman Chan Ah-Ming, who serve as the Chairman and Director of Shoetex Corporation respectively, are related parties to this case and therefore recused themselves from voting. With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.</p>		
6th Board meeting in 2024 2024.11.12	1. Appointment of and compensation to CPAs in 2025	V	-
	2. Amendment to the internal control and internal audit system of the Company	V	-
	3. Review of criteria for managers' salary adjustment for 2024	V	-
	Independent directors' opinions: None		
	Company's response to independent directors' opinions: None		
	<p>Resolution:</p> <p>Motion 1 and 2: Unanimous vote by all present directors to approve the motion after the chairperson consulted with the board.</p> <p>Motion 3: The Chairman, due to related party concerns, appointed Director Chen Li-Ling as acting chairman.</p> <p>Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming, due to their positions in the Company, are related parties to this case and therefore recused themselves from voting.</p> <p>With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.</p>		

(2) Execution of board performance evaluation

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Once a year	2024.05.31 ~ 2024.12.31	Board of directors	Board of directors internal self-evaluation	<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	2024.05.31 ~ 2024.12.31	Each individual director	Self-evaluation 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	2024.05.31 ~ 2024.12.31	Each functional committee	Self-evaluation 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

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
				5.Internal control

In the 2024 performance evaluation, the board of directors rated itself between 5 - "Strongly agree" and 4 - "Agree" across all performance indicators. Meanwhile, individual directors "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.

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 2024:

Agenda Item: The first Remuneration Committee meeting of 2024 reviewed the 2023 year-end bonuses for executive officers.

Resolution: Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming recused themselves from voting due to conflicts of interest related to their executive positions within the company. Director Wang Yen solicited agreement from the attending directors, and the proposal was approved as presented.

2.2nd Board meeting in 2024:

Proposal: The Company's investment in subsidiary - SHOETEX CORPORATION to conduct a cash capital increase.

Resolution: Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming recused themselves due to that they are the Chairman and director of Shoetex, and the motion was passed as proposed by the remaining attending directors when inquired by Director Wang Yen. The capital is increased based on the shareholding proportion. If there is a shortfall in the subscription for the capital increase, the Company may subscribe to the shares. Chairman Chang is authorized to handle relevant matters.

3.4th meeting of the Board in 2024:

Proposal 1: Appointment of Remuneration Committee members

Resolution: Directors Chen Li-Ling, Tsai Hao-Chin, and Cheng Cheng-Feng, being the nominees, recused themselves from voting. The proposal was unanimously approved by all attending directors without objection.

Proposal 2: Appointment of members for the Company's second Nomination Committee.

Resolution: Directors Chen Li-Ling, Tsai Hao-Chin, and Cheng Cheng-Feng, being the nominees, recused themselves from voting. The proposal was unanimously approved by all attending directors without objection.

Proposal 3: Appointment of members for the Company's Third Risk Management Committee

Resolution: Directors Chen Li-Ling, Tsai Hao-Chin, and Cheng Cheng-Feng, being the nominees, recused themselves from voting. The proposal was unanimously approved by all attending directors without objection.

4.5th meeting of the Board in 2024:

Proposal 1: Ratification of the Company's acquisition of right-of-use assets from related parties

Resolution: The Chairman recused himself due to related party involvement and appointed Vice Chairman Chen Ah-Ming to temporarily serve as acting chairman. Chairman Chang Chung-Tang, who is the spouse of Wu Li-Hsueh and a second-degree relative of Chen Wu Li-Hsueh, is a related party to this case and therefore recused himself from voting. With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.

Proposal 2: Proposed dissolution and liquidation of the Company's subsidiary - Shoetex Corporation.

Resolution: The Chairman, being a related party, recused himself and appointed Director Chen Li-Ling as acting chairperson. Chairman Chang Chung-Tang and Vice Chairman Chan Ah-Ming, who serve as the Chairman and Director of Shoetex Corporation respectively, are related parties to this case and therefore recused themselves from voting. With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.

5.6th board meeting in 2024:

Proposal 1: The Company's purchase of a batch of mold equipment from its subsidiary - Shoetex Corporation.

Resolution: The Chairman, being a related party, recused himself and appointed Director Chen Li-Ling as acting chairperson. Chairman Chang Chung-Tang and Vice Chairman Chan Ah-Ming, who serve as the Chairman and Director of Shoetex Corporation respectively, are related parties to this case and therefore recused themselves from voting. With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.

Proposal 2: Review of the Company's 2024 standards for adjusting managerial compensation

Resolution: The Chairman, being a related party, recused himself and appointed Director Chen Li-Ling as acting chairperson. Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming, due to their positions in the Company, are related parties to this case and therefore recused themselves from voting. With the consent of all attending directors solicited by the chairperson, the proposal was approved as presented.

III. Enhancements to the functionality of board of directors in the current and most recent year:

1. The Company established the Audit Committee in 2021, and the Nomination Committee and the Risk Management Committee in 2023.
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 2024, 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.

(I) Operations of the Audit Committee

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

Title	Name	Attendance No. of times (B)	No. of proxy attendanc e	In-person attendance rate (B/A)(%)(Note)	Remarks
Independent Director	Yen Wang	2	0	100%	Dismissed May 31, 2024
Independent Director	Tu-Hsin Yang	2	0	100%	Dismissed May 31, 2024
Independent Director	Cheng- Feng Cheng	5	0	100%	Re-elected May 31, 2024
Independent Director	Chen, Li-Ling	3	0	100%	Newly Appointed May 31, 2024
Independent Director	Tsai, Hao- Chin	3	0	100%	Newly Appointed May 31, 2024

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
2024.03.12	1.The Company's 2023 Internal Control System Effectiveness Review and Statement on Internal Control 2.Approval of the Company's 2023 Financial Statements and Business Report 3.The Company's 2023 earnings distribution
	<p>■ Resolution: Passed unanimously by all attending members.</p> <p>■ Company's response to committee's opinions: All motions</p>

		were passed unanimously by attending directors as recommended by Audit Committee.
2024.05.10	<p>1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to March 31, 2024</p> <p>2.Amendment to the Company's internal control system and internal audit system</p> <p>3.Pre-approval of the Company's Non-Assurance Services for 2024 and the Assessment of Auditor Independence</p>	<p>■ Resolution: Passed unanimously by all attending members.</p> <p>■ Company's response to committee's opinions: All motions were passed unanimously by attending directors as recommended by Audit Committee.</p>
2024.08.12	<p>1.Consolidated financial statements of the Company and subsidiaries for the period from January 1 to June 30, 2024</p> <p>2.Ratification of the Company's Acquisition of Right-of-Use Assets from Related Parties</p> <p>3.Proposal for the Company's Establishment of a Hardener Production Line</p> <p>4.The Company's subsidiary - Shoetex Corporation, proposed dissolution and liquidation</p>	<p>■ Resolution: Passed unanimously by all attending members.</p> <p>■ Company's Response to Committee Recommendations: Except for Motion No. 2 where Chairman Chang Chung-Tang recused himself as a related party, and Motion No. 4 where Chairman Chang Chung-Tang and Vice Chairman Chen Ah-Ming, serving as legal representatives on the board of Shoetex, recused themselves from discussion and voting due to conflicts of interest, all other proposals were unanimously approved by the attending directors without objection in accordance with the recommendations of the Audit Committee.</p>
2024.10.15	1.Proposal for the Company's Purchase of Mold Equipment from its Subsidiary - SHOETEX CORPORATION	
		<p>■ Resolution: Passed unanimously by all attending members.</p> <p>■ Company's Response to Committee Recommendations: Chairman Chang Chung-Tang and Vice Chairman Chen Ah-</p>

		Ming, serving as legal representatives on the board of SHOETEX CORP., recused themselves from discussion and voting due to conflicts of interest. The proposal was unanimously approved by the attending directors without objection in accordance with the recommendations of the Audit Committee.
2024.11.12		1.Consolidated financial statements of the Company and its subsidiaries for the period from January 1 to September 30, 2024 2.Establishment of the Company's "Evaluation Method for Independence and Suitability of CPAs" 3.Assessment of the Independence and Suitability of the Company's CPAs 4.Appointment and Compensation to CPAs in 2025 5.Ratification of the Company's Non-Assurance Services for 2024 6.Amendment to the "Pre-Approval Policy for Non-Assurance Services Provided by the Signing CPA" 7.Pre-approval of the Company's Non-Assurance Services for 2025 and the Assessment of Auditor Independence 8.Establishment of the Company's "Procedures for Preparation and Verification of Sustainability Reports" 9.Amendment to the Company's Internal Control System and Internal Audit System 10.The Company's 2025 audit plan
		<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.

(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. Should any issues arise, direct communication with relevant officers is conducted to ensure a full understanding 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.

■ Summary of Communications between Independent Directors and the Chief Internal Auditor

Date	Key points of communication	Directors' Recommendations And Corrections	Execution progress
Before the Board of Directors' meeting on March 12, 2024	The Company's 2024 Internal Control System Effectiveness Review and Declaration of Internal Control System	None	Passed review and reported in board of directors meeting afterwards
Before the Board of Directors' meeting on November 12, 2024	Internal audit report and 2025 audit plan	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	Directors' Recommendations And Corrections	Execution progress
March 12, 2024 Audit Committee Pre-meeting Conference	2023 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.
August 12 Audit Committee Pre-meeting Conference	2024 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.
November 12, 2024 Audit Committee Pre-meeting Conference	2024 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.

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

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.

(II) 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"?	✓		(I) The Company has implemented its own Corporate Governance Code of Conduct in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to regulate issues concerning shareholder protection, board of directors' authority, stakeholders' interests, and enhancement of information transparency. Details of the "Corporate Governance Code of Conduct" have been disclosed on Market Observation Post System and the corporate 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?	✓		(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

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(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
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	✓		(III) The Company has established the "Guidelines for Financial and Business Transactions Among Related Parties" to regulate intercompany activities within the corporate group, including transactions involving the purchase and sale of goods, acquisition and disposal of assets, endorsements and guarantees, and intercompany loans. The Company has also established the "Regulations Governing the Supervision and Management of Subsidiaries" to strengthen the control and supervision over the subsidiaries' operating risks.	No material deviation is found
(IV) Has the Company established internal policies that prevent insiders from trading securities	✓		(IV) The Company has "Material Insider Information Handling	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	
against non-public information?			Procedures" in place that prohibit insiders from trading securities against non-public information.	
<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>	✓		<p>(I) 1. According to the Company's Corporate Governance Code of Conduct and Director Election Procedures, board members should be diversified and possess the knowledge, skills, and characters needed to perform duties. (Note 1)</p> <p>2. Among the 9 members of the current board, one of who possesses professional background in commerce and accounting.</p>	No material deviation is found
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	✓		(II) On November 10, 2023, the Board of Directors resolved to establish a Nomination Committee and a Risk Management Committee. Other corporate governance functions are currently managed by the respective departments in accordance with their duties and responsibilities. The Company will continue to assess the need for additional functional committees as required.	No material deviation is found.
(III) Has the Company established a method and procedure for evaluating the performance of the Board of Directors, conducted	✓		(III) The board approved the Board Performance Appraisal Measures on March 27, 2020, which require the board to conduct at least one	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	
performance evaluations regularly on an annual basis, and reported the evaluation results to the Board of Directors while using them as references for individual directors' compensation and nomination for reappointment?			<p>performance appraisal of the board as a whole, board members, Remuneration Committee and Audit Committee per year. The internal performance evaluation shall be conducted in accordance with these Measures at the end of each year. The measurements of the Company's board performance appraisal include the following five aspects: (1) Participation in the operation of the company. (2) Improvement of the quality of the board of directors' decision making. (3) Composition and structure of the board of directors. (4) Election and continuing education of the directors. (5) Internal control. The measurement items for the performance evaluation of directors include the following matters: (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 continuing education of directors. (6) Internal control. The measurements</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>of the Company's functional committee performance appraisal include the following aspects: (1) Participation in the operation of the company. (2) Understanding of functional committee's job responsibilities. (3) improvement of quality of decisions made by the functional committee; (4) Makeup of the functional committees and election of its members, (5) Internal control. Carried out by the corporate governance unit and is conducted using an internal questionnaire. There are three parts, board operations, directors' participation, and functional committees, which involve directors evaluating the board operations, directors evaluating their own participation, and functional committee members evaluating the committee operations. The results of the above performance evaluation will be used as a reference for the selection or nomination of directors. Once the questionnaires are fully recovered in January of each year, the Company's corporate governance unit will analyze them and report the results to the Board of Directors in accordance</p>	

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Are external auditors' independence assessed on a regular basis?	✓		<p>with the aforementioned procedures, and propose measures for improvement based on the suggestions from the directors. The Company completed the performance evaluation of the Board of Directors, Board members, and functional committees in January 2024, and reported the evaluation results and the direction of continuous improvement for the next year at the board meeting held on March 12, 2024. This year's evaluation score is between 4.6 and 4.88, which is considered good.</p> <p>(IV) 1. Pursuant to Article 29 of the Corporate Governance Best Practice Principles, the Company evaluates the independence and competence of its external auditors at least once per year, referencing the Audit Quality Indicators (AQIs). The evaluation results are submitted to the Board of Directors.</p> <p>2. The Company has completed the review and assessment of the suitability and independence of CPAs for 2024. On November 12, 2024, the Audit Committee and the Board of Directors approved the review</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	
			and assessment of the suitability and independence of CPAs. Please refer to Note 2 for the review content.	
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 shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		<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)?	✓		<p>1.The Company handles relationship with external parties and stakeholders through dedicated officers, email (contact@sbinet.com.tw), and the stock transfer agent - "Capital Securities Corp."</p> <p>2.Material financial, business, and corporate governance information, including the Company's annual reports, are disclosed through the MOPS at http://newmops.tse.com.tw/ and on the Company's official website at http://www.shuang-bang.com, under the designated section for investors and stakeholders.</p>	No material deviation is found.
VI. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	✓		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?	✓		(I) The Company has created its own website, and makes timely disclosure of financial, business, and corporate governance information on the Market Observation Post System as well as the corporate website as required by law.	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	
(II) Has the Company adopted other means of information disclosure (such as establishing an English website, designating personnel responsible for collecting and disclosing company information, implementing a spokesperson system, placing legal entity presentations on the company website, etc.)?	✓		(II) The Company has appointed personnel to collect corporate information and handle disclosure and implemented the spokesperson system.	No material deviation is found.
(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?	✓		(III) The Company has consistently submitted its financial reports and monthly operational results within the required deadlines, although it has not adopted early disclosure practices.	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	✓		1.Purchase of liability insurance for directors: Insurance coverage has been arranged to allow individual and cumulative claims up to NT\$15 million. 2.Employee rights: The Company protects employees' rightful interests in accordance with the Labor Standards Act.	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	
directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?			<p>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.</p> <p>4.Investor relations: A spokesperson, acting spokesperson, and shareholder service unit have been designated to 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:</p> <p>(1) The Company handles relationship with external parties and stakeholders through dedicated officers, email, and the stock transfer agent - "Capital Securities Corp."</p> <p>(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.Directors' ongoing education: Please see page 68~69 of this annual report for details on directors' ongoing education.</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>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>	
<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. (Not required if the Company is not one of the evaluated subjects.)</p> <p>In 2024, the Company has addressed prior shortcomings in corporate governance practices by uploading quarterly English financial statements; convening the annual shareholders' meeting by the end of May; and appointing at least one board member of a different gender.</p>				

Note 1: The Company has a set of "Corporate Governance Code of Conduct" that outlines diversity requirements for board members. Details and execution of the diversity policy are explained below:

Article 20

Board of directors of the Company shall provide guidance over corporate strategies, supervise the management, and be held responsible to the Company and its shareholders. The Company shall adopt various processes and arrangements as part of its corporate governance system to ensure that the board of directors performs duties in accordance with laws, the Articles of Incorporation, and shareholders' resolutions.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

Board members should be diversified in a manner that supports the Company's operations, business activities, and growth requirements, provided that the number of directors who concurrently hold managerial positions do not exceed one-third of the board. The diversification policy should include, but is not limited to, the following two principles:

I. Basic Conditions and Values: Gender, age, nationality, and culture, among which the proportion of female directors should reach one-third of the board seats.

II. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

All board members shall possess the knowledge, skills, and characters needed to exercise their duties. For ideal corporate governance, the board of directors as a whole shall possess the following capacities:

I. Operational judgment.

II. Accounting and financial analysis.

III. Business administration.

IV. Crisis management.

V. Industry knowledge.

VI. International markets.

VII. Leadership.

VIII. Decision making.

Note 2: Assessment criteria for CPAs' independence

Pursuant to the “Company’s Assessment Guidelines for the Independence and Competence of Certified Public Accountants,” the evaluation of external auditors incorporates Audit Quality Indicators (AQIs). These assessments were reviewed by the Audit Committee and subsequently approved by the Board of Directors on November 12, 2024.

1. CPA Independence Evaluation Form:

Item	Specific Indicators	Assessment outcome	
		Yes	No
1	The certifying accountants have no direct or material indirect financial interest with the Company. (Whether free from related party relationships)	Yes	
2	The certifying accountants have no financing or guarantee arrangements with the Company or its directors. (Whether Free from Inappropriate Interests)	Yes	
3	The certifying accountants and audit service team members have not currently or in the past two years held positions as directors, supervisors, managers, or other positions that would significantly influence the audit engagement with the Company.(Whether absent)	Yes	

4	The certifying accountants do not serve as advocates for the Company or represent the Company in coordinating conflicts with third parties. (Whether absent)	Yes	
5	The engagement and concurrent certified audit partners have not served for more than seven year. (Confirmation of compliance)	Yes	
6	The certifying accountants maintain no close commercial relationships with our Company. (Whether absent)	Yes	
7	The certifying accountants have no potential employment relationships with the Company. (Whether absent)	Yes	
8	The certifying accountants have no contingent fees related to the audit engagement. (Whether absent)	Yes	
9	All audit team members, other partners of the accounting firm, shareholders of the corporate accounting firm, the accounting firm itself, its affiliated enterprises, and alliance firms maintain independence from our Company. (Whether absent)	Yes	
10	Non-audit services provided by the certifying accountants have no direct impact on significant items related to the audit engagement. (Whether absent)	Yes	
11	The certifying accountants have not promoted or brokered stocks or other securities issued by the Company. (Whether absent)	Yes	
12	The certifying accountants have not represented the Company in legal proceedings or other disputes with third parties. (Whether absent)	Yes	
13	The certifying accountants and members of the audit service team have no family relationships with the directors, supervisors, managers, or personnel who have significant influence over the audit engagement. (Whether absent)	Yes	
14	The certifying accountants have not served as directors, supervisors, managers, or in positions with significant influence over the audit engagement within one year of resignation. (Whether absent)	Yes	

2. Accountant Competency Assessment:

Item	Specific Indicators	Assessment outcome	
		Yes	No
1	The accountants complete the company's financial reports and audit (review) reports on schedule. (Timely provision of certified financial reports)	Yes	
2	Accuracy of statement auditing and preparation for each period (excluding company data changes). (Four primary financial statements) (The certified financial reports issued comply with the latest IFRSs, accounting principles bulletins, and relevant regulatory requirements)	Yes	
3	Whether the accountants frequently interact with company management (including internal audit personnel) and maintain records of these interactions. (Frequent interaction and smooth cooperation)	Yes	
4	Whether the accountants appropriately interact with the Audit Committee prior to audit planning and issuing audit opinions, with documented records. (Communication of key audit matters and completion of audit)	Yes	
5	Whether the accountants actively provide recommendations regarding company systems and internal controls with documented records. (Communication of findings and recommendations with internal audit personnel and relevant departments)	Yes	
6	Completion of annual tax returns and declaration forms before the filing deadline in the following year. (Timely provision of tax certification reports and tax returns)	Yes	
7	Assistance with corporate tax planning. (Assisting the company in reviewing tax planning and providing recommendations)	Yes	
8	Providing solutions for tax certification issues. (Assisting the company in responding to tax inquiries from tax authorities)	Yes	
9	Regularly and proactively updating the company on tax and securities regulations and revised IFRS accounting standards. (Providing appropriate training courses, including newly applicable IFRS bulletins)	Yes	
10	Communication and response to inquiries. (Promptly responding to questions)	Yes	
11	Assisting with communication and coordination with regulatory authorities. (Timely and appropriate responses to inquiries from regulatory authorities)	Yes	

3. Audit Quality Indicators (AQIs) for Certifying Accountant Independence and Competency Assessment:

AQI Indicator		Key Measurement Points		Assessment outcome	Whether compliant with Competency Requirements
Dimension One: Professionalism	(1- 1) Audit experience	Whether the accountants and audit personnel possess sufficient audit experience to perform the audit work.	Firm level	Yes	Yes
			Project hierarchy	Yes	Yes
	(1- 2) Training Hours	Whether the accountants and audit personnel receive adequate educational training annually to continuously acquire professional knowledge and skills.	Firm level	Yes	Yes
	(1- 3) Turnover Rate	Whether the firm maintains sufficient senior human resources.	Firm level	Yes	Yes
	(1- 4) Professional support	Whether the firm has sufficient professional staff to support the audit team.	Firm level	Yes	Yes
Dimension Two: Quality Control	(2- 1) Accountant Workload	Whether the accountants' workload is excessive.	Firm level	No	Yes
			Project hierarchy	No	Yes
	(2- 2) Audit Engagement	Whether the audit team members' engagement is appropriate at each audit phase.	Firm level	Yes	Yes
			Project hierarchy	Yes	Yes
	(2- 3) Engagement Quality Control Review (EQCR) review status	Whether the EQCR accountant dedicates sufficient hours to review the audit engagement.	Firm level	Yes	Yes
			Project hierarchy	Yes	Yes
	(2- 4)	Whether the firm has adequate quality	Firm level	Yes	Yes

	Quality Control Support Capability	control personnel to support the audit team.			
Dimension Three: Independence	(3- 1) Non-audit Service Fees	The impact of the proportion of non-audit service fees on independence.	Project hierarchy	No	Yes
	(3- 2) Client Familiarity	The impact of the cumulative years the firm has certified annual financial reports on independence.	Project hierarchy	No	Yes
Dimension Four: Supervision	(4- 1) External Inspection Deficiencies and Sanctions	Whether the firm's quality control and audit engagements are performed in accordance with relevant laws and standards.	Firm level	Yes	Yes
			Project hierarchy	Yes	Yes
	(4- 2) Improvement letters issued by regulatory authorities	Whether the firm's quality control and audit engagements are performed in accordance with relevant laws and standards.	Firm level	Yes	Yes
			Project hierarchy	Yes	Yes
Dimension Five: Innovation Capacity	(5- 1) Innovative Planning or Initiatives	The firm's commitment to improving audit quality, including the firm's innovation capacity and planning.	Firm level	Yes	Yes

Assessment outcome: Following the evaluation of the above indicators, the certifying accountants engaged by the Company meet the assessment criteria for independence and competency, confirming the reliability of the issued financial reports.

Assessment Unit: Finance Department

Date reported to Audit Committee and Board of directors: November 12, 2024

(III) Disclosure of Composition and Operation of the Company's Remuneration Committee or Nomination Committee, if established:

1. Information of Remuneration Committee members

Status (Note 1)	Criteria Name	Professional qualification and experience (Note 2)	Independence criteria (Note 3)	Number of concurrent positions as Number of companies where Remuneration Committee members serve
Independent Director (Convener)	Chen, Li-Ling	<p>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</p> <p>2. Current positions: Independent Director of HANPIN ELECTRON CO., LTD., Independent Director of Lin Horn Technology Co., Ltd., CPA at Chuan-Da Accounting Firm, Independent Director of the Company, Member of Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee.</p> <p>3. Current positions: CPA at Quan Da Accounting Firm, Audit Manager at KPMG.</p>	<p>The three directors on the left:</p> <p>1. All satisfied the independence criteria required of independent directors.</p> <p>2. Completely satisfied the independence criteria:</p> <p>(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.</p> <p>(2) Percentage of the Company's shares held in the name of self, spouse, or 2nd-degree relatives or closer:</p>	2

Status (Note 1)	Criteria	Professional qualification and experience (Note 2)	Independence criteria (Note 3)	Number of concurrent positions as Number of companies where Remuneration Committee members serve
	Name			
Independent Director	Cheng-Feng Cheng	<p>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</p> <p>2. Current positions: Independent Director of the Company, Member of Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee.</p> <p>3. Former: Professor of Chemistry , National Chung Hsing University; Vice President of National Chung Hsing University.</p>	<p>Chen Li-Ling, Tsai Hao-Chin: 0%.</p> <p>Cheng-Feng Cheng, 97,270 shares, 0.12%</p> <p>(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").</p>	None
Independent Director	Tsai, Hao-Chin	<p>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</p> <p>2. Current positions: Director of Ching-Tai Resins Chemical Co., Ltd., Independent Director of our Company, Member of Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee.</p> <p>3. Previous Positions: President of Ching-Tai Resins Chemical Co., Ltd.</p>	<p>(4) Did not receive compensation from the Company or its affiliated enterprises for commercial, legal, financial, or accounting services in the last two years.</p>	None

Note 1: Years of work experience, professional qualification, experience, and independence of Remuneration Committee members are explained in the chart; the role of each member is specified as Independent Director or Others (if Convener, please add a note).

Note 2: **Professional qualification and experience:** Professional qualification and experience for each member of the Remuneration Committee is explained.

Note 3: **Compliance of independence:** Independence of Remuneration Committee members is evaluated using several criteria including but not limited to: whether they or their spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee in the Company or any of its related businesses; the number and percentage of Company shares held in their own names or names of spouse, 2nd-degree relative or closer (or proxy shareholder); whether they serve as director, supervisor, or employee in any entity that has 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); and the amount of compensation received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its related businesses.

2. Duties of the Remuneration Committee

(1) The "Remuneration Committee" exists to assist the board of directors in the execution and evaluation 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 comprises 3 members.

(2) Current committee term: May 31, 2024 to May 30, 2027 (concurrent with the term of the current Board of Directors). The Remuneration Committee held 3 meetings (A) in the most recent fiscal year, with member qualifications and attendance as follows:

Title	Name	Attendance No. of times (B)	No. of proxy attendance	Actual in-person attendance rate (%) (B/A) (Note)	Remarks
Independent director (convener)	Yen Wang	2	0	100%	2024.05.31 (Departed)
Independent Director Committee Members	Tu-Hsin Yang	2	0	100%	113.05.31 (Departed)

Independent Director Committee Members	Cheng-Feng Cheng	3	0	100%	2024.05.31 Re-election
Independent director (convener)	Chen, Li-Ling	1	0	100%	2024.05.31 (New onboard)
Independent Director Committee Members	Tsai, Hao-Chin	1	0	100%	2024.05.31 (New onboard)

Note: Calculated based on the number of Remuneration Committee meetings held and actual attendance during the member's tenure.

Other mandatory disclosures:

- (1) If the Board of Directors declines to adopt or modifies recommendations of the Remuneration Committee, the date of the Board meeting, session, content of the proposal, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinion shall be specified (if the remuneration approved by the Board of Directors is superior to the recommendation of the Remuneration Committee, the difference and reason shall be specified): In 2024, there were no instances where the Board of Directors declined to adopt or modified recommendations from the Remuneration Committee.
- (2) Resolutions of the Remuneration Committee where members have dissenting or qualified opinions that are recorded or stated in writing shall specify the date of the Remuneration Committee meeting, session, content of the proposal, opinions of all members, and handling of members' opinions: In 2024, there were no instances where members expressed dissenting or qualified opinions regarding resolutions of the Remuneration Committee.
- (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
2024.01.25	<p>1.2023 managers' performance appraisal and year-end bonus distribution</p> <p>2. Annual performance evaluation of the Chief Internal Auditor</p> <p>3.2024 work plan for Remuneration Committee</p> <ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ 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.
2024.03.04	<p>1. Resolution to not distribute director compensation and employee compensation for 2023</p> <p>2. Resolution to withhold and not distribute executive manager bonuses for 2023</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 as recommended by the Remuneration Committee without objection from attending directors.
2024.11.11	<p>1. Review of salary for the newly appointed Assistant Vice President of the Company's TPU Business Division</p> <p>2. Review of criteria for managers' salary adjustment for 2024</p> <p>3. Establishment of the Company's "Directors and Managers Remuneration Policy"</p> <ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ Company's Response to Committee Opinions: For Motion No. 2, Chairman Chang Chung-Tang, who also serves as CSO, and Vice Chairman Chen Ah-Ming, who also serves as Vice President, recused themselves from the discussion and voting due to conflicts of interest. The proposal was unanimously approved by the

	attending directors without objection in accordance with the Remuneration Committee's recommendation.
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2.Nomination Committee Members and Operations

(1) Qualification requirements for the nomination committee members:

To enhance Board functions and strengthen corporate governance, the Company established its first Nomination Committee on November 10, 2023, composed of three independent directors: Wang Yen, Yang Tu-Hsin, and Cheng Cheng-Feng. The second Nomination Committee was re-elected on May 31, 2024, with independent directors Wang Yen and Yang Tu-Hsin stepping down, independent director Cheng Cheng-Feng continuing to serve, and independent directors Chen Li-Ling and Tsai Hao-Chin newly appointed. All three committee members possess experience in business management and corporate governance, meeting the professional requirements for this 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) Professional qualifications, experience, and operations of Nomination Committee members:

A. The Company's Nomination Committee consists of 3 members.

B. Current committee term: May 31, 2024 to May 30, 2027 (concurrent with the term of the current Board of Directors). In the most recent fiscal year (from January 1, 2024 to December 31, 2024), the Nomination Committee held a total of 2 meetings (A) on March 12, 2024 and November 11, 2024. The professional qualifications and experience of committee members, attendance status, and discussion items are as follows:

Title	Name	Professional qualifications and experience	No. of in-person attendance (B)	No. of proxy attendance	Actual in-person attendance rate (%) (B/A) (Note)	Remarks
Convener	Yen Wang	Please refer to P.7 for	1	0	100	2024.05.31

Committee member	Tu-Hsin Yang	information regarding Directors and Independent Directors.	1	0	100	Stepped Down
Committee member	Cheng-Feng Cheng		2	0	100	Re-appointed
Convener	Tsai, Hao-Chin		1	0	100	2024.05.31 (New onboard)
Committee member	Chen, Li-Ling		1	0	100	

Note: Calculated based on the number of Nomination Committee meetings held
Note: Calculated based on the number of Nomination Committee meetings held and actual attendance during the member's tenure.

C. Nomination Committee Discussion Items, Resolutions, and Company's Handling of Members' Opinions:

Nomination Committee Date	Motion details and subsequent actions taken
2024.03.12	<p>1. Performance evaluation of the 2023 Board of Directors (including functional committees) and executive officers.</p> <p>2. Matters concerning the re-election of directors at the 2024 Annual Shareholders' Meeting, including review of the composition of director candidates.</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 without objection by attending directors as recommended by the Nomination Committee.
2024.11.11	<p>1. Review of management adjustments in the Company's TPU Business Division.</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 without objection by attending directors as recommended by the Nomination Committee.

3. Risk Management Committee Membership and Operations

(1) Qualification criteria for Risk Management Committee members:

To improve the risk management mechanism and strengthen corporate governance, the Company established the first term of the Risk Management Committee on November 10, 2023. The committee is composed of three independent directors, namely, Mr. Wang, Sheng-Yi, Mr. Yang, Hui-Hsin, and Mr. Cheng-Feng Cheng. The second term

of the Risk Management Committee was re-elected on May 31, 2024. The independent directors, namely, Mr. Wang, Sheng-Yi and Mr. Yang, Hui-Shin, were relieved of duty, and Mr. Cheng-Feng Cheng was re-elected as the independent director. The independent directors, namely, Ms. Chen, Ling-Tsai and Mr. Tsai, Hao-Chin were newly elected. All three committee members possess experience in business management and corporate governance, meeting the professional requirements for this committee.

(2) Risk Management Committee Responsibilities:

- 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 risk management mechanisms adequately address risks faced by the company and integrate them into daily operational processes.
- 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 regarding risk management operations.
- Implement risk management decisions made by the Risk Management Committee.
- Plan risk management-related training to enhance overall risk awareness and culture.

(3) Risk Management Committee Members' Professional Qualifications, Experience, and Operations:

A. The company's Risk Management Committee consists of 3 members.

B. Current Committee term: May 31, 2024, to May 30, 2027 (concurrent with the current Board of Directors' term). During the most recent fiscal year (January 1 to December 31, 2024), the Nomination Committee held 1 meeting (A) on May 10, 2024. The professional qualifications, experience, attendance records, and discussion items of the committee members are as follows:

Note: Calculated based on the number of Risk Management Committee meetings held

Title	Name	Professional qualifications and experience	No. of in-person attendance (B)	No. of proxy attendance	Actual in-person attendance rate (%) (B/A) (Note)	Remarks
Convener	Yen Wang	Please refer to P.11 for information regarding Directors and Independent Directors.	1	0	100	2024.05.31
Committee member	Tu-Hsin Yang		1	0	100	Stepped Down
Convener	Cheng-Feng Cheng		1	0	100	Re-appointed
Committee member	Tsai, Hao-Chin		0	0	-	2024.05.31 (New onboard)
Committee member	Chen, Li-Ling		0	0	-	

and actual attendance during the members' term of office.

C. Discussion topics of the Risk Management Committee, resolution results, and the company's handling of members' opinions:

Nomination Committee Date	Motion details and subsequent actions taken
2024.05.10	<p>1. Status of the Company's Risk Management Implementation</p> <ul style="list-style-type: none"> ■ Resolution: Passed unanimously by all attending members. ■ The Company's response to committee opinions: After approval by the Risk Management Committee, this matter was reported to the Board of Directors.

(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 the Sustainable Development 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?	✓		<p>The governance structure for promoting sustainable development in our Company designates the Chairman as the convener of the “Sustainable Development Committee”. With the Chairman serving as convener and two independent directors serving as committee members, the Committee reports to the Board of Directors on the implementation status of sustainable development initiatives at least once annually.</p> <p>2. Implementation Status:</p> <p>(1) Shuang-Bang Industrial Corp. established a “Corporate Social Responsibility Implementation Committee” in 2014. On November 10, 2022, the Board of Directors resolved to rename it the “Sustainability Committee”, positioning it as the highest-level</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>sustainability decision-making center within the company. To further enhance the organizational structure and hierarchical positioning of the company's sustainability initiatives, on March 7, 2025, the committee was elevated to become a functional committee of the Board of Directors.</p> <p>(2) Under the Sustainability Committee, issue-specific task forces have been established: the Corporate Governance Task Force, Environmental Sustainability Task Force, Social Responsibility Task Force, and Sustainability Disclosure Task Force. Each task force includes the highest-level executives from relevant departments.</p> <p>(3) Sustainability Achievement Results - The "Sustainability Committee" is responsible for implementing and supervising ESG goals and compiling the ESG Report to ensure organizational compliance with international ESG trends and regulations. The</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>committee presented the "2023 ESG Report" to the Board of Directors on May 10, 2024, and reported on the company's sustainability implementation results to the Board on November 12, 2024.</p> <p>3. Board Supervision Status: The "Sustainability Committee" reports sustainability issues and implementation results to the Board of Directors, which provides guidance and recommendations for sustainability planning. The Company's "2023 ESG Report" was approved by the Board of Directors on May 10, 2024, and has been published on the company website. The "2024 ESG Report" is scheduled for release in August 2025.</p>	
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and	✓		1. Risk Assessment Scope: The risk assessment primarily focuses on Shuang-Bang Industrial Corp. Other subsidiaries have not been included in the scope of evaluation due to their small scale of operation.	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Summary description							
implemented risk management policies or strategies based on principles of materiality?			<div>2. The Sustainability Committee conducts analysis based on the materiality principles of the sustainability report, communicates with internal and external stakeholders, and evaluates data from various departments to identify material ESG issues. Based on these assessment, the Committee establishes effective risk management policies that identify, measure, monitor, and control risks, and implements concrete action plans to mitigate related impacts.</div> <div>3. Based on the risk assessment results, the following risk management policies and strategies have been established:</div> <table><tr><th>Material Issues</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td>Corporate Governance</td><td>Product design and R&D</td><td>(1) Regular monitoring of current environmental protection standards (2) Development of new environmentally friendly products to replace existing ones, reducing</td></tr></table>	Material Issues	Risk Assessment Items	Description	Corporate Governance	Product design and R&D	(1) Regular monitoring of current environmental protection standards (2) Development of new environmentally friendly products to replace existing ones, reducing	
Material Issues	Risk Assessment Items	Description								
Corporate Governance	Product design and R&D	(1) Regular monitoring of current environmental protection standards (2) Development of new environmentally friendly products to replace existing ones, reducing								

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			environmental impact of our product portfolio	
			Product and service quality	<p>(1) Monthly quality meetings track goal achievement and review customer complaints and quality issues.</p> <p>(2) Monthly sales meetings provide insights into market trends and customer feedback, allowing for timely adjustments to group-wide objectives and review of new product sales performance.</p> <p>(3) Routine but unscheduled customer visits occur at least once annually to build trust and update customer information.</p>
			Operational Strategy and Economic Performance	<p>(1) Development low-pollution, high-value green products and technologies.</p> <p>(2) Diversification of product</p>

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
				<p>portfolio to provide customers with varied options.</p> <p>Human Rights Protection Mechanism</p> <p>(1) Policy Implementation: Established internal operating guidelines and supplier code of conduct to integrate human rights commitments into daily operations. Created a dedicated sexual harassment prevention task force with grievance channels to provide protection for victims and ensure prompt resolution.</p> <p>(2) Education and Training: Conducted human rights and gender equality awareness training for all employees to ensure everyone understands and complies with policies.</p> <p>(3) Supply Chain Management: Performed regular human rights due diligence on suppliers to identify and</p>

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No	Summary description		
				eliminate human rights violations. Established a non-compliance reporting mechanism and provided improvement recommendations to partners failing to meet standards, with the option to terminate partnerships if necessary. (4) Monitoring and Auditing: Conduct quarterly internal audits to ensure proper policy implementation and publish annual human rights reports. Hold regular communication meetings with stakeholders (employees, suppliers, and customers) to collect feedback and suggestions.	
			Supply Chain Management	(1) Adherence to ISO 9001:2015 quality management system with effective implementation of supplier management and guidance. (2) Assessment and quality	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
				<p>verification of new suppliers prior to approval.</p> <p>(3) Regular and irregular evaluations of existing suppliers, with semi-annual assessments and comprehensive audits conducted on a 5-year cycle (through either on-site or documentation audits).</p> <p>(4) Established and implemented Supplier Code of Conduct with Commitment Letter and Integrity Pledge, requiring suppliers to comply with all applicable laws and regulations in their areas of operation.</p>
			Environment	<p>Climate Change and Adaptation</p> <p>(1) Annual review of overall energy consumption and reduction results to formulate equipment/fuel replacement strategies and energy reduction initiatives.</p> <p>(2) Conduct annual PDCA</p>

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
				effectiveness assessments of emission management according to ISO 14064-1 greenhouse gas inventory management procedures.
			Society	Talent Recruitment and development (1) Proactive onboarding and support for new employees to reduce adjustment difficulties. (2) Provision of competency training to enhance both fundamental and professional skills required for specific positions, strengthening workplace capabilities. (3) Offering incentives for professional skills or certifications: encouraging employees to participate in job-related continuing education, and arranging support for employees to obtain relevant professional certifications.
			Occupational	(1) Quarterly meetings of the Safety,

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summary description			
				health and safety	Health, and Environmental Management Committee. (2) Implementation of the "ISO 45001 Occupational Health and Safety Management System," with comprehensive self-inspection procedures and hazard identification processes. (3) Regular annual education and training sessions to enhance safety and health awareness among all employees, promoting a healthy workplace environment and health management practices, eliminating occupational hazards, and safeguarding worker safety and health.	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>III. Environmental issues</p> <p>(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?</p>	✓		<p>(I) The Company has established the "Environmental Management Policies," which describe targets and concrete plans for green innovative technologies. Additionally, both our Plant 1 and Plant 2 follow ISO 14001:2015 standards and have passed ISO 14001 Environmental Management System external verification. We continuously track environmental management performance annually, with the current certification valid from January 23, 2025, to January 23, 2028. The company actively works to reduce carbon emissions, with all information publicly disclosed in the ESG section of our corporate website.</p>	No material deviation is found
<p>(II) Is the company committed to improving energy efficiency and using renewable materials with lower environmental impact?</p>	✓		<p>(II) The Company has followed up on various environmental protection standards such as REACH, RoHS®, OEKO-TEX®, bluesign® , GRS standards, etc., and updates the information on prohibited substances from time to time. The raw materials and materials on the list are replaced with non-listed substances that are friendly to human body and the environment. The Company also actively develops new water-based eco-friendly</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Summary description													
			<p>products to replace existing products and reduce the impact of products on the environment. We established 2015 as our baseline year, with a target of achieving an average annual electricity savings rate of 1% or higher during the period from 2015 to 2024. Through equipment replacement and prioritizing high-efficiency equipment installations, Plant 1 and Plant 2 have achieved the following results:</p> <p>Average Annual Electricity Savings Rate (%) for 2022-2024</p> <table><tr><th>Year</th><th>Yongxing Plant</th><th>Renhe Plant</th></tr><tr><td>2022</td><td>1.66</td><td>1.37</td></tr><tr><td>2023</td><td>1.56</td><td>1.27</td></tr><tr><td>2024</td><td>1.42</td><td>1.35</td></tr></table>	Year	Yongxing Plant	Renhe Plant	2022	1.66	1.37	2023	1.56	1.27	2024	1.42	1.35	
Year	Yongxing Plant	Renhe Plant														
2022	1.66	1.37														
2023	1.56	1.27														
2024	1.42	1.35														

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company assessed the current and future potential risks and opportunities of climate change and adopted relevant response measures?	✓		(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) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total waste weight for the past two years, and established policies for greenhouse gas reduction, water conservation, or other waste management?	✓		<p>(IV) The Company conducts annual greenhouse gas voluntary inventory operations on a regular basis. For greenhouse gas reduction, the focus is on fuel switching and electricity, and the energy conservation team makes annual electricity-saving plans to promote and achieve carbon reduction.</p> <p>(1)Greenhouse gas inventory in the past two years (Shuang-Bang Plants No. 1 and No. 2):</p> <p style="text-align: right;">Unit: Metric tons CO₂e</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary description																
			<table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Scope 1</td><td>8,717.6642</td><td>8,934.9649</td></tr><tr><td>Scope 2</td><td>8,857.7022</td><td>10,483.3322</td></tr><tr><td>Scope 3</td><td>-</td><td>-</td></tr><tr><td>Total</td><td>17,575.3665</td><td>19,418.2971</td></tr></table> <p>Note 1: The data in the table represents preliminary statistical calculations by our company and has not yet been verified by a third party.</p> <p>Note 2: The difference between the 2023 greenhouse gas emission data and last year's annual report data is due to expanded inventory boundaries and additional items included in the assessment.</p> <p>Note 3: Scope 3 figures have not been finalized prior to the annual report printing date.</p> <p>Water Consumption: The water sources used by our company's Plant 1 and Plant 2 are tap water and groundwater. Tap water is primarily used for domestic purposes, while process water consists of treated groundwater that is subsequently utilized in</p>	Year	2023	2024	Scope 1	8,717.6642	8,934.9649	Scope 2	8,857.7022	10,483.3322	Scope 3	-	-	Total	17,575.3665	19,418.2971	
Year	2023	2024																	
Scope 1	8,717.6642	8,934.9649																	
Scope 2	8,857.7022	10,483.3322																	
Scope 3	-	-																	
Total	17,575.3665	19,418.2971																	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Summary description							
			<p>manufacturing processes.</p> <p>(Note: The difference in water consumption data for 2023 compared to last year's annual report (including the difference in Taipei office's 2023 greenhouse gas emission data) is due to expanded inventory boundaries and additional items included in the assessment.</p> <p style="text-align: right;">Unit: tonnes</p> <table><tr><th>Item/Year</th><th>2023</th><th>2024</th></tr><tr><td>Water Consumption</td><td>79,288</td><td>106,984</td></tr></table> <p>(2)Waste: The types of waste generated by our company's manufacturing processes are classified as general and hazardous industrial waste. If waste can be reused, it will be given priority to be recycled. At the sources, we adopt use less, alternative or reduction approaches of substances with impact on the environment in order to achieve the goal of reduction from the source and further reduce waste. The industrial waste data of Plant 1 and Plant 2 in the past two years are</p>	Item/Year	2023	2024	Water Consumption	79,288	106,984	
Item/Year	2023	2024								
Water Consumption	79,288	106,984								

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No	Summary description													
			<div>summarized as follows:</div> <div><div>Unit: tonnes</div><table><tr><td>Year</td><td>2023</td><td>2024</td></tr><tr><td>General industrial waste</td><td>25,409.2000</td><td>12,765.6000</td></tr><tr><td>Hazardous industrial waste</td><td>610.6000</td><td>241.1000</td></tr><tr><td>Total</td><td>17,575.3664</td><td>13,006.7000</td></tr></table></div> <div>Shuang-Bang Industrial Corp. upholds ESG sustainability principles through annual systematic audits that comprehensively identify environmental protection and relevant regulatory requirements. Through operational management and process optimization, we ensure regulatory compliance and enhance environmental, safety, and health performance to fulfill our corporate social responsibility and align with international standards. Since December 2021, we have implemented an Environmental Safety Cloud System, utilizing digital technology to track the latest regulatory developments in real-time, ensuring compliance and operational transparency. This system adheres to ISO standard processes, strengthening corporate risk management as we progress</div>	Year	2023	2024	General industrial waste	25,409.2000	12,765.6000	Hazardous industrial waste	610.6000	241.1000	Total	17,575.3664	13,006.7000	
Year	2023	2024														
General industrial waste	25,409.2000	12,765.6000														
Hazardous industrial waste	610.6000	241.1000														
Total	17,575.3664	13,006.7000														

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			toward sustainable operations.	
IV. Social issues (I) Has the company established relevant management policies and procedures in accordance with applicable laws and international human rights conventions?	✓		(I) Shuang-Bang Industrial Corp. strictly adheres to regulations and follows the principles and spirit advocated by international human rights conventions, including the "United Nations Universal Declaration of Human Rights," "International Covenant on Economic, Social and Cultural Rights," "International Covenant on Civil and Political Rights," "United Nations Global Compact," and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work." We respect our employees and maintain dignified treatment of contractors while eliminating any behaviors that violate or infringe upon human rights. To implement the concept of human rights respect, our company has established various human rights-related policies including the "Human Rights Management Regulations," "Sexual Harassment Prevention Management Regulations," and "Personnel Investigation Management Regulations." These policies have been announced after approval by the Chairman and serve as guiding principles for human rights governance work. The scope of application for the company's human rights policies	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies										
	Yes	No	Summary description											
			<p>covers all members of our company as well as our suppliers and business partners. For details on the company's human rights policies, please refer to our corporate website.</p> <p>The Company's implementation of human rights management program in 2024 is described as follows:</p> <table><tr><th>Maintenance Mechanisms</th><th>2024 Implementation Results</th></tr><tr><td>Human Rights Awareness and Sexual Harassment Prevention Training</td><td>All employees completed annual training.</td></tr><tr><td>Sexual Harassment and Human Rights Violation Complaint Handling</td><td>No complaints reported.</td></tr><tr><td>Annual Internal Audit</td><td>No major violations detected</td></tr><tr><td>Supplier Due Diligence</td><td>95% of suppliers completed due diligence and met human rights standards.</td></tr></table>	Maintenance Mechanisms	2024 Implementation Results	Human Rights Awareness and Sexual Harassment Prevention Training	All employees completed annual training.	Sexual Harassment and Human Rights Violation Complaint Handling	No complaints reported.	Annual Internal Audit	No major violations detected	Supplier Due Diligence	95% of suppliers completed due diligence and met human rights standards.	
Maintenance Mechanisms	2024 Implementation Results													
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Sexual Harassment and Human Rights Violation Complaint Handling	No complaints reported.													
Annual Internal Audit	No major violations detected													
Supplier Due Diligence	95% of suppliers completed due diligence and met human rights standards.													

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Has the company established and implemented reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflected business performance or results in employee compensation?	✓		<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 Compensation:</u> Our company's production bonus system allocates a certain percentage of our monthly pre-tax profits as a foundation. After considering monthly performance evaluations, these bonuses are distributed to all staff members to motivate everyone to work collectively toward company goals. According to our company's Articles of Incorporation, employee bonuses are appropriated at a rate of 5% to 10% of annual profits, depending on the company's profitability for the year.</p> <p><u>Employee welfare measures:</u></p> <p>(1) Employees are entitled to special leave of absence and pension fund contributions under laws. An Employee Welfare</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Committee has been assembled to organize benefits and protect workers' rights.</p> <p>(2) In addition to mandatory Labor Insurance and National Health Insurance coverage, all employees are also covered by additional group insurance.</p> <p>(3) Employee health checkups are organized on a regular basis.</p> <p>(4) Customary cash is distributed for occasions such as Labor Day, Duanwu Festival, and Mid-autumn Festival.</p> <p>(5) Subsidies, in addition to special leave of absence, are granted for wedding, funeral, and celebrations as required by the Labor Standards Act.</p> <p>(6) If the company has a surplus, employees are entitled to distribution of employee remuneration.</p> <p>(7) Accommodation and meal are provided to employees.</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>(8) Role-model employees are openly commended and gifted with gold medals.</p> <p>(9) Senior employees are openly commended and gifted with commemorative gold accessories and medals.</p> <p>(10) Birth incentive: Childbirth subsidy and child care subsidy (age 0-4) are offered to employees (and spouse) who give birth.</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 2024, female employees represented 26.16% of our workforce, while women in management positions accounted for 17.71% of all management roles.</p> <p><u>Performance Reflected in Employee Compensation</u>: Our company participates in market compensation surveys annually and adjusts salaries based on market wage levels, economic trends, and</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			individual performance to maintain overall compensation competitiveness.	
(III) Does the company provide employees with a safe and healthy work environment and implement regular safety and health education for employees?	✓		<p>(III) Our company is committed to providing workers with a safe operating environment. We conduct regular workplace environment inspections annually, make improvements to areas with potential safety hazards, and strengthen occupational safety and health education training for employees to establish a safe and comfortable working 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>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<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> <p>4.To promote employees' physical, psychological, and social well-being, our company employs professional medical personnel to provide on-site health services (physicians: 4 times/year; nursing staff: 4 times/month). In 2024, health consultation and guidance reached 30.79% of all plant employees. Consultation categories included overload, abnormal physical examination results (high blood pressure, high blood sugar, high cholesterol), maternity protection, general health consultation, and others.</p> <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>	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>6.In 2024, Shuang-Bang Industrial Corp. reported a total of 24 workplace safety incidents, including one classified as a major occupational safety event. The major incident involved an employee being caught in a machine during operation, resulting in injury. This event not only impacted the employee's health and safety but also drew heightened scrutiny from internal staff, regulatory authorities, and external stakeholders regarding the company's occupational safety management. (Note: A major occupational safety event is defined as one that results in a fatality, causes injuries to three or more individuals in a single incident, or involves at least one injury requiring hospitalization.)</p> <p><u>Follow-up and Remedial Measures for Major Incident</u></p> <p>By the end of 2024, Shuang-Bang had completed comprehensive safety upgrades on all machine entanglement points.</p>	

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary description									
			<table><tr><th>Remedial Measure</th><th>Impact</th></tr><tr><td>Installed protective guards to prevent employee hands or clothing from contacting hazardous machine zones</td><td>♦ Significantly enhanced operational safety across the work environment</td></tr><tr><td>Installed proximity-sensing safety ropes to prevent personnel from approaching hazardous areas</td><td>♦ Reinforced the company’s commitment to improving occupational safety and reducing incident risk</td></tr><tr><td>Installed infrared-based automatic detection systems to minimize human-machine contact in hazardous zones and reduce operational risk.</td><td>♦ Demonstrated ongoing efforts to strengthen occupational safety management, supporting sustainable operations and corporate social responsibility</td></tr></table> <p>The Company has established formal Fire Safety Equipment Management Guidelines, which were strictly adhered to throughout 2024. No fire-related incidents were reported during the year.</p>	Remedial Measure	Impact	Installed protective guards to prevent employee hands or clothing from contacting hazardous machine zones	♦ Significantly enhanced operational safety across the work environment	Installed proximity-sensing safety ropes to prevent personnel from approaching hazardous areas	♦ Reinforced the company’s commitment to improving occupational safety and reducing incident risk	Installed infrared-based automatic detection systems to minimize human-machine contact in hazardous zones and reduce operational risk.	♦ Demonstrated ongoing efforts to strengthen occupational safety management, supporting sustainable operations and corporate social responsibility	
Remedial Measure	Impact											
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Installed infrared-based automatic detection systems to minimize human-machine contact in hazardous zones and reduce operational risk.	♦ Demonstrated ongoing efforts to strengthen occupational safety management, supporting sustainable operations and corporate social responsibility											

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies									
	Yes	No	Summary description										
			<p>Recent Occupational Safety Performance – Employee Injury and Disability Statistics:</p> <table><tr><th>Year</th><th>Fatal incidents</th><th>Disabling incidents</th></tr><tr><td>2023</td><td>Male: 0 Female: 0</td><td>Male: 0 Female: 0</td></tr><tr><td>2024</td><td>Male: 0 Female: 0</td><td>Male: 0 Female: 0</td></tr></table>	Year	Fatal incidents	Disabling incidents	2023	Male: 0 Female: 0	Male: 0 Female: 0	2024	Male: 0 Female: 0	Male: 0 Female: 0	
Year	Fatal incidents	Disabling incidents											
2023	Male: 0 Female: 0	Male: 0 Female: 0											
2024	Male: 0 Female: 0	Male: 0 Female: 0											
(IV) Has the company established effective career development and training plans for employees?	✓		<p>(IV) The Company places high importance on employee training and development, encompassing two major areas: new employee orientation and professional skills training. Through systematic instruction in professional knowledge and techniques, critical skills are continuously passed down. Additionally, external courses and guest instructors are utilized to enhance the skills necessary for employee development.</p> <p>For detailed training and development statistics for 2024, please refer to page 156.</p>	No material deviation is found									

<p>(V) Regarding issues of customer health and safety, customer privacy, marketing and labeling of products and services, does the company comply with relevant regulations and international standards, and has it established relevant consumer protection policies and grievance procedures?</p>	✓		<p>(V) The Company strives to enhance customer satisfaction and business reputation, establish long-term partnerships with clients, and comply with international standards and relevant 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 2024, the company recorded no violations or fines related to product labelling regulations and reported no incidents involving breaches or leaks of customer data. To ensure customer health and safety, all products are labelled in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). Safety Data Sheets (SDS) are provided with each product, delivering clear and accurate information on potential hazards to help mitigate risks associated with harmful substances. 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>	No material deviation is found
<p>(VI) Has the company established supplier management policies requiring suppliers to comply with relevant standards regarding</p>	✓		<p>(VI) The company includes "Environmental, Health, and Safety Conditions" as a mandatory assessment item in its on-site supplier evaluation checklist. The Company would consider suspending or terminating business relationship if on-site evaluation identifies</p>	No material deviation is found

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
environmental protection, occupational safety and health, or labor rights, and what is the implementation status?			violation of ESG policy and a significant impact to the environment and the society. In the 2024 supplier assessments, no non-compliance issues were identified.	
V. Does the company prepare sustainability reports or other non-financial information disclosure reports with reference to internationally accepted reporting standards or guidelines? Has the aforementioned report obtained assurance or certification from a third-party verification organization?	✓		Shuang-Bang Industrial Corp. prepares and publishes its ESG Report in accordance with the Global Reporting Initiative (GRI) Standards and the “Guidelines for the Preparation and Submission of Sustainability Reports by TWSE/TPEX Listed Companies.” The ESG Report is made publicly available through the company’s official website (http://www.shuang-bang.com) under the “Sustainability” section and on the Market Observation Post System (MOPS). As of the reporting year, the ESG Report has not yet undergone third-party assurance or received verification opinions from an independent assurance provider.	No material deviation is found
VI. If the company has established its own Sustainable Development Best Practice Principles pursuant to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any differences between its operation and the established principles:				

Promotion Items	Execution progress			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
The Company has established "Sustainable Development Best Practice Principles," and there are no differences between its operation and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."				
VII. Other important information that helps to understand the implementation of sustainable development:				
<p>(I) Implementation status of employee rights and employee care: Please refer to the description under Section 4, "Business Overview," item "5. Labor-Management Relations" (please see pages 155-156).</p> <p>(II) Human Rights: The Company has never employed child labor. In accordance with the Gender Equality in Employment Act and the Employment Service Act, the Company has established work rules, regularly holds labor-management meetings, and has formulated Ethical Corporate Management Operating Procedures and Behavioral Guidelines.</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>				

Climate-related information of publicly traded and OTC companies

Item	Execution progress										
1. Describe board and management supervision and governance of climate-related risks and opportunities.	<p>Shuang-Bang Corporation, in response to the uncertainties of climate change and to promptly understand the potential impacts caused by climate changes, has established a "Risk Management Policy and Procedure" approved by the Board of Directors. This policy incorporates climate change-related risks into the company's overall risk management process. 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, composed of three independent directors, has been established under the Board to ensure climate-related risks and opportunities align with company operations. Additionally, a Risk Management Implementation Team consisting of first-level executives has been formed to execute climate-related response mechanisms.</p>										
2. The Company describes how identified climate risks and opportunities impact its business, strategy, and finances (short-term, medium-term, and long-term).	<p>Regarding potential risks and opportunities related to climate issues, the Risk Management Team, referring to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), regularly identifies transition risks, physical risks, and climate change opportunities based on "probability of occurrence" and "potential impact probability." The team assesses the impact and financial implications of these risks and opportunities on the company and develops corresponding strategies for risk management.</p> <p>Through the relevant departments within the "Risk Management Committee," identification and analysis of climate change risks and opportunities are conducted based on potential exposures within their business scope.</p> <table><tr><td></td><td>Risk Categories and Opportunities</td><td>Short-term (1-3 years)</td><td>Mid-term (3-6 years)</td><td>Long-term (6 years and above)</td></tr><tr><td>Risks</td><td>Transition risks</td><td>•Energy and Greenhouse Gas Laws and Regulations.</td><td>•Increase in the cost of greenhouse gas emissions •Unstable energy supply.</td><td>•Impact on the Company's image</td></tr></table>		Risk Categories and Opportunities	Short-term (1-3 years)	Mid-term (3-6 years)	Long-term (6 years and above)	Risks	Transition risks	•Energy and Greenhouse Gas Laws and Regulations.	•Increase in the cost of greenhouse gas emissions •Unstable energy supply.	•Impact on the Company's image
	Risk Categories and Opportunities	Short-term (1-3 years)	Mid-term (3-6 years)	Long-term (6 years and above)							
Risks	Transition risks	•Energy and Greenhouse Gas Laws and Regulations.	•Increase in the cost of greenhouse gas emissions •Unstable energy supply.	•Impact on the Company's image							

Item	Execution progress				
			Physical risk	•Typhoon (immediate) •Flood damage (immediate)	•Average temperature rise
	Opportunities	Opportunities	•Energy-efficient buildings •Low-carbon energy	•Looking for new business opportunities	•Encourage long-term investment willingness •Enhance positive corporate image
	Transition risks/climate opportunities				
	Risks/Opportunities		Financial impact -/+		Countermeasures
	R Energy and Greenhouse Gas Laws and Regulations		— Decrease in revenue — Increase in operating costs		Continued implementation of waste reduction and recycling programs to reduce the impact on the environment.
	R Increase in the cost of greenhouse gas emissions		— Installation of carbon reduction equipment — Increase in operating costs		Implementation of ISO 14064:2018 greenhouse gas inventory operations.
	R Unstable energy supply		— Increase in equipment investment cost		Provision of a second fuel type as supplementary or backup to natural gas for

Item	Execution progress				
				production energy, with continuous monitoring and evaluation of the feasibility of low-carbon fuels.	
		R Impact on the Company's image	— Damage to goodwill	Positive exposure of energy-saving improvement measures and low-carbon products and services to shape the ESG corporate image.	
		R Typhoon (immediate)	— Property loss — Decrease in revenue	Positive exposure of energy-saving improvement measures and low-carbon products and services to shape the ESG corporate image.	
		R Flood damage (immediate)	— Production is impacted — Business operations are affected	According to the National Science and Technology Center for Disaster Reduction, Shuang-Bang is not located in the saturated soil and gravel and flooding disaster area. The plants of Shuang-Bang are elevated above ground level and the relevant drainage facilities are already available in	

Item	Execution progress		
			the building.
		R Average temperature rise (long-standing)	— Increase in operating costs Establishment of the annual absolute reduction target.
		O Looking for new business opportunities	— Expand revenue from energy-saving products Introduce green design thinking to product development to reduce energy consumption during product manufacturing and use.
		O Energy-efficient buildings	— Increase in capital expenditure Planning of green buildings/smart buildings that meet the standards.
		O Low-carbon energy	— Raise energy costs Planning for biofuels or low-carbon energy sources.
		O Encourage long-term investment willingness	+ Capital expenditure ratio Improve investors' and stakeholders' trust in the Company.
		O Enhance positive corporate image	+ Increased reputation and increased demand for low-carbon products/services Improve low-carbon green energy production.

Item	Execution progress
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>Establishment of the Risk Management Committee under the Board of Directors as the highest organizational body for "Climate Change" management, incorporating climate change-related issues into goals and performance management; the Risk Management Team is responsible for identifying and inventorying climate change risks and opportunities, conducting assessments and management to strengthen corporate resilience and capture 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> <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</p>

Item	Execution progress						
	<p>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> <ul 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. (4) Risk acceptance: No action will be taken to change the likelihood and impact of a risk. 						
<p>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>	<p>Evaluation of the primary financial impacts of transition risks under different scenarios.</p> <table border="1" data-bbox="595 922 2143 1161"> <thead> <tr> <th data-bbox="595 922 1368 962">Scenario</th><th data-bbox="1368 922 2143 962">Estimated Potential Financial Impact</th></tr> </thead> <tbody> <tr> <td data-bbox="595 962 1368 1042">SSP 5-8.5 Extreme High Emissions Scenario No carbon reduction controls on greenhouse gas emissions.</td><td data-bbox="1368 962 2143 1042">Impact to existing corporate image resulting in revenue decline.</td></tr> <tr> <td data-bbox="595 1042 1368 1161">SSP 1-2.6 Low Emissions Scenario 2050 net-zero emission roadmap with active carbon reduction and greenhouse gas emission control.</td><td data-bbox="1368 1042 2143 1161">Investments in various carbon reduction measures increase operating costs.</td></tr> </tbody> </table>	Scenario	Estimated Potential Financial Impact	SSP 5-8.5 Extreme High Emissions Scenario No carbon reduction controls on greenhouse gas emissions.	Impact to existing corporate image resulting in revenue decline.	SSP 1-2.6 Low Emissions Scenario 2050 net-zero emission roadmap with active carbon reduction and greenhouse gas emission control.	Investments in various carbon reduction measures increase operating costs.
Scenario	Estimated Potential Financial Impact						
SSP 5-8.5 Extreme High Emissions Scenario No carbon reduction controls on greenhouse gas emissions.	Impact to existing corporate image resulting in revenue decline.						
SSP 1-2.6 Low Emissions Scenario 2050 net-zero emission roadmap with active carbon reduction and greenhouse gas emission control.	Investments in various carbon reduction measures increase operating costs.						

Item	Execution progress	
	Assessment of physical risks and major financial impacts under different scenarios:	
	Scenario	Estimated Potential Financial Impact
	SSP 5-8.5 Extreme High Emissions Scenario Floods and droughts.	Increased frequency of floods and droughts due to intensified climate change impacts production and causes revenue decline.
	SSP 1-2.6 Low Emissions Scenario Typhoons.	Property damage, increased operating costs.
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 for setting the price should be explained.	The Company has not implemented internal carbon pricing	
8. If there are climate-related goals set, the activities, scope of	The Company has internally set greenhouse gas emission reduction targets, using short- and mid-term planning. The short-term goal focuses on stabilising equipment operation, while the mid-term target is to reduce petrochemical fuel	

Item	Execution progress
<p>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) should be explained.</p>	<p>consumption. With 2021 as the baseline year, the Company aims to achieve a 30% reduction in carbon emissions by 2025.</p>
<p>9. Status of greenhouse gas inventory and assurance and the reduction goals, strategy and specific action plans (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.

		2023		2024	
		Emission Volume (tonnes of CO ₂ e)	Intensity (metric tons CO ₂ e / NT\$ million revenue)	Emission Volume (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e / NT\$ million revenue)
The Company	Scope 1 Direct greenhouse gas emissions	8717.6643		8934.9649	
	Scope 2 Indirect greenhouse gas emissions	8857.7022		10483.3322	
	Total	17575.3665	11.9210	19418.2971	10.8706

Note 1: 2024 data is the Company's preliminary calculation result and has not been third-party verified

Note 2: 2023 data covers Shuang-Bang parent company only (Scope 1 + Scope 2)

Note 3: ISO 14064-1 verification standard applied for inventory

Note 4: The 2023 data differs from last year's annual report due to an expanded inventory boundary

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.

Scope of Assurance Implementation		2023 Emissions: (tonnes of CO ₂ e)
The Company	Scope 1 Direct greenhouse gas emissions	8717.6643
	Scope 2 Indirect greenhouse gas emissions	8857.7022
	Total	17575.3665
	Covers the inventory disclosed in Section 1-1-1 above	100.00%
Verification Body		AFNOR ASIA LTD.
Verification Status Description		ISO 14064-1:2018 Reasonable Assurance
Verification Opinion/Conclusion		Unqualified opinion

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.

Reduction Targets: In proactive response to climate change, Shuang-Bang has designated 2024 as the baseline year for greenhouse gas emission and established short-, medium-, and long-term reduction targets:

- (1) Short-term: 5% reduction in greenhouse gas emissions by 2030.
- (2) Medium-term: 25% reduction in greenhouse gas emissions by 2040.
- (3) Long-term: Net-zero greenhouse gas emissions across all operational sites by 2050 (Net Zero).

Reduction Strategy: To consistently achieve carbon reduction targets, Shuang-Bang Industrial Corp. promotes the following mitigation actions:

- (1) Enhancing Energy Efficiency: Adoption of high-efficiency equipment and smart energy management systems to reduce energy consumption in production and operations.
- (2) Use of Low-Carbon and Renewable Energy: Phased elimination of high-carbon fuels and increased utilization of renewable energy sources such as biomass, solar, and wind power.
- (3) Carbon Capture and Storage (CCS) Technology: Evaluation and pilot implementation of carbon capture technologies to explore options for carbon sequestration and reuse.
- (4) Carbon Reduction in the Supply Chain: Collaboration with suppliers to reduce Scope 3 emissions, including prioritizing low-carbon raw material procurement and promoting green supply chain management.

2024 Greenhouse Gas Reduction Actions and Outcomes

Reduction Actions

- (1) Replacing conventional fuels with increased use of biomass fuels to reduce Scope 1 emissions.
- (2) Ongoing planning and promotion of energy-saving initiatives aimed at reducing energy consumption, enhancing energy efficiency, and lowering carbon emissions.

Reduction Outcomes

- (1) As of 2023, the Company has completely ceased the use of coal within its operations and is actively seeking biomass alternatives to replace petrochemical fuels.
- (2) To further reduce carbon emissions during operations, Shuang-Bang Industrial Corp. implemented the following fuel substitution measures in 2024:
Yongxing Plant: Full replacement of coal-fired boilers with wood pellet fuel systems to reduce carbon emissions and air pollution.
Renhe Plant: Conversion of heavy oil boilers to natural gas combustion systems, reducing carbon emission intensity and improving combustion efficiency.

(VI) Enforcement of business integrity, and deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for
TWSE/GTSM 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,</p>	<p>✓</p> <p>✓</p>		<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</p>	<p>No material deviation is found</p>

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>Article 7 of "Ethical Corporate Management Best 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>	✓		<p>conflict of interest in Rules of Procedure 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 	

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			(8) Insider trading	
<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>	<p>✓</p> <p>✓</p>		<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 to the Board of Directors was delivered on 12 November 2024.</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?	✓		(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?	✓		(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) In 2024, the Company organized a total of 6 training sessions on ethics with 661 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.	
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	✓		(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 Management Department. sbi_mgmt@sbinet.com.tw	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 ?	✓		<p>Or mail to: No. 3, Yongxing Road, Management Department, Nangang Industrial Park, Nantou City 540</p> <p>(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.</p>	
(III) Has the Company provided proper whistleblower protection?	✓		<p>(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.</p>	

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>IV. Enhanced information disclosure</p> <p>Has the Company disclosed its integrity principles and progress onto its website and MOPS Contents and effects of Ethical Corporate Management Best Practice Principles ?</p>	✓		<p>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 business code of conduct is disclosed on the company website.</p>	<p>No material deviation is found</p>
<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:</p> <p>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)</p> <p>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>				

(VII) Other information material to the understanding of corporate governance
within the Company:

1.Directors' ongoing education in 2024

Title	Name	Date of training	Date of training	Organizer	Course name	Continuing Education Training hours
		Start Date	End Date			
Director	Chung-Tang Chang	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	113.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Director	Ah-Ming Chen	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Director	Ken-Chen Chen	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Director	Lin, Ho-Pin	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Director	Hsi-Neng Hsieh	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	113.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Director	Cheng-Yen Liang	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Independent Director	Chen, Li-Ling	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
		2024.05.30	2024.06.13	National Chung Hsing University	Sustainable Development Carbon Management Certification Training Program - Weekday Class	21

Title	Name	Date of training	Date of training	Organizer	Course name	Continuing Education Training hours
		Start Date	End Date			
		2024.09.20	2024.09.20	NATIONAL FEDERATION OF CERTIFIED PUBLIC ACCOUNTANT ASSOCIATIONS R.O.C.	Analysis of Real Estate Integrated Tax Exemptions and Benefits	4
		2024.10.21	2024.10.22	Industrial Technology Research Institute (ITRI) Industry Academy	Corporate Sustainability Report Writing and International Standards Analysis	14
Independent Director	Tsai, Hao-Chin	2024.06.25	2024.06.26	Securities & Futures Institute	Practical Workshop for Directors, Supervisors (including Independent Directors) and Corporate Governance Officers - Taipei Session	12
		2024.09.06	2024.09.06	Taipei Exchange (TPEX)	Advocacy of Rules on Insider Equity Transactions in TPEX/Emerging Stock Board Listed Companies	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3

2. Managerial Training in 2024

Title	Name	Date of training	Date of training	Organizer	Course name	Continuing Education Training hours
		Start Date	End Date			
Director	Chung-Tang Chang	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Director	Ah-Ming Chen	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
President	Yu-Chuan Hsu	2024.05.07	2024.05.09	Plastics Industry Development Center	3-Day seed staff training on greenhouse gas inventory	18
		2024.06.18	2024.06.19	Plastics Industry Development Center	2-Day Advanced Course on Product Carbon Footprint	12
		2024.06.29	2024.06.29	Plastics Industry Development Center	Refined Class C on Fundamentals of Net-Zero Carbon	6.5

Title	Name	Date of training	Date of training	Organizer	Course name	Continuing Education Training hours
		Start Date	End Date			
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Vice President	Min-Chu Lin	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Assistant Vice President	Chun-Han Li	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3
Assistant Vice President	Chiu Tang-Yuan	2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Protection of trade secrets and non-compete agreements	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Corporate Sustainability and Governance: Key Issues and Stakeholder Analysis	3

3. Corporate Governance Officer's ongoing education - 2024

Name	Date	Organizer	Courses/Seminars Titles	Date and Time
Vice President of Finance Department/ Corporate Governance Officer Min-Chu Lin	2024.05.21	Securities and Futures Institute	Supervisory Role of Directors in Establishing and Advancing Corporate Risk Management Systems	3
	2024.06.21	Securities and Futures Institute	Shareholders' Meetings, Control of Management Rights, and Equity Strategies	3
	2024.08.02	Securities and Futures Institute	Sustainable Development Action Plans for Listed Companies from the Perspective of Financial Supervision	3
	2024.11.19	Securities and Futures Institute	Roundtable of the Sustainability Committee and Chief Sustainability Officers	3
	2024.12.06	Securities and Futures Institute	Global AI Development and Governance: Observations on the U.S., EU, and China	3

4. Corporate Governance Officer 2024 Execution Overview

- (1) Handling of matters relating to board meetings and shareholders meetings in compliance with law;
- (2) Preparation of minutes of the board meetings and shareholders meetings;
- (3) Provided the Board with updates on laws and regulations related to corporate governance.
- (4) Arranged training programs for Board members.
- (5) Provision of data required for performance of duties by directors;
- (6) Assistance to directors in compliance of laws;
- (7) Assessed the purchase of directors' liability insurance.
- (8) Coordinated communication meetings between independent directors and the external auditor or internal audit supervisor.

(VIII) Execution of internal control system:

1. Declaration of Internal Control System

Shuang-Bang Industrial Corp.

Declaration of Internal Control System

Date: March 7, 2025

The following declaration was made based on the 2024 self-assessment of the Company's internal control system:

- I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc.), reliable, timely, and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2024. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was passed unanimously without objection by all 9 directors present at the board meeting dated March 7, 2025.

Shuang-Bang Industrial Corp.

Chairman: Chung-Tang Chang Signature/seal



President: Yu-Chuan Hsu Signature/seal



2. If the internal control system was reviewed by an external CPA, the result of such review must be disclosed: None.

(IX) Key resolutions of shareholder 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 in the most recent fiscal year shareholders' meeting and the execution progress

Date	Major resolutions	Execution progress
2024.05.31 AGM	I. Acknowledgment of the Company's 2023 business report and financial statements	Resolution passed
	II. Ratification of the Company's 2023 earnings distribution proposal	July 14, 2024 as the record date for dividend distribution August 2, 2024 as the payment date Distribution of cash dividends at NT\$0.4 per share
	III. The newly elected members of the Board of Directors (including independent directors) are as follows: Directors: Independent Directors: Chen Li-Ling; Tsai Hao-Chin; Cheng Cheng-Feng	The election was approved and registered with the Ministry of Economic Affairs on June 26, 2024 and publicly announced on the Company's official website.

2. Key Resolutions of the Most Recent Fiscal Year and up to the Annual Report Publication Date:

Date	Major resolutions
2024.02.02	I. Matters reviewed by the first Remuneration Committee meeting in 2024 II. Approval motion of the Company's 2024 operational plan and budget
2024.03.12	I. The Company's 2023 Internal Control System Effectiveness Review and Statement on Internal Control II. Matters reviewed by the second Remuneration Committee meeting in 2024

Date	Major resolutions
	<p>III. Approval of the Company's 2023 Financial Statements and Business Report</p> <p>IV. The Company's 2023 earnings distribution</p> <p>V. Cash capital increase by subsidiary Shoetex Corporation</p> <p>VI. Re-election of directors</p> <p>VII. Nomination of candidates for the 2024 election of directors (including independent directors)</p> <p>VIII. Removal of non-compete clause for new directors</p> <p>IX. Set the date, time, place and other related matters of the 2024 shareholders' meeting</p> <p>X. Approved measures to handle proposals from shareholders who have more than 1% of shareholding.</p> <p>XI. Acceptance of director (including independent director) nomination from shareholders with more than 1% ownership interest</p>
2024.05.10	<p>I. Consolidated Financial Statements of the Company and Its Subsidiaries for the period from January 1 to March 31, 2024</p> <p>II. Amendment to the Company's internal control system and internal audit system</p> <p>III. Pre-approval of Non-Assurance Services for 2024 and Assessment of Auditor Independence</p> <p>IV. Purchase of directors' liability insurance by the Company</p> <p>V. Approval motion of the Company's 2023 ESG Report</p>
2024.05.31	<p>I. Election of Chairman and Vice Chairman of the Board</p> <p>II. Appointment of members to the Remuneration Committee</p> <p>III. Appointment of members to the Company's Second Nomination Committee</p> <p>IV. Appointment of members to the Company's Second Risk Management Committee</p>
2024.08.12	<p>I. Consolidated Financial Statements of the Company and Its Subsidiaries for the Period From January 1, 2024 to June 30, 2024</p> <p>II. Ratification of the Company's Acquisition of Right-of-Use Assets from Related Parties</p> <p>III. Proposal for the Company's Establishment of a Hardener Production Line</p>

Date	Major resolutions
	<p>IV. Application for a mid-term loan from Mega International Commercial Bank to meet funding requirements</p> <p>V. Proposed dissolution and liquidation of the Company's subsidiary - Shoetex Corporation</p>
2024.11.12	<p>I. Consolidated Financial Statements of the Company and Its Subsidiaries for the Period from January 1, 2024 to September 30, 2024</p> <p>II. Establishment of the Company's "Evaluation Method for Independence and Suitability of CPAs"</p> <p>III. Assessment of the Independence and Suitability of the Company's CPAs</p> <p>IV. Appointment and Remuneration of Certified Public Accountant for 2025</p> <p>V. Ratification of the Company's Non-Assurance Services for 2024</p> <p>VI. Amendment to the "Pre-Approval Procedures for Non-Assurance Services Provided by the Certifying CPA"</p> <p>VII. Pre-approval of Non-Assurance Services for 2025 and Assessment of Auditor Independence</p> <p>VIII. Establishment of the Company's "Procedures for Preparation and Verification of Sustainability Reports"</p> <p>IX. Amendment to the Company's Internal Control System and Internal Audit System</p> <p>X. Audit Plan for Fiscal Year 2025</p> <p>XI. Review of Department Head Adjustment for the TPU Business Unit</p> <p>XII. Review of Salary Proposal for Newly Appointed Assistant Vice President of the TPU Business Unit</p> <p>XIII. Review of criteria for managers' salary adjustment for 2024</p> <p>XIV. Establishment of the "Remuneration Policy for Directors and Managerial Officers"</p> <p>XV. Renewal of Credit Facility Agreements with Correspondent Banks for Fiscal Year 2025</p>
2025.01.16	<p>I. Discussion on 2024 Managerial Performance Evaluation and Year-End Bonus Distribution</p> <p>II. Annual Performance Evaluation and Year-End Bonus Distribution for Head of Internal Audit</p>

Date	Major resolutions
	III. Operational Plan and Budget for Fiscal Year 2025
2025.03.07	I. Internal Control Effectiveness Assessment and Internal Control System Statement for Fiscal Year 2024 II. Discussion on Director and Employee Remuneration for Fiscal Year 2024 III. Financial Statements and Business Report for Fiscal Year 2024 IV. Earnings Distribution Plan for Fiscal Year 2024 V. Proposal to Establish the “Sustainability Committee Charter” and Amend the Company's Organisational Structure VI. Appointment of Members to the Sustainability Committee VII. Amendments to the Company's "Articles of Incorporation" VIII. Amendments to the “Employee Remuneration Management Policy” and Definition of “Entry-Level Employees” IX. Amendments to the Company's "Corporate Governance Code of Conduct" X. Amendments to the Company's "Shareholder Conference Rules" XI. Proposal to Set the Date, Time, Venue, and Other Relevant Matters for the 2025 Annual General Shareholders' Meeting XII. Matters Regarding Proposals Submitted by Shareholders Holding 1% or More of the Company's Shares

(X) 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. Information on Certified Public Accountant Fees

Unit: NTD thousands

Name of CPA Firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
Weyong International CPAs & Co.	Chun-Chen Ko	2024.01.01~ 2024.12.31	2,360	151	2,511	None
	Hui-Fen Lin					

Note: Total expenses for salary review checklist, company registration amendments, and sustainability advisory and assurance services amounted to NT\$151 thousand for fiscal year 2024.

(I) If the audit firm was changed and the audit fees paid for the year of change were lower than those of the previous year, the company shall disclose the audit fees before and after the change and the reason for the difference: None.

(II) If the audit fees decreased by more than 10% compared to the previous year, the company shall disclose the amount, percentage of decrease, and the reason: None.

V. Information on CPA Replacement

Not applicable.

VI. Whether the Chairperson, President, or managerial officers responsible for financial or accounting affairs have held positions at the attesting CPA firm or its affiliated entities within the past year

None.

VII. Changes in Share Transfers and Pledges by Directors, Managerial Officers, and Shareholders Holding More Than 10% of Shares During the Most Recent Fiscal Year and Up to the Date of Annual Report Publication

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

Unit: shares

Title	Name	2024		For 2025 up until April 14, 2025	
		Shares held Number increased (decrease)	No. of pledged shares Number increased (decrease)	Shares held Number increased (decrease)	No. of pledged shares Number increased (decrease)
Chairman and CSO	Chung-Tang Chang	220,773	—	—	—
Vice Chairman and Vice President	Ah-Ming Chen	—	—	—	—
Director	Hsi-Neng Hsieh	—	—	—	—
Director	Ken-Chen Chen	—	—	—	—
Director	Ho-Pin Lin	—	—	—	—
Director	Uei-Want Industrial Co., Ltd. Representative: Cheng-Yen Liang	—	—	—	—
Independent Director	Yang Tu-Hsin (Resigned: 2024/05/31)	—	—	—	—
Independent Director	Wang Yen (Resigned: 2024/05/31)	—	—	—	—
Independent Director	Chen Li-Ling (Appointed: 2024/05/31)	—	—	—	—
Independent Director	Tsai Hao-Chin (Appointed: 2024/05/31)	—	—	—	—

Title	Name	2024		For 2025 up until April 14, 2025	
		Shares held Number increased (decrease)	No. of pledged shares Number increased (decrease)	Shares held Number increased (decrease)	No. of pledged shares Number increased (decrease)
Independent Director	Cheng-Feng Cheng	—	—	—	—
President	Yu-Chuan Hsu	—	—	—	—
Vice President and Head of Finance and Accounting Chief Corporate Governance Officer	Min-Chu Lin	—	—	—	—
Assistant Vice President	Chun-Han Li	—	—	—	—
Assistant Vice President	Chien-Chung Ko	—	—	—	—
Assistant Vice President	Chiu Tang-Yuan (Appointed: 2024/11/12)	—	—	—	—

(II)Share Transfer Information: None.

(III)Share Pledge Information: None.

VIII. Relationships Among the Top Ten Shareholders by Shareholding Ratio

April 14, 2025; Unit: shares

Name	Shares held in own name		Shareholding held by the spouse and minor children and minor children		Shareholding held under others' names Current shareholding		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	2nd-degree relative 1st-degree relative	—
Ah-Ming Chen	4,998,802	6.07	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	4,998,802	6.07	—	—	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: Chang Chia-Ying	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	1,908,369	2.32	—	—	—	—	—	—	—
Hung-Nien Chuang	1,660,157	2.02	542,359	0.66	—	—	—	—	—

IX. Number of shares held by the company, its directors, managerial officers, and direct or indirect subsidiaries in the same investee enterprise, including the consolidated shareholding ratio

April 14, 2025; Unit: thousands of 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 Activities

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	Issuance 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	8,0000	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
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

Details of individual capital increases in fiscal years 1999–2002, 2004, 2006, 2008–2012, and 2014, including approval dates, official approval document numbers, and amounts:

- Note 1: On December 21, 1999, approved under Tai-Cai-Zheng (I) No. 107263 of the Ministry of Finance, a capital increase of 10,000 thousand shares was implemented, totaling NT\$100,000 thousand (comprising NT\$45,600 thousand in cash, NT\$6,800 thousand from earnings, and NT\$47,600 thousand from capital surplus).
- Note 2: On June 12, 2000, approved under Tai-Cai-Zheng (I) No. 50311, a capital increase of 7,659 thousand shares was implemented, totaling NT\$76,590 thousand (comprising NT\$45,000 thousand in cash and NT\$31,590 thousand from earnings).
- Note 3: On July 13, 2001, approved under Tai-Cai-Zheng (I) No. 144739, a capital increase of 5,892 thousand shares was implemented, totaling NT\$58,920 thousand (from earnings).
- Note 4: On October 3, 2001, approved under Tai-Cai-Zheng (I) No. 160993, a capital increase of 4,055 thousand shares was implemented, totaling NT\$40,551 thousand (cash contribution).
- Note 5: On July 25, 2002, approved under Tai-Cai-Zheng (I) No. 0911041591, a capital increase of 4,461 thousand shares was implemented, totaling NT\$44,606 thousand (comprising NT\$16,370 thousand from earnings and NT\$28,236 thousand from capital surplus).
- Note 6: On November 2, 2004, approved under Jin-Guan-Zheng-Yi-Zi No. 0930147634, a capital reduction of 8,433 thousand shares was implemented, totaling NT\$84,332 thousand.
- Note 7: On June 6, 2006, approved under Jin-Guan-Zheng-Yi-Zi No. 0950122738, a capital increase of 1,337 thousand shares was implemented, totaling NT\$13,375 thousand.
- Note 8: On August 8, 2008, approved under Jin-Guan-Zheng-Yi-Zi No. 0970040325, a capital increase of 1,679 thousand shares was implemented through earnings capitalization, totaling NT\$16,788 thousand.
- Note 9: On March 20, 2009, approved under Jin-Guan-Zheng-Yi-Zi No. 0980010790, a cash capital increase of 8,000 thousand shares was implemented, totaling NT\$80,000 thousand.
- Note 10: On August 11, 2010, approved under Jin-Guan-Zheng-Yi-Zi No. 0990042107, a capital increase of 2,066 thousand shares was implemented through earnings capitalization, totaling NT\$20,660 thousand.
- Note 11: On March 25, 2011, approved under Jin-Guan-Zheng-Yi-Zi No. 1000010915, a cash capital increase of 6,716 thousand shares was implemented, totaling NT\$67,160 thousand.
- Note 12: On August 4, 2011, approved under Jin-Guan-Zheng-Yi-Zi No. 1000036268, a capital increase of 2,417 thousand shares was implemented through earnings capitalization, totaling NT\$24,173 thousand.
- Note 13: On August 15, 2012, approved under Jin-Guan-Zheng-Yi-Zi No. 1010035928, a capital increase of 1,257 thousand shares was implemented through capital surplus capitalization, totaling NT\$12,570 thousand.
- Note 14: On July 2, 2014, approved under Jin-Guan-Zheng-Yi-Zi No. 1030025112, a capital increase of 1,282 thousand shares was implemented through earnings capitalization, totaling NT\$12,821 thousand.
- Note 15: On April 29, 2015, approved under Jin-Guan-Zheng-Yi-Zi No. 1040014635, a capital increase of 1,962 thousand shares was implemented through earnings capitalization, totaling NT\$19,616 thousand.
- 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. Types of Shares:

Types of Shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	82,360,826 shares	37,639,174 shares	120,000,000 shares	TPEX listed shares

(II) List of Major Shareholders

April 14, 2025

Shareholding Name of major shareholder	Shares held	Shareholding percentage
Chung-Tang Chang	6,700,207	8.14%
Ah-Ming Chen	4,998,802	6.07%
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	1,908,369	2.32%
Chuang Hung-Nien	1,660,157	2.02%

(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 7, 2025, the Board of Directors resolved to distribute NT\$65,888,660 from the distributable earnings of 2024 as shareholder dividends, with a distribution of NT\$0.8 per share. The entire dividend will be distributed in cash.

(IV) Impact of Proposed Stock Dividends on Business Performance and EPS: No stock dividends are proposed for the current year; not applicable.

(V) Employee and Director Remuneration

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.

The annual profit mentioned in the above Paragraph shall refer to pre-tax profit before employees' and directors' remuneration in the current year. Employee remuneration can be paid in cash or in shares. Payments may also be made to employees of subordinate companies that satisfy the eligibility 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:

For 2024, the Company has accrued NT\$5,800,000 for employee remuneration and NT\$2,160,000 for director remuneration, based on the year's profitability. 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) Distribution of Employee and Director Remuneration in Cash or Stock; if there is a discrepancy with the accrued expense amount, the difference, reasons, and resolution shall be disclosed

On March 7, 2025, the Board of Directors approved the distribution of NT\$5,800,000 in employee remuneration and NT\$2,160,000 in director remuneration for 2024, all in cash.

(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. Actual Distribution of Employee and Director Remuneration in the Previous Fiscal Year (including number of shares, amount, and share price); if any discrepancy exists between the actual distribution and the recognized expenses, the difference, reasons, and resolution shall be disclosed

Due to a pre-tax loss in fiscal year 2023, the Board of Directors resolved on March 12, 2024, not to distribute any employee or director cash remuneration for fiscal year 2023. There was no discrepancy between the recognized expenses and the estimated accruals for employee and director remuneration for fiscal year 2023.

The actual amount of director remuneration distributed for fiscal year 2023 was consistent with the Board resolution and the amount recognized in the accounts.

(VI) Repurchase of Company Shares: None.

II. Corporate Bonds (Including Overseas Corporate Bonds)

None.

III. Preferred Stock Issuance Status

None.

IV. Global Depositary Receipts (GDR) Issuance Status

None.

V. Employee Stock Options Issuance Status

None.

VI. Restricted Stock Awards (RSA) Issuance Status

None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions or Acquisitions of Shares of Other Companies

None.

VIII. Progress on planned use of capital

(I) Project 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) Implementation Status: None.

Four. Business Overview

I. Business Activities

(I) Scope of Operations

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		2023	
		Net operating income	Percentage of revenue	Net operating income	Percentage of revenue
Coating and lamination		1,006,767	52.77%	765,789	48.45%
Polymer	Resin (including processing)	197,905	10.37%	189,175	11.97%
	Curing agent (including processing)	389,607	20.42%	347,553	21.99%
	Photoinitiator	64,589	3.39%	31,220	1.97%
TPU		200,874	10.53%	184,241	11.66%
Others		48,097	2.52%	62,630	3.96%
Total		1,907,839	100.00%	1,580,608	100.00%

3. Current products of the Company

The Company currently offers products in three categories, namely coating and lamination, resins, and special chemicals. The following provides an overview of the industry landscape for each product type:

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 Logo, no sewing vamp 3. Medical: Medical bedding tube, medical rehabilitation inflatable materials 4. Outdoor activities: Outdoor air mattress, water bag

4. New products planned for the future

- Hydrophilic transfer lamination and hydrophilic breathable membranes with >25% biomass content
- Colored adhesive transfer lamination with >25% biomass content
- Water-based hot melt adhesive layer, washable at 40°C/60°C
- Decorative leather for building materials
- Water-based general-purpose and breathable PU resins with 25% / 40% biomass content
- Water-based transfer color adhesive resin
- Water-based breathable surface finishing resin
- Room-temperature-curable PUR
- Melt-blown grade TPU
- Calendering grade TPU

(II) Industry overview

1. Current and future industry prospects

(1) Current state of industry

①Coating and lamination industry

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, etc. 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 industry

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	Growth	Volume	Growth rate	Sales value	Growth
	(MT)	(%)	(NTD millions)	(%)	(MT)	(%)	(NTD millions)	(%)
2017	3,994,982	2.15	214,491	16.44	3,735,686	3.70	198,621	17.64
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	3,150,821	(8.25)	162,685	(25.32)	2,915,595	(10.35)	149,340	(26.19)
2024	3,094,737	(1.78)	169,060	3.92	2,882,047	(1.15)	157,860	5.70

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. Y-O-Y growth rates uses the previous year as the base period, converted to calculate the same period.

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.

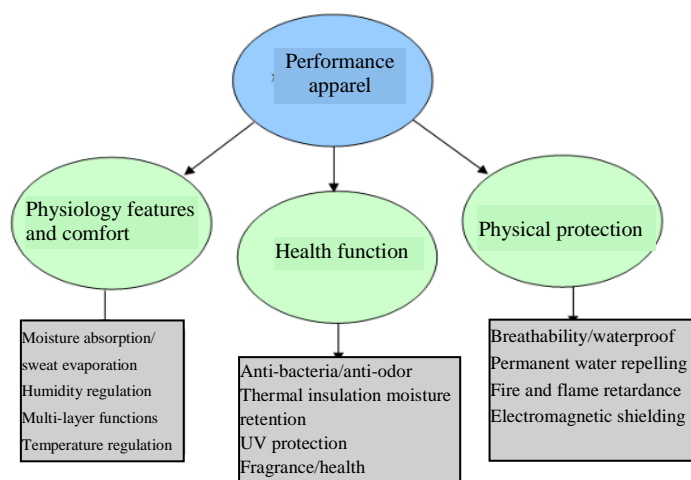
Photoinitiator is another important special chemical. It is commonly found in green, blue, and black ink, and is often used to make photoresist or solder resist ink for electronics, wood paint, varnish, clear coating, UV coating, and UV adhesive. Although this product is mainly produced by large foreign 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	Fiber Surface Grafting
Sweat absorption	Microporous structure	Fiber Surface Grafting
Breathability/waterproof	Microfiber	Coating/lamination, high-density fabric
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.

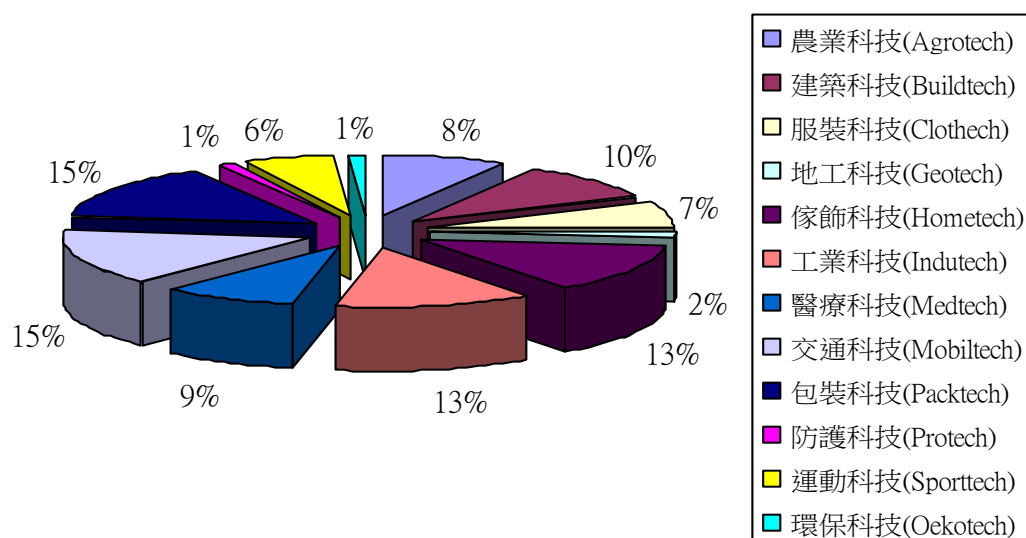
Apparel is the most popular end product for functional textile, with sports and outdoor garments making up the majority of products. In terms of industry classification, the Company is considered a manufacturer of "Functional outdoor textile products" under "Clothtech." Functional outdoor textile product 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:

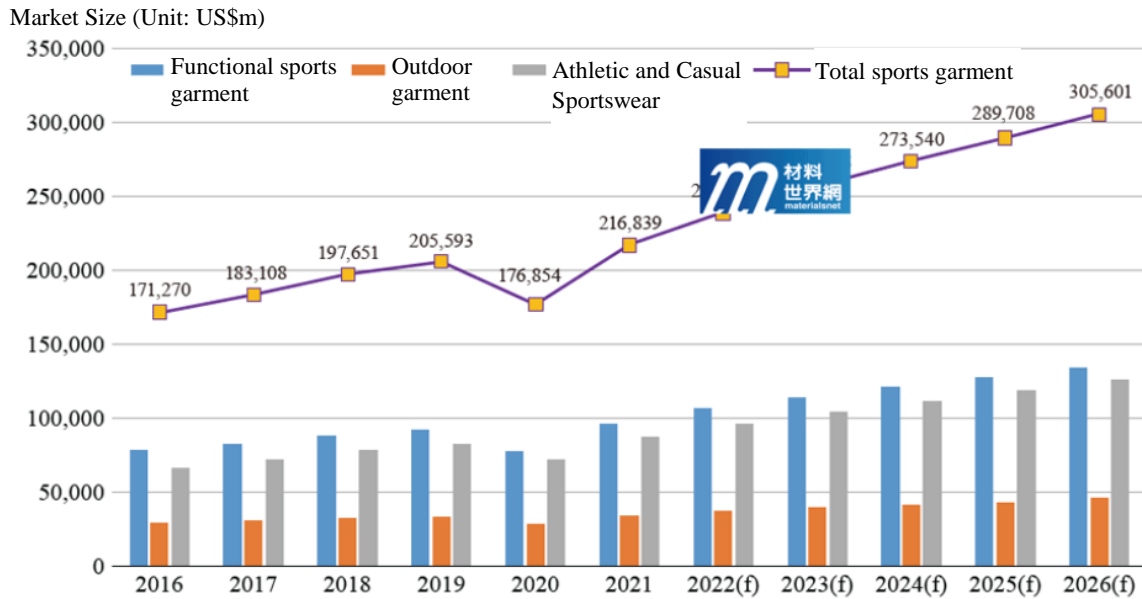
 Mobiltech	 Protech
 Buildtech	 Packtech
 Geotech	 Medtech
 Indutech	 Sporttech
 Agrotech	 Clothtech
 Oekotech	 Homotech

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



According to Euromonitor's 2021 report on the global apparel market and global sportswear market size, the overall global apparel market size was USD 1,368.7 billion, with the sportswear market accounting for USD216.8 billion (as shown in Figure 3). The sportswear market size is projected to grow annually, reaching USD305.6 billion by 2026, with functional sportswear representing the largest segment. Under the global athleisure fashion trend, demand for apparel that combines fashion, functionality, and versatility will continue to expand. Functional sportswear is one of the fastest-growing markets in the textile sector.

Global Sportswear Market Size 2016-2026



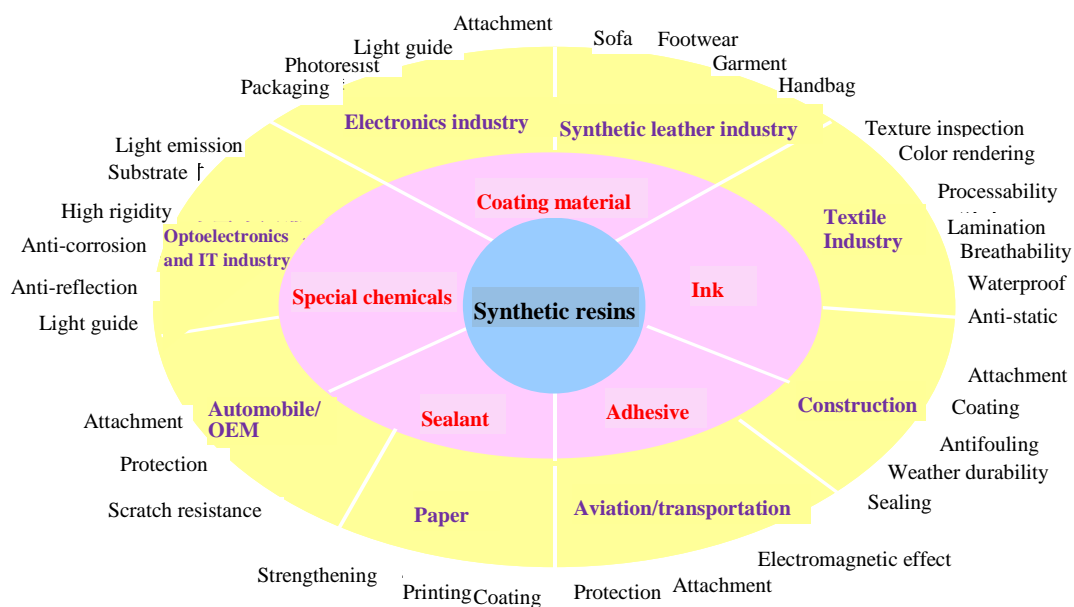
Source: Euromonitor; Compiled by the Taiwan Textile Research Institute (January 2022)

② Synthetic resins industry

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, adhesives, and insulation materials.

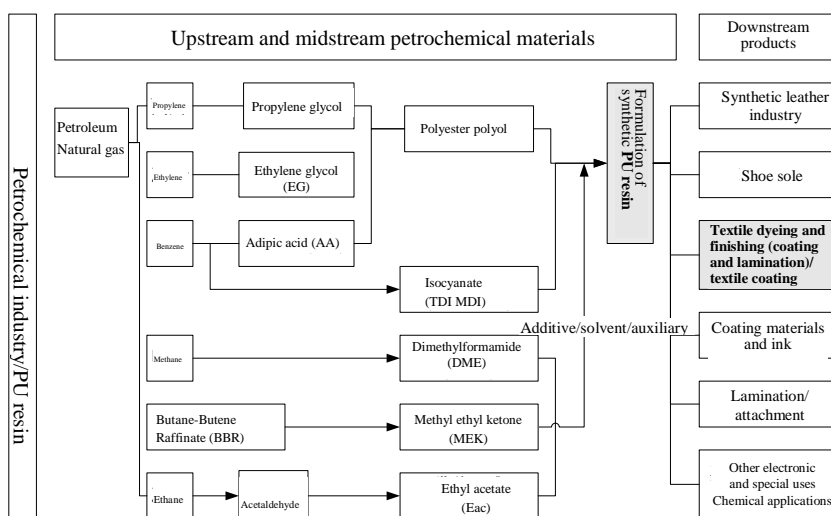
The synthetic resin industry sources raw materials from the downstream of the petrochemical industry, and there are many downstream uses of synthetic resin. As depicted in the figure below, synthetic resin has five major uses, namely: coating material, ink, adhesive, sealant, and special chemicals. Its 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

①Coating 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.

②Resins

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 agent

Hardeners are high value-added industrial products with broad applications and customization potential based on client needs. Therefore, the R&D capabilities of the Company's management team and control over sales channels are key factors determining the Company's future performance. 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 main products include coating and lamination processing of specialty textiles and polymer products - PU synthetic resins, hardeners, and

initiators. The main competitors and their primary business activities are listed below:

Products		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
Polymers	PU Synthetic resins	Evermore Chemical, U-Best, DALI Polymer	PU resin
	Curing agent	Wanhua (China), Xiangyuan (China), Johnson (China)	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.

Curing agents are one of the Company's core products and are currently mass-produced only by the Company in Taiwan. While other competitors are mainly based in China, the Company continues to collaborate with major international manufacturers to develop new applications for curing agents, aiming to enhance product competitiveness and value-added services within the region.

(III) Technology and R&D overview

1. Research and development expenses

Unit: NTD thousands

Item	2024
R&D expense	36,364
Net operating revenues	1,907,839
R&D expense as a	1.91%

2. Technologies or products successfully developed in the most recent fiscal year:

- High flexibility - softness - three-layer belt
- Bio-content > 35% Wet Film
- Hydrophilic graphene film
- Fluorine-free water-repellent fabric bonding primer
- Waterborne composite packaging resins
- High-resilience Foam Footwear Insole Materials
- Recycled PET Flakes Reprocessed into "Recycled Polyols"
- Recycled Material Resin/PUR
- R-PET hot-melt adhesive
- Breathable film with bluesign® approval

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:

- Hydrophilic Transfer Lamination and Hydrophilic Breathable Membranes with Biomass Content Greater than 25%
- Colored Adhesive Transfer Lamination with Biomass Content Greater than 25%
- Water-Based Hot Melt Adhesive Layer Capable of Passing 40°C/60°C WashTests
- Synthetic Leather for Building Materials and Decorative Applications

- Water-based General/Breathable PU Resins with 25%/40% Biomass Content
- Water-based Transfer Coating Color Adhesive Resin
- Water-based Breathable Surface Finishing Resin
- Room-Temperature Curing PUR
- Melt-blown TPU
- Calendering-Grade TPU

(2) Expected R&D expenses

R&D expenses are included in the annual budget. The Company spent NT\$36,364 thousand on R&D in 2024. 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 2024 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 Location		2023		2024	
		Amount	%	Amount	%
Domestic sale		1,287,368	81.45%	1,461,768	76.62%
Export sale	Europe	1,584	0.10%	2,275	0.12%
	Asia	125,736	7.95%	282,105	14.79%
	America	158,331	10.02%	156,169	8.19%
	Others	7,589	0.48%	5,522	0.29%
	Subtotal	293,240	18.55%	446,071	23.38%

Total	1,580,608	100.00%	1,907,839	100.00%
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2. Market share

Product category		Details
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 domestic market.
	Curing agent	The Company primarily sells MOCA and MDA products. Approximately 68% of its sales are exported to markets including the United States, Japan, China, and the Middle East, while the remaining 32% are sold domestically. The Company currently holds an estimated 40% share of the domestic market.
	Photoinitiator	Products are sold in Taiwan and to Japan. 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

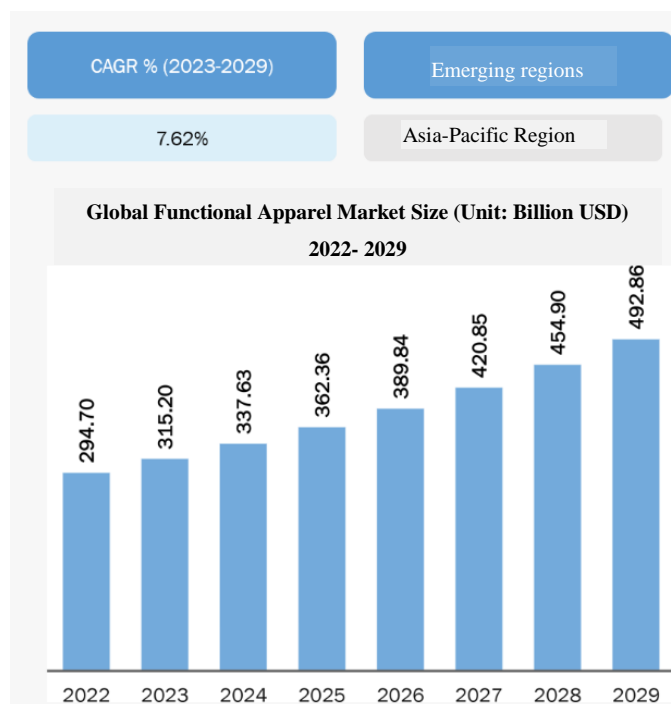
Evolution and expansion of performance apparel are being driven not only by people's pursuit for performance, but by changes to the work environment, climate, and physical protection requirements as well. As people spend more time on recreational activities, they demand a broader range of garments with 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 advantage

(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

Department		Details
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.
Polymers	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) Threats:

Department		Details
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. Prices are often subject to market competitive pressures, affecting profitability. 2. Certain critical materials are sourced from few suppliers at higher price.

(3) Response strategies:

Department		Details
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.

Department		Details
		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

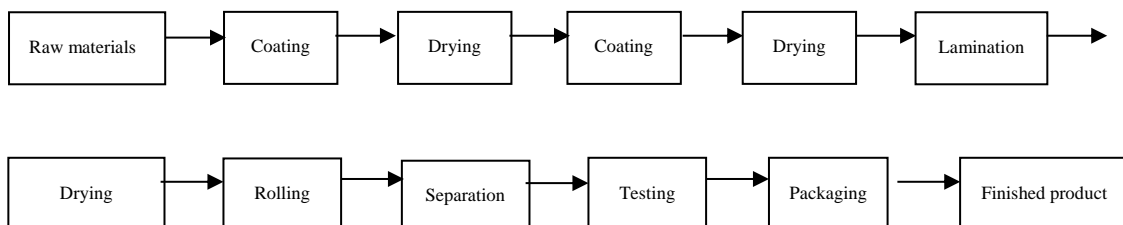
1. Main product applications

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 Processing	Sandwich lamination	Used in gloves, sports garments, and sports shoes
		2-layer lamination	Windbreaker, outdoor/sports/recreational garment
Polymer	Resins	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

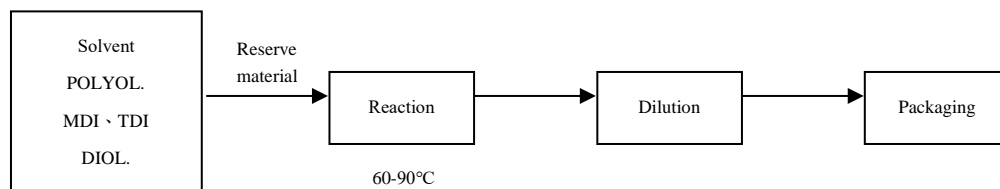
Product category			Purpose
		Methylenedianiline	Flooring material, packaging material, anti-corrosion coating
	Photoinitiator		Commonly found in green, blue, and black ink, and is often used to make photoresist or solder resist ink for electronics, wood paint, varnish, clear coating, UV coating, and 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

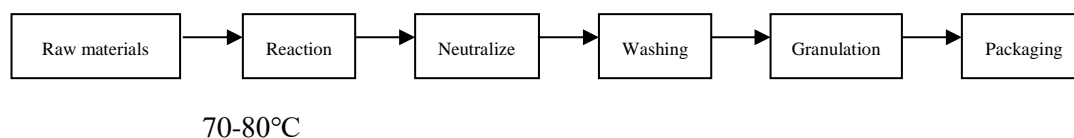


(2) Production process for resins

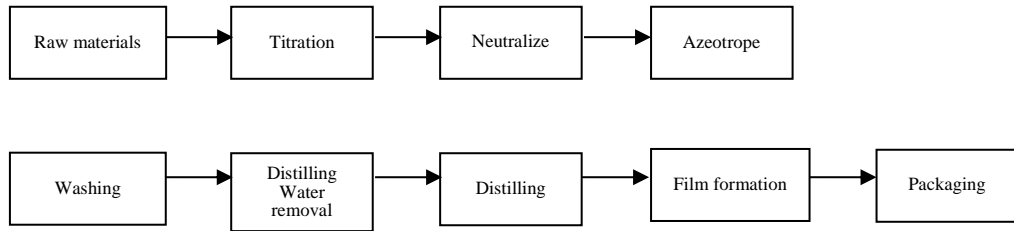


(3) Manufacturing Process of Hardener Products

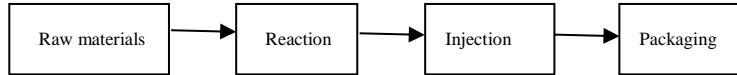
① 4,4'-Methylenebis (2-Chloroaniline)



②4,4' Methyleneedianiline



(4) Production process for TPU



(III) Supply of main materials

Main materials	Main suppliers	State of supply
Aniline	Domestic and overseas	Fair
TOL	Domestic	Fair
DMF	Domestic and overseas	Fair
MDI-PH	Overseas	Fair
OCA	Overseas	Fair
Formaldehyde	Domestic	Fair

(IV) Names of Customers Accounting for 10% or More of the Total Purchase (Sales) Amount in Either of the Most Recent Two Years, Their Purchase (Sales) Amount, Proportion, and Reasons for Changes

1. List of main buyers

	113 years				2023			
Item	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)	198,560	12.56%	None
2	—	—	—	—	—	—	—	—
	Others	1,618,237	84.82%	—	Others	1,382,048	87.44%	—
	Net Sales	1,907,839	100.00%	—	Net Sales	1,580,608	100.00%	—

Note: Based on the Group's consolidated revenues

Reason for increase/decrease of sales from main customers:

Company B1's sales amount increased in 2024 due to the company's business growth and increased orders, resulting in higher sales.

2. List of main suppliers

No single supplier represented more than 10% of purchases in 2023 or 2024.

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

Year		2023	2024	2025 up until March 31
Number of employees	Managerial personnel	14	14	14
	Indirect employees	120	128	126
	Direct employees	213	213	226
	Total	347	355	366
Average age		40.14	40.63	43.84
Average years of service		8.36	9.60	11.69
Educational Distribution Ratio	Doctoral Degree	0.86	0.85	0.82
	Master's Degree	8.36	8.16	7.65
	Bachelor Degree	32.85	31.55	33.06
	Senior high school	28.53	26.76	26.23
	Below senior high school	29.39	32.68	32.24

IV. Information on environmental protection expenses

(I) Environmental Pollution-Related Losses Incurred in the Most Recent Fiscal Year and Up to the Publication Date of the Annual Report

(This includes compensation and violations identified through environmental protection inspections. The disclosure must specify the date of disposition, official reference number, violated regulation, description of the violation, and imposed penalty) as follows:

August 19, 2024 (Fu-Shou-Huan-Kong-Zi No. 1130200426): Violation of Article 22, Paragraph 3 of the Air Pollution Control Act and Article 33, Paragraph 2 of the Control and Emission Standards for Volatile Organic Air Pollutants. A fine of NTD100,000 was imposed.

August 19, 2024 (Fu-Shou-Huan-Kong-Zi No. 1130200509): Violation of Article 22, Paragraph 3 of the Air Pollution Control Act and Article 33, Paragraph 2 of the

Control and Emission Standards for Volatile Organic Air Pollutants. A fine of NTD100,000 was imposed.

November 4, 2024 <Tou-Huan-Ju-Fei-Zi No. 1130028864>: Violation of Article 31, Paragraph 1, Items 1 and 2 of the Waste Disposal Act, resulting in a fine of NT\$12,000.

(II) Current and Potential Future Estimated Amounts and Corresponding Measures; If a Reasonable Estimate Cannot Be Made, the Facts of Why It Cannot Be Reasonably Estimated Should Be Explained

Response Measures: Enhanced training has been implemented 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.
- Senior employees are openly commended and gifted with commemorative gold accessories and medals.
- Birth incentive: Childbirth subsidy and child care subsidy (age 0-4) 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: Helps 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 2024:

Category	Gender	Hours	Participant count	Average hours
Senior Level	Male	172.50	9.00	19.17
	Female	59.50	3.00	19.83
	Others	-	-	-
Middle Level	Male	483.00	17.00	28.41
	Female	79.00	4.00	19.75
	Others	-	-	-
General Level	Male	3,410.00	245.00	13.92
	Female	1,731.00	89.00	19.45
	Others	-	-	-
Total		5,935.00	367.00	16.17

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 labor union; therefore, there are no collective agreements in place.

- (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

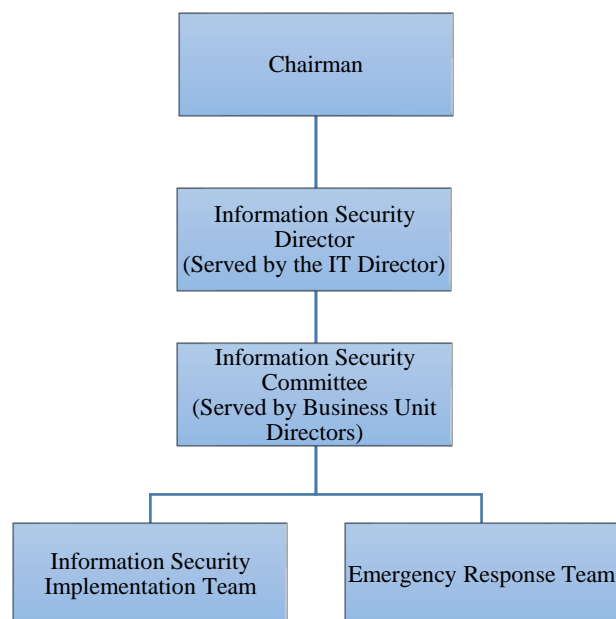
VI. Cybersecurity management

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

■Cyber security management strategy framework

- I. 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.
- II. 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.

III. Structure of Cyber Security Team



■Cybersecurity policy

I. Purpose:

To strengthen information security management, establish a safe and reliable electronic operating environment and protect the rights and interests of the Company, so that information-related personnel, data, information systems, equipment and networks can be operated safely and in compliance with relevant laws and regulations.

II. Goals:

Ensure the accuracy, availability, integrity and confidentiality of the Company's information. Prevention of threats from internal and external information security incidents. In the event of an incident, it can also respond quickly and resume normal operations in the shortest time possible to reduce the damage caused by the incident.

III. Cyber security management measures

1. Establishment of measures and specifications related to information communication security management.
2. Information security management meetings are held regularly to review internal and external risks.
3. 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.
4. 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.
5. Organize employee information security training to continuously enhance employees' information security awareness.

6. Cyber security incident review and improvement.

7. Handle and protect data and the security of the system carefully in accordance with the regulations related to information security and personal information protection.

IV. Review and amendment

The formulation and revision of this policy shall be implemented after the approval of the Chairman.

■ Specific management solutions

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

Payer	Description	Related allocation measures
Cyber 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. Establishment of 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

■ **Commit resources to cyber security management**

1. Firewall renewal and annual license signing
2. Endpoint protection, anti-virus update and annual license signing
3. Annual licensing for spam protection and email audit signed

4. Social Engineering Drills and System Vulnerability Detection Scanning
5. Completion of annual training and promotion

■ **Information security implementation results**

2024:

1. For the personnel education training and information security promotion, we have implemented 3 projects in 2024 with a completion rate of 100%.
2. Information system disaster recovery simulation exercise: 1 drill was conducted in 2024, with a 100% completion rate.
3. Simulated social engineering drills: Once in 2024, with a 100% completion rate.
4. System vulnerability detection scanning was executed twice in 2024, 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 can not be reasonably estimated:

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

Information Security Incident Statistics Table

Year	2022	2023	2024
Number of Information Security Incidents			
Number of Information Security or Network	0	0	0
Number of Business Information Leakage	0	0	0
Number of Personal Information Leakage	0	0	0
Number of Incidents Affected by	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

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	2024	2023	Difference		Explanation of Changes
			Amount	%	
Current assets	857,679	841,793	15,886	2%	
Property, plant and equipment	1,453,222	1,413,721	39,501	3%	
Intangible assets	3,064	3,520	(456)	(13%)	
Other assets	205,003	244,268	(39,265)	(16%)	
Total assets	2,518,968	2,503,302	15,666	1%	
Current liabilities	571,783	458,557	113,226	25%	(1)
Non-current liabilities	675,853	788,440	(112,587)	(14%)	
Total liabilities	1,247,636	1,246,997	639	0%	
Share capital	823,608	823,608	-	0%	
Capital reserve	10,586	10,557	29	0%	
Retained earnings	419,224	388,801	30,423	8%	
Other equity items	-	-	-	N/A	
Non-controlling interest	17,914	33,339	(15,425)	(46%)	(2)
Total equity	1,271,332	1,256,305	15,027	1%	

1. Explanation to significant variations (amounting to NT\$10 million or 20% and above):

- (1) The increase in current liabilities is mainly due to the growth in revenue in 2024, resulting in increased short-term borrowings and expenses related to material purchases.
- (2) The decrease in non-controlling interests is mainly due to the dissolution and liquidation of the subsidiary - Shoetex Corporation, resulting in a decrease in non-controlling interests.

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	2024	2023	Amount increase (decrease)	Variation (%)
Operating revenues	1,907,839	1,580,608	327,231	20.70%
Operating costs	(1,647,242)	(1,457,450)	(189,792)	13.02%
Gross profit	260,597	123,158	137,439	111.60%
Operating expenses	(191,680)	(180,475)	(11,205)	6.21%
Operating Income(loss)	68,917	(57,317)	126,234	(220.24%)
Non-operating revenue and expenses	1,709	22,525	(20,816)	(92.41%)
Net profit (loss) before tax	70,626	(34,792)	105,418	(302.99%)
Income Tax (Expense) Benefit	(21,443)	15,442	(36,885)	(238.86%)
Current net income (loss)	49,183	(19,350)	68,533	(354.18%)
Other comprehensive income, net	2,430	(1,902)	4,332	(227.76%)
Total comprehensive income for the current period	51,613	(21,252)	72,865	(342.86%)

1. Explanation to significant variations (amounting to NT\$10 million or 20% and above):

- (1) Increase in Operating Revenue: Mainly due to improved inventory destocking by downstream brand manufacturers in 2024, resulting in a recovery in revenue.
- (2) Increase in Gross Profit: Mainly due to revenue growth in 2024, with improved capacity utilization leading to increased gross profit.
- (3) Increase in Operating Net Income: Mainly due to revenue growth in 2024, with improved utilization rates leading to increased operating net income.
- (4) Decrease in Non-operating Income and Expenses: Mainly due to decreased government subsidy project income in 2024 and increased losses on financial assets at fair value through profit or loss.
- (5) Increase in Pre-tax Net Income: Mainly due to growth in revenue and profitability in 2024, resulting in increased pre-tax net income.
- (6) Increase in Income Tax Expense: Mainly due to increased profitability in 2024, resulting in increased income tax expense.
- (7) Increase in Net Income for the Period: Mainly due to growth in revenue and profitability in 2024, resulting in increased net income for the period.
- (8) Increase in Total Comprehensive Income for the Period: Mainly due to growth in revenue and profitability in 2024, resulting in increased net income for the period.

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

Unit: tonnes/thousand yards	
Main products	Expected 2025 sales volume
Coating and lamination	18,000
Resin	1,800
Curing agent	3,500
TPU	1,000

The expected sales volume listed above is based on sales performance in 2024, plus products under development, projected growth trends for 2025, and customer demand forecasts.

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	2024	2023	Amount increase (decrease)
Cash flow ratio	30.80	18.38	68%
Cash flow adequacy ratio	61.73	64.42	-4%
Cash reinvestment ratio	6.09	(0.60)	-1116%

Explanation to major variations:

(1) Cash flow ratio:

The cash flow ratio increased 2024, primarily due to revenue growth which led to higher cash inflows from operating activities.

(2) Cash flow adequacy ratio:

The cash adequacy ratio decreased in 2024, as increased revenue and operating cash inflows reduced the relative adequacy of cash flow to meet capital demands.

(3) Cash reinvestment ratio:

The cash reinvestment ratio increased in 2024, mainly driven by a rise in net cash flows from operating activities and higher cash dividend distributions.

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

(III) Liquidity analysis for the next year

Unit: NTD thousands

Opening cash balance(1)	Estimated Net Cash Inflows from Operating Activities for the Full Year (2)	Projected yearly Cash Outflow (3)	Projected cash surplus (deficit) (1) + (2) – (3)	Financing of expected cash deficits	
				Investment plans	Financing plans
120000	180,000	215,000	85,000	—	—

(1) Analysis of Projected Cash Flow Changes for the Coming Year (2025):

①Operating Activities: Under normal operations, operating activities are expected to continue generating positive cash inflows.

②Investing Activities: Net cash outflows are anticipated due to capital expenditures on machinery and equipment.

③Financing Activities: Net cash outflows are projected from a combination of loan repayments, new borrowings in 2025, and the distribution of 2024 cash dividends.

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

IV. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year

The Company's capital expenditures for 2024 amounted to NT\$153,617 thousand, primarily for the construction of new warehouses and plants and new equipment expenditures. After completion, these facilities will increase production capacity and enable the launch of new products, generating revenue and increasing profits.

V. Investment Policy, Main Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year:

1. Investment Policy: Future investment policies will be based on the company's future development and overall operational plans.
2. Regarding investment profits or losses, please refer to the operational overview of each affiliated enterprise in Section 6, Special Disclosure. In 2024, due to inventory destocking by downstream manufacturers, increased orders led to profit growth. The company continues to effectively allocate resources to maintain overall operational performance and stable profit growth.
3. Investment Plans for the Coming Year: Focus will be on investing in the company's core business.

VI. Risk Assessment for the Most Recent Year and up to the Date of the Annual Report's Publication

(I) Impact of Interest Rate Fluctuations, Exchange Rate Variations, and Inflation on Company Earnings and Future Response Measures

1. Interest rate

The Company's interest income for 2023 and 2024 was NT\$1,509 thousand and NT\$1,542 thousand respectively, primarily derived from bank deposit interest. Interest expenses mainly resulted from loans obtained from financial institutions to meet operational funding requirements. Interest expenses for 2023 and 2024 were NT\$11,258 thousand and NT\$15,769 thousand 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 Fluctuations

Over the past three years, imported raw materials have accounted for approximately 30-40% of the Company's total purchases, primarily denominated in US dollars. Export sales represent approximately 20-40% of total revenue, also primarily denominated in US dollars. Consequently, exchange rate fluctuations have a significant impact on the Company's operations. The Company recorded net foreign exchange gains/(losses) of NT\$1,256 thousand and NT\$10,917 thousand in 2023 and 2024 respectively, representing (3.61%) and 15.46% of pre-tax net income/(loss) for their respective years. The Company's strategies for managing the aforementioned exchange rate risks are as follows:

- (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 statistical analysis of national economic indicators by the Directorate-General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan, Taiwan's Consumer Price Index (CPI) annual growth rate was approximately 2.18% in 2024, which remains within an 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

1. Future Research and Development Plans

Future technical and R&D initiatives will target higher value-added markets, expanding our market presence through diversified product offerings and services.

Below is a description of future R&D efforts:

- Hydrophilic Transfer Lamination and Hydrophilic Breathable Membranes with Biomass Content Greater than 25%
- Colored Adhesive Transfer Lamination with Biomass Content Greater than 25%
- Water-Based Hot Melt Adhesive Layer Capable of Passing 40°C/60°C Wash Tests
- Synthetic Leather for Building Materials and Decorative Applications
- Water-based General/Breathable PU Resins with 25%/40% Biomass Content
- Water-based Transfer Coating Color Adhesive Resin
- Water-based Breathable Surface Finishing Resin
- Room-Temperature Curing PUR
- Melt-blown TPU
- Calendering-Grade TPU

2. Estimated R&D Expenditure

R&D expenses have been incorporated into the annual budget. The Company invested NT\$36,364 thousand in R&D during 2024. As revenue grows, we plan to progressively expand our R&D team and acquire additional research equipment to support future development initiatives.

(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 has created a production line for water-based resins as a response to the public's rising awareness toward environmental protection and green products. Considering how new production line and plant may increase operating costs, the Company will continue monitoring market changes and work closely with customers to adjust its expansion plan, and thereby reduce and avoid risks.

(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:

In 2023, the Company established its "Risk Management Policies and Procedures," forming a Risk Management Committee comprising at least three board members, with independent directors constituting more than half of the membership. The Risk Management Committee was officially established by board resolution on November 10, 2023, and convened once in 2024.

Cybersecurity risks: Please see pages 102-105 for more detailed explanation on cybersecurity management.

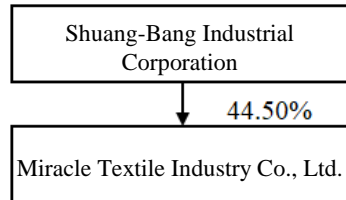
VII. Other material issues
None

Six.Special Disclosures

I. Information on Affiliated Enterprises

(I) Overview of Affiliated Enterprises

1. Organizational Chart of Affiliated Enterprises (December 31, 2024)



2. Controlling and controlled entities, as defined in Article 369-3 of The Company Act: None.

3. Subordinate entities that have personnel, financial, or business decisions directly or indirectly controlled by the Company, as defined in Paragraph 2, Article 369-3 of The Company Act: None.

(II) Basic Information of Affiliated Enterprises

Unit: NT\$ thousand;

Date: December 31, 2024

Name of entity	Date of establishment	Address	Paid-in capital Capital	Principal Business Activities
Miracle Textile Industry Co., Ltd.	2005.10.25	No. 1147, Section 3, Minquan Road, Zhibavillage, Zhongli District, Taoyuan City	50,000	Other Textile Products Manufacturing

(III) Entities Presumed to Have Control and Subordinate Relationships with Common Shareholders: None.

(IV) Industries Covered by the Business Operations of All Affiliated Enterprises: Other Textile Products Manufacturing.

(V) Information on Directors, Supervisors, and Presidents of Each Affiliated Enterprise

Date: December 31, 2024

Name of entity	Title	Name or name of representative	Current shareholding	
			No. of shares	Shareholding percentage
Miracle Textile Industry Co., Ltd.	Director (Representative)	Shuang-Bang Industrial Corp. Corporate Representatives: Chang Chung-Tang, Hsu Yu-Chuan, Ko Chien-Chung	2,224,988	44.50%
	Director	Te-Shuang Chan	739,353	14.79%
	Director	Wen-Chih Chen	883,503	17.67%
	Supervisor	Min-Chu Lin	—	—
	President	Te-Shuang Chan	739,353	14.79%

(VI) Financial Status and Operating Results of Affiliated Enterprises

Unit: NT\$ thousand (except for Earnings Per Share in NT\$)

Date: December 31, 2024

Name of entity	Capital	Assets Total value	Liability Total	Net worth	Operating Revenue	Net Income (Loss) for the period (After Tax)	Earnings Per Share (NT\$) (After Tax)
Miracle Textile Industry Co., Ltd.	50,000	78,061	45,784	32,277	107,935	1,629	-

(VII) Consolidated Financial Statements of Affiliated Enterprises: Please refer to the Market Observation Post System (MOPS).

II. Private Placement of Securities During the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report: None.

III. Other Necessary Supplementary Information: None.

IV. Any Events as Defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that Occurred During the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report which Might Materially Affect Shareholders' Equity or Securities Prices: None.



 ***Shuang-Bang Industrial Corp.***

Chairman: Chang Chung-Tang

