Stock Code:
1423

Reward Wool Industry Corporation

2025 Annual Report

Published April 20th, 2026

Annual report query website :
Company website : http://www.reward.com.tw/
Market Observation Post System : http://mops.twse.com.tw/

I、Spokespersons and Deputy Spokespersons of the Company

Spokesperson	Name	：C.C. Hung
	Job title	：President
	Telephone	：(02)2781-1161
	E-mail	：huangcc@reward.com.tw
Deputy spokesperson	Name	：T.W. YANG
	Job title	：Manager, Management Departmen
	Telephone	：(02)2781-1161
	E-mail	：lhawu@reward.com.tw

II、Addresses and telephone numbers of head office and factories

Head Office	：12th Floor,310,Sec.4,Chung Hsiao East Road Taipei,Taiwan
Telephone	：(02)2781-1161
Liu-tu Mill	：2,Kung Chien South Road Liu-tu Industrial District Keelung,Taiwan
Telephone	：(02)2451-5116
Hsin-wu Mill	：309,Sec.2,Chung Shang East Road Tou-chou Vil.Hsin-wu Dist Tao-yuan City, Taiwan
Telephone	：(03)490-4311

III、Name, address, website, and telephone number of stock registration agent

Transfer Agency Department, CTBC Bank Co., Ltd.

Address	：5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
E-mail	：https://www.ctbcbank.com
Telephone	：(02)6636-5566

IV、Latest Annual Financial Reporting certified public accountants

Certified public accountants	：Muriel Yu、Ian Wang
Accounting firm	：Ernst & Young, Taiwan
Address	：9F,No.333,Sec. 1,Keelung Road,Taipei City,Taiwan
E-mail	：http://www.ey.com/tw
Telephone	：(02)2757-8888

V、The name of exchanges where the Company's securities are traded offshore, and the method to access the information on the offshore securities: None.

VI、Company Website:: http://www.reward.com.tw/

2025 Annual Report
Table of Contents

Table of Contents

A. Letter to Shareholders

1. 2025 Business Report

(1) Business Plan Implementation Results

The Company's net operating revenue for 2025 amounted to over NT$85.38 million, and net profit after tax amounted to over NT$433.96 million.

Information for the operating revenue of the 2024and 2025fiscal years, operating loss, and production and sales of products are listed as below:

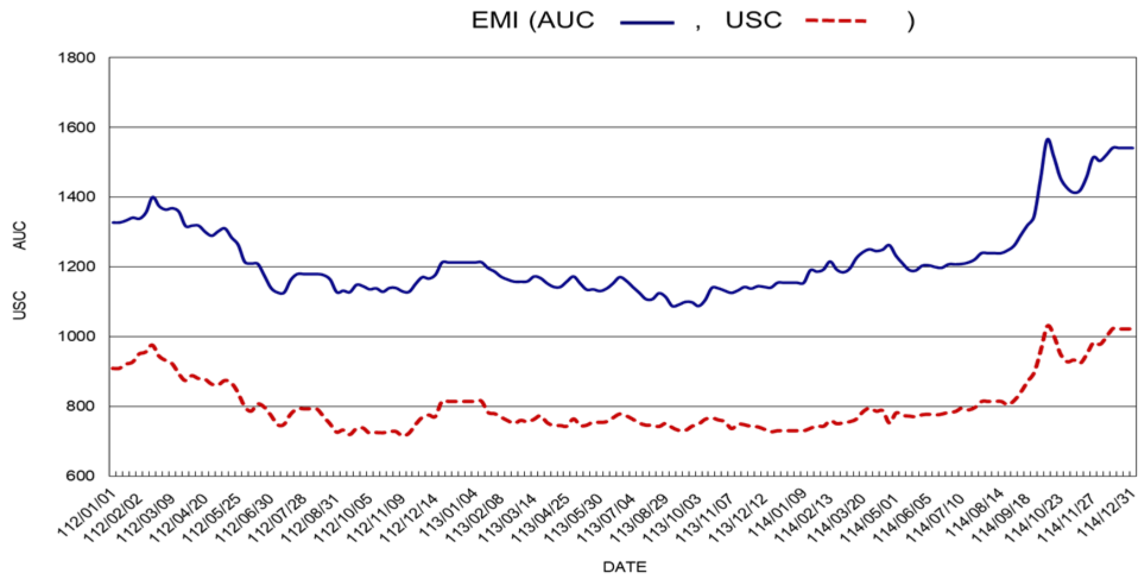
Unit: metric tons / Thousand NT$

Item		Year	2025	2024	Increase (decrease) %
Total operating revenue and earnings	Operating revenue	Domestic sales	51,081	54,114	-6%
		Overseas sales	34,307	50,330	-32%
		Total	85,388	104,444	-18%
	Operating loss		(65,419)	(58,987)	11%
	Net profit after tax		433,968	80,802	437%
Production and sales volumes of main products	WOOL TOP	Production volume (including externally purchased materials and outsourced processing)	325	299	9%
		Sales volume	170	223	-24%
	SUPERWASH WOOL TOP	Production volume (including externally purchased materials)	156	149	5%
		Sales volume	105	104	1%

2025 Operation Report:

As Donald Trump was re-elected as the 47th President of the United States, the America First policy advocated during his campaign, particularly the "Comprehensive Reciprocal Tariff" policy signed on April 2, triggered a restructuring of the global supply chain. Rising corporate operating costs have also heightened concerns about overall inflation. Affected by weak demand for non-essential consumer goods, international wool prices remained at relatively low levels and fluctuated during the first half of the year. However, toward the end of the third quarter, as reciprocal tariffs among countries gradually became clearer and many uncertainties subsided, wool auction prices showed a significant rebound. For the full year, the Australian Wool Exchange Index rose from AUC 1,154 / USC 730 at the beginning of the year to AUC 1,541 / USC 1,021 at year-end, representing increases of as much as 34% and 40%, respectively, marking a six-year high. However, due to continued weak demand for high-end apparel, the overall wool textile market cycle has yet to recover, resulting in a continued decline of approximately 16% in the Company's shipment volume in 2025.

To enhance revenue, in recent years the Company has focused its production on deepening its presence in the field of functional products and adjusting its raw material procurement strategies to accelerate production processes. In addition, in terms of solar photovoltaic revenue, following the completion of the first two phases of photovoltaic projects, total annual power generation increased significantly to 1,822 MW, representing an increase of approximately 1.6 times compared to the previous year. The estimated carbon reduction effect reached over 860,000 kilograms, and the overall performance was in line with expectations. Furthermore, in 2025, income from investments and plant site leasing also yielded substantial returns, resulting in an overall operating profit of over NT$433.96 million.



In addition, regarding the disposal of the Liu-tu mill, the revised resolution was approved at the 2025 shareholders' meeting, authorizing the Board of Directors not to be limited to disposal through public tender and to continue handling the matter in accordance with the Company's procedures for acquisition or disposal of assets. To accelerate the completion of the asset disposal, the Company's management has informed all tenants of the non-renewal policy and has communicated individually regarding the early termination of lease agreements, with the aim of completing tenant relocation as soon as possible. As of the end of 2025, six tenant clients had not yet completed relocation, among which three have already prepared relocation plans. Once the progress of relocation becomes clearer, the Company will actively and appropriately plan the sale.

The 2026 Outlook for the Wool Market:

Although wool prices rose sharply in the fourth quarter of 2025, and sheep farmers' willingness to raise sheep also increased significantly, according to the latest estimates of Australian wool production, due to reduced rainfall in wool-producing regions caused by the effects of global warming and the higher returns from switching to meat sheep, the number of sheep shorn in the coming year is expected to be revised downward to approximately 56.5 million (a decrease of about 10.3%), and total wool production is expected to decline to 244.7 million kilograms (a decrease of about 12.6%), marking a new low in Australian wool production in nearly a century. The Company will continue to closely monitor real-time developments in the industry and respond accordingly. Given the challenges faced by traditional industries, in addition to wool-related businesses, the Company plans to continue deepening its investments in solar energy and plant real estate leasing businesses in order to obtain stable long-term returns. In addition, in terms of financial investments, the Company will actively utilize its own funds to select companies with high-quality returns as investment targets, thereby creating greater returns for all shareholders.

(2) Budget Implementation

Unit: metric tons

Product category	WOOL TOP	SUPERWASH WOOL TOP	UNCARBONIZED NOIL
Expected sales amount	228	156	44
Actual sales amount	170	105	0
Achievement rate	75%	67%	0%

(3) Financial structure and profitability

1. 2025 financial gains and losses

Unit: Thousand NT$

Item	Amount
Operating revenue	85,388
Operating costs	96,950
Gross operating loss	(11,562)
Operating expenses	53,857
Operating loss	(65,419)
Net non-operating revenues and expenses	502,950
Net profit before tax	437,531
Net profit after tax	433,968

2. 2025 Profitability

Item	Ratio/NT$
Return on assets(%)	11.77
Return on equity(%)	12.57
Pre-tax income to paid-in capital ratio(%)	43.90
Net profit margin(%)	508.23
Earnings per share(NT$)	4.36

(4) Research and Development Overview

1. Improve secondary processing technology for wool tops to enhance quality stability and reduce manufacturing costs.
2. Successfully develop equipment for producing loose short wool tops for semi-worsted spinning, thereby increasing product added value.

2. 2025 Business Plan and Operations Strategies

(1) Operating strategy

1. Continue to invest in solar power generation equipment in line with government green energy policies to enhance revenue.
2. Conduct comprehensive carbon inventory for factory production, eliminate existing high energy consumption and low-efficiency equipment and lighting, and actively green factory environments to achieve energy conservation and carbon reduction targets.
3. Reduce high energy-consuming shrink-proof processing, adopt externally purchased high-quality wool tops and shrink-proof wool top products, and enhance product value through multifunctional processing, while continuing to move toward small-batch, diversified, and flexible production to respond to rapidly changing industry demands.
4. Strengthen the implementation of ESG corporate principles to enhance the Company's image in line with future global trends.
5. Enhance environmental awareness by carefully selecting eco-friendly, biodegradable packaging materials and strengthening the classification, recycling, and reuse of factory waste.

(2) Important production and sales policies:

1. The United States' reciprocal tariff policy has triggered a restructuring of the global supply chain, resulting in increased corporate costs and heightened uncertainty in

trade and economic conditions. Consumer demand for high-priced textile products remains weak. The company will remain competitive by continuously developing new products and improving quality and manufacturing processes.

2. Due to the migration of industrial clusters, the traditional wool textile markets in Japan and Korea have significantly declined in recent years. The Company's primary focus is to actively develop other markets to diversify risk.
3. Wool production and sales will continue to adopt a conservative and prudent business strategy to avoid adverse impacts that may arise from wool price fluctuations.

2026 Expected sales amount

Unit: metric tons

Product category	WOOL TOP	SUPERWASH WOOL TOP	UNCARBONIZED NOIL
Expected sales amount	117	58	35

3. Future Development Strategy

(1) In line with government policies on green energy and energy conservation and carbon reduction, the Company will continue to expand its solar power generation plans and, where appropriate, replace outdated, high energy-consuming and inefficient equipment in its factories to improve production efficiency and reduce energy losses.

(2) Employee skill training and process quality control will be strengthened. Meanwhile, cost reduction will be achieved through manpower streamlining.

(3) Develop and produce refined and specialized top products, Factory space will be leased for reutilization.

(4) Actively develop markets in other regions to diversify regional risks and enhance sales performance.

4. Impact of competitive, regulatory, and operating environments

(1) As a result of the "de-Sinicization" effect triggered by U.S. reciprocal tariff policies, a new wave of foreign capital has been withdrawing from China. In addition, the unresolved real estate crisis has severely impacted domestic demand in mainland China. The spillover of excess production capacity has intensified, leading to a continued contraction in the Company's order intake.

(2) With the rise in environmental protection awareness and emphasis on product image, there has been an increasing number of product brands demanding all production supply chain and source of raw materials be traceable and conform to the principle of ethical

treatment of animals. Therefore, the company will evaluate for subsequent related product certifications and such type of raw materials procurement in meeting future market demands.

(3) In recent years, the rapid growth of Taiwan's semiconductor industry has significantly increased electricity demand. Coupled with the government's anti-nuclear policy, Taiwan’s already strained power supply has become even tighter. To address this, the Company will continue expanding its solar power generation and simultaneously replace outdated high-energy-consumption equipment to achieve future energy self-sufficiency.

Thank you to every shareholder for your support and trust.

Wishing all shareholder good health and prosperity

Roul-Eel Ying, Chairperson

B、Corporate Governance Report

1. Directors, Supervisors and Management Team

(1)Directors' information

April 20th, 2026

Job title	Nationality or place of registration	Name		Gender/ Age	Date elected/ assumed office	Term	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and minor children		Shares held in the name of others		Main work experience and educational background	Other concurrent positions within the Company or elsewhere	Director, supervisor, or other department head who is a spouse or relative within the second degree of kinship.			Remarks
								No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)			Job title	Name	Relation	
Chairman	R.O.C	Mindtown Investment Co. Ltd. Representative	Roul-Eel Ying	Female/ 81~90	2024.06.21	3 years	1995.01.10	20,777,070	15.01	14,959,490	15.01	0	0.00	0	0.00	Masters, University of California	Mindtown Investment Co. Ltd. Chairman CATHAY CHEMICAL WORKS, INC Chairman Taiwan Puritic Corporation Chairman	None			-
Director	R.O.C	Litai Investment Co. Ltd. Representative	Y.H.CHAO	Female/ 31~40	2024.06.21	3 years	2019.04.01	13,418,257	9.70	11,461,904	11.50	0	0.00	0	0.00	Department of Law, National University of Kaohsiung Legal affairs for listed companies in the finance, biotechnology, and medical industries.	Mustang Industrial Corporation Director	None			-
Independent director	R.O.C	L.Y.TU		Female/ 41~50	2024.06.21	3 years	2021.07.29	0	0.00	0	0.00	0	0.00	0	0.00	Department of Law, National Taipei University Co-location attorney, Sun Law Firm Associate, Ji Ying Law Firm Legal counsel and consultant of listed companies	Sun Law Firm Co-location attorney	None			-
Independent director	R.O.C	B.Y.YEN		Female/ 71~80	2024.06.21	3 years	2021.07.29	0	0.00	0	0.00	0	0.00	0	0.00	Department of Public Finance, National Chengchi University Branch Manager, Researcher of Audit Department of Board of Directors, Taiwan Cooperative Bank Deputy Manager, Overseas Finance Department, Farmers Bank of China Associate Manager of Foreign Exchange, Central Trust of China Passed the special exams for finance, Examination Yuan	-	None			-
Independent director	R.O.C	H.C. CHIANG		Male/ 41~50	2024.06.21	3 years	2024.06.21	0	0.00	0	0.00	0	0.00	0	0.00	Accounting Department, Fu Jen Catholic University Master of Global Entrepreneurial Management, Fu Jen Catholic University Passed the natioanl Certified Public Accountant (CPA) examination Senior Manager, Ernst & Young Global Limited	Yen-Te Accounting Firm CPA	None			-

(2) Major Shareholders of the Institutional Shareholder

April 20th, 2026

Institutional Shareholder name	Major Shareholders of the Institutional Shareholder
Zhong Cheng Investment Corp.	Hengchang Investment Co., Ltd. (24.5%), Litai Investment Co., Ltd. (34.43%), Double Eagles 2022 LLC (32%)
Litai Investment Co., Ltd.	Ing Chang Ki Weichi Educational Foundation (29.33%), Hengchang Investment Co., Ltd. (21.33%), Hongchang Investment Co., Ltd. (21.33%), Ming-Hao Ying (21.33%)

(3) Major shareholders of the institutional shareholders listed in preceding table

April 20th, 2026

Corporate/Institution name	Major Shareholders of Institutional Shareholders
Hengchang Investment Co., Ltd.	Hongchang Investment Co., Ltd. (33.27%), Ing Chang Ki Weichi Educational Foundation (29.33%), Litai Investment Co., Ltd. (19.40%), Fa-No Ying (16.67%)
Ing Chang Ki Weichi Educational Foundation	Chairman Roul-Eel Ying
Double Eagles 2022 LLC	RICHARD JAY YING (50%),OSCAR JAN YING (50%)
Hong chang Investment Co., Ltd.	RICHARD JAY YING (49.85%),OSCAR JAN YING (49.85%)

(4-1) Information disclosure on the professional qualifications of the directors and supervisors, and status of independence of the independent directors:

Condition / Name	Professional qualifications and experience	Status of independence	Number of other public companies in which the director also serves concurrently as an independent director
Chairman Roul-Eel Ying	Possess more than five years of work experiences for the company business and has served at the company for more than 25 years with familiarity of company business. Currently serving as Chairperson. There have been no circumstances as stated in Article 30 of the Company Act.	(1) Is not a shareholder that holds more than 1% of the Company's total shares or ranks among the top-ten shareholders. This applies to the Director him/herself, his/her spouse, minor children, or shares held in others' names. (2) Not a director, supervisor or employees of another company controlled by the same person with more than half of the Company's director seats or voting shares. (3) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of a companyor institution which corresponds with the Company financially or in terms of business. (4) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing service or commercial, legal, financial, or accounting services with a cumulative compensation not exceeding NT$500 thousand in the past two years for the Company or any of its affiliates. (5) Not a spouse or a relative within the second degree of kinship with any director.	0
Director Y.H.CHAO	Possess more than five years of work experiences for the company business. Previously served as the legal affairs for public companies in finance, biotechnology and medical. Currently serving as the Company and public company's director. There have been no circumstances as stated in Article 30 of the Company Act.	(1) Not employed by the Company or an affiliated business. (2) Not a director or supervisor of the Company or its affiliate. (3) Is not a shareholder that holds more than 1% of the Company's total shares or ranks among the top-ten shareholders. (4) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or of a corporate shareholder that ranks among the top five in shareholdings. (5) Not a director, supervisor or employees of another company controlled by the same person with more than half of the Company's director seats or voting shares. (6) Not a director, supervisor, or an employee of a company where the Chairman, President or any equivalent position are held by the same person or by his/her spouse separately. (7) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of a companyor institution which corresponds with the Company financially or in terms of business. (8) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that providesauditing service or commercial, legal, financial, or accounting services with a cumulativecompensation not exceeding NT$500 thousand in the past two years for the Company or any	0

<table>
<tr><td></td><td></td><td>ofits affiliates.
(9) Not a spouse or a relative within the second degree of kinship with any director.</td><td></td></tr>
<tr><td>Independent director
L.Y.TU</td><td>Possess more than five years of work experiences for the company business. Previously served at law firm and as the legal consulting lawyer for listed and public company. Currently acts as the Company’s independent director and lawyer of a legal firm. There have been no circumstances as stated in Article 30 of the Company Act.</td><td rowspan="3">(1) Not employed by the Company or an affiliated business.
(2) Not a director or supervisor of the Company or its affiliate.
(3) Is not a shareholder that holds more than 1% of the Company’s total shares or ranks among the top-ten shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer as stated in (1) or any of the persons mentioned in (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or moreof the total number of issued shares of the Company or of a corporate shareholder that ranks among the top five in shareholdings.
(6) Not a director, supervisor or employees of another company controlled by the same person with more than half of the Company’s director seats or voting shares.
(7) Not a director, supervisor, or an employee of a company where the Chairman, President or any equivalent position are held by the same person or by his/her spouse separately.
(8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of a companyor institution which corresponds with the Company financially or in terms of business.
(9) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that providesauditing service or commercial, legal, financial, or accounting services with a cumulativecompensation not exceeding NT$500 thousand in the past two years for the Company or any ofits affiliates.
(10) Not a spouse or a relative within the second degree of kinship with any director.
(11) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</td><td>0</td></tr>
<tr><td>Independent director
B.Y.YEN</td><td>Possess more than five years of work experiences required by the company business. Previously served as the branch manager and researcher for the audit department of board of directors of finance institutions. Currently acts as the Company’s independent director. There have been no circumstances as stated in Article 30 of the Company Act.</td><td>0</td></tr>
<tr><td>Independent director
H.C. CHIANG</td><td>Possess more than five years of work experiences required by the company business. Previously worked at a Big Four accounting firm, serving as an Audit Department Manager, passed the Certified Public Accountant (CPA) Examination, and is currently a practicing CPA at Yen-Te Accounting Firm. There have been no circumstances as stated in Article 30 of the Company Act.</td><td>0</td></tr>
</table>

(4-2) Diversity and independence of Board of Directors

1. Board diversity:

① On November 10th, 2014, the Company's 17th Board of Directors meeting, 11th time, had passed the establishment of the "Corporate Governance Code of Conduct." The diversity guideline has been formulated in Article 20. The nomination and selection of the Company's Board of Directors member abides by the Company's Articles of Incorporation, adopting the candidates nomination system. The qualifications of each candidates in academic and work experiences are evaluated, the individual director's appraisal results would also be referenced. The "Rules Governing the Election of Directors" and "Corporate Governance Code of Conduct" are adhered to in ensuring the diversity and independence of the Board members.

② The Company's 21st Board members name list shows an enhancement to the effectiveness of the Board functions and to the implementation of the diversity guidelines with the members' age, academic background, practice and management and so on aspects.

③ The diversity policy was formulated in regard to the member formation of the Board. The policy has been disclosed on the company website and the MOPS.

④ The directors who are employees of the Company stands at 0%, independent directors stand at 60%, women directors stand at 80%. Years of service for one independent directors are under three years, and for two independent director are between 4~9years. There are two directors at the age of 70 years and more, and three directors at the age of 50 years and below. Due to the characteristics of the industry, the Company emphasize on the gender of the Board member to get up to 60% and more in the ratio of women directors. The goal has been reached at the 21st Board of Directors meeting. For the purpose of sustaining constantly steady company operations, it is hoped to attain a certain proportion of directors' background in finance and Accounting and legal aspects. There are three directors for this term with finance and Accounting background and two members with legal background, meeting the target of the company.

Note: For TWSE/TPEx listed companies whose board members of either gender do not reach one-third of total seats, please provide an explanation and measures to improve gender diversity. For future director elections, the Company will carefully evaluate the competent authority's recommendations and consider, as part of the nomination process, achieving a composition in which directors of either gender account for at least one-third of Board seats.

The current Board of Directors of the Company composes of five directors. The Board forms the diversity policy with specific management goals and the achievements are as follows:

Specific management goals	Current execution status
Independent directors with term of office less than two terms	Achieved
Number of seats for independent directors shall be more than one-third of the total number of director seats	Achieved
Number of seats for women directors shall be more than two-thirds of the total number of director seats	Achieved
Number of seats for directors concurrently acting as the company's managers shall be less than one-third of the total number of director seats	Achieved
Diversity of the directors' professional knowledge (Please refer to the following)	Achieved

Board member diversity policy and implementation status:

Diversified Core Competences / Name		Basic composition									Banking and finance	Securities insurance	International economics and	Operations management	Accounting and finance	Legal affairs	Leadership and decision-making	Risk management
		Nationality	Gender	Concurrently serve as employees in the Company	Age			Term (Years)										
					Below 60	60 to 70	Over 71	<3	4-9	>9								
Director	Roul-Eel Ying	R.O.C	Female				V				V	V	V	V	V		V	V
	Y.H.CHAO	R.O.C	Female		V						V		V		V	V		V
Independent director	L.Y.TU	R.O.C	Female		V				V				V	V		V		V
	B.Y.YEN	R.O.C	Female				V		V		V	V	V	V	V			V
	H.C. CHIANG	R.O.C	Male		V			V			V	V	V	V	V		V	V

2. Independence of the Board:
   The current Board members of the Company consist of five members, inclusive of three independent directors and two general directors. As of April 19th, 2025, all of the independent directors met the regulations governed by the Securities and Futures Bureau of the Financial Supervisory Commission (FSC). Each of the director and independent director is not under any of the circumstances regulated in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act. On the Company's Board of Directors' independence, please refer to page 10 of this Annual Report on the directors' professional qualifications and independent directors' independence information disclosure. On each director's education, gender and work experiences, please refer to page 8 of this Annual Report under Directors' Information.

(5) Background information of the president, vice president, assistant general manager, and heads of departments and branch offices

April 20th, 2026

Job title	Nationality	Name	Gender	Date elected/ assumed office	Shareholding		Shares held by spouse and minor children		Shares held in the name of others		Main work (education) experiences	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Remarks
					No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)			Job title	Name	Relation	
President	R.O.C	C.C. Hung	Male	2025.06.01	1,198,600	1.20	0	0.00	920	0.00	Fu Jen Catholic University Head of the accounting firm	Chicheng Industrial Co., Ltd. Responsible person President, Cathay Chemical Works, Inc.	None			-
Hsin-Wu Mill factory manager and R&D Department manager	R.O.C	S.H. CHEN	Male	2016.08.01	0	0.00	0	0.00	0	0.00	National Taiwan University of Science and Technology Masters, College of Engineering Hsin-Wu Mill Deputy manager	None	None			-
Manager, Sales Department and Liu-Tu Mill Factory Manager	R.O.C	Y.T. SHIH	Male	2016.05.16	5,299	0.010	17,280	0.020	0	0.00	National Keelung Maritime Vocational High School Deputy Factory Manager, Liu-Tu Mill	None	None			-
Manager, Management Department, Corporate Governance and Finance and Accounting Officer	R.O.C	T.W. YANG	Male	2005.02.01	6,000	0.010	6,000	0.010	0	0.00	Accounting Department, Tunghai University The Company's Deputy Manager of Management Department, and Acting Spokesperson	None	None			-
Audit Officer	R.O.C	K.Z. HUANG	Male	2019.07.01	0	0.00	0	0.00	0	0.00	The Company's audit personnel.	None	None			-

Note 1: The position of Deputy General Manager is currently vacant in the Company, and the title of Assistant Manager has not been established.

2. Payroll of Directors, Supervisors, President and Vice President

(1) Remuneration Paid to Directors and Independent Directors

Unit: thousand NTD

Job title	Name	Director's remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration for part-time employees Ratio of total remuneration								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Directors' remuneration (C)		Business expenses (D)				Salary, bonuses, and allowances (E)		Severance pay and pension (F)		Employee remuneration (G)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Corporate Director	Mindtown Investment Co.., Ltd.	0	0	0	0	2,444	2,444	0	0	2,444/0.56%	2,444/0.56%	0	0	0	0	0	0	0	0	2,444/0.56%	2,444/0.56%	-
Chairman	Mindtown Investment Co.., Ltd. Representative Roul-Eel Ying	3,089	3,089	0	0	0	0	207	207	3,296/0.76%	3,296/0.76%	0	0	0	0	0	0	0	0	3,296/0.76%	3,296/0.76%	-
Corporate Director	Litai Investment Co.., Ltd.	0	0	0	0	885	885	0	0	885/0.20%	885/0.20%	0	0	0	0	0	0	0	0	885/0.20%	885/0.20%	-
Director	Litai Investment Co., Ltd. Representative Y.H.CHAO	0	0	0	0	0	0	120	120	120/0.03%	120/0.03%	0	0	0	0	0	0	0	0	120/0.03%	120/0.03%	-
Independent director	L.Y.TU	0	0	0	0	442	442	120	120	562/0.13%	562/0.13%	0	0	0	0	0	0	0	0	562/0.13%	562/0.13%	-
Independent director	B.Y.YEN	0	0	0	0	442	442	120	120	562/0.13%	562/0.13%	0	0	0	0	0	0	0	0	562/0.13%	562/0.13%	-
Independent director	H.C. CHIANG	0	0	0	0	442	442	120	120	562/0.13%	562/0.13%	0	0	0	0	0	0	0	0	562/0.13%	562/0.13%	-

Note 1: The Company prepares individual statements.

Note 2: Please describe the remuneration policies, mechanisms, standards, and structures for the independent directors, and their correlation to the amount of remuneration based on factors such as duties, risks, and invested time of the independent directors: The Company's directors' remuneration is based on Article 28 of the company's Articles of Incorporation. The remuneration of the director for the current fiscal year is within 1% of the profits for the current fiscal year. The remuneration of the President and Deputy Vice President are given based on industry practice, the scope of duties and authority of the position within the company, level of contribution to the company's operation targets, and the reference salaries approved by the Company's Remuneration Committee. The procedures for the establishment of the remuneration references the company's overall operation performance, the future industry operation risk and development trends, individual performance's achievement rate and level of contribution to the company's performance for giving reasonable remuneration. The rationality relating to the remuneration is audited by the Remuneration Committee and the Board of Directors. The reviews are conducted timely in view of the actual operation situations and related laws and regulations.

The distribution of the bonus rewards depends on the company's operation results and referenced the managerial officer performance evaluation. The items include financial aspects (such as company's revenue achievement rate and operation expenses), corporate social responsibility, corporate governance and professional knowledge and skills and more, adopted into the performance appraisal and remuneration distribution considerations.

(2) Remuneration Paid to Supervisors
(Not applicable)
(3) Remuneration Paid to President and Vice President

Unit: thousand NTD

Job title	Name	Salary (A)		Severance pay and pension (B)		Bonuses, allowances, etc.(C)		Employee remuneration (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash	Stock	Cash	Stock			
President	M.L. YU(Note 3) C.C. Hung(Note 4)	1,644	1,644	103	103	446	446	3,249	0	3,249	0	5,442/1.25%	5,442/1.25%	-

Note 1: The Company prepares individual statements.
Note 2: The position of Deputy General Manager is currently vacant in the Company.
Note 3: M.L. YU is the former President.
Note 4: C.C. Hung is the incumbent President.

Remuneration range table

Remuneration ranges for the President and the vice President of the Company	Name of President and Vice President	
	The Company	All companies within the financial statements.
Less than $1,000,000	M.L. YU	M.L. YU
$1,000,000 (inclusive)–$2,000,000 (exclusive)		
$2,000,000 (inclusive)–$3,500,000 (exclusive)		
$3,500,000 (inclusive)–$5,000,000 (exclusive)	C.C. Hung	C.C. Hung
$5,000,000 (inclusive)–$10,000,000 (exclusive)		
$10,000,000 (inclusive)–$15,000,000 (exclusive)		
$15,000,000 (inclusive)–$30,000,000 (exclusive)		
$30,000,000 (inclusive)–$50,000,000 (exclusive)		
$50,000,000 (inclusive)–$100,000,000 (exclusive)		
$100,000,000 and above		
Total		

(4) A company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel (disclose the individual names and remuneration method)

Unit: thousand NTD

Job title	Name	Salary (A)		Severance pay and pension (B)		Bonuses, allowances, etc.(C)		Employee remuneration (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash	Stock	Cash	Stock			
Chairperson	Roul-Eel Ying	3,089	3,089	0	0	208	208	0	0	0	0	3,297/0.76%	3,297/0.76%	-
President and Spokesperson	C.C. Hung	902	902	58	58	446	446	3,249	0	3,249	0	4,655/1.07%	4,655/1.07%	-
Hsin-Wu Mill factory manager and R&D Department manager	S.H. CHEN	1,020	1,020	63	63	409	409	1,815	0	1,815	0	3,307/0.76%	3,307/0.76%	-
Manager, Sales Department and Liu-Tu Mill Factory Manager	Y.T. SHIH	878	878	55	55	532	532	1,834	0	1,834	0	3,299/0.76%	3,299/0.76%	-
Manager, Management Department, Corporate Governance and Finance and Accounting Officer and Acting Spokesperson	T.W. YANG	964	964	60	60	529	529	2,011	0	2,011	0	3,564/0.82%	3,564/0.82%	-

Note 1: The Company prepares individual statements.

Note 2: The concept of the remuneration contents disclosed in this table is different from that of the Income Tax Act. Thus, the purpose here is for information disclosure and not for tax return purposes.

(5) Names of the managers and distribution status for the employee remuneration distribution

Names of the managers and distribution status for the employee remuneration distribution

December 31st, 2025

	Title	Name	Stock	Cash (thousand NTD)	Total	Proportion to Earnings After (%)
Manager	President and Spokesperson	C.C. Hung	0	9,764	9,764	2.25%
	Hsin-Wu Mill factory manager and R&D Department manager	S.H. CHEN				
	Manager, Sales Department and Liu-Tu Mill Factory Manager	Y.T. SHIH				
	Manager, Management Department, Corporate Governance and Finance and Accounting Officer and Acting Spokesperson	T.W. YANG				
	Audit Officer	K.Z. HUANG				

(6) Analysis of the ratio of total remuneration to directors, supervisors, President, and Vice Ppresident in the most recent two years by the Company and all companies in the consolidated financial statements to the net income in the standalone or individual financial report, and explanation of the remuneration policy, standards and combinations, procedures for determining remuneration, and their correlation with business performance and future risks:

Unit: thousand NTD

	2025		2024	
	The Company	Consolidated statements (Note)	The Company	Consolidated statements (Note)
Net profit after tax	433,968	Not applicable	80,802	Not applicable
Ratio of directors' remuneration	1.94%	Not applicable	5.80%	Not applicable
Ratio of supervisor' remuneration	Not applicable	Not applicable	Not applicable	Not applicable
Ratio of remuneration to president and vice presidents	1.25%	Not applicable	3.71%	Not applicable

Note: The Company prepares individual statements.

Explanatory notes:

1. Earnings Before Tax is used as the basis for calculating the allocation for the remuneration to employees and directors paid by the Company in accordance with related laws and regulations and the Articles of Incorporation. The proposal for remuneration to employees and directors has been reviewed by the Remuneration Committee and submitted to the Board of Directors for discussion and approval. After the Board's approval, the proposal was reported at the Shareholders' Meeting.

   The fixed employee monthly salaries or end-of-year bonuses received by the Company's managerial officers are based on the company salary standard. The Remuneration Committee is responsible for determining the salary payment by taking into account industry practice and the various operational performance achievements.

2. The Company appropriated directors' remuneration of $4,655 thousand and employee remuneration of $23,273 thousand in 2025, which were handled in accordance with the explanation stated in 1. above. The significant increase in total remuneration compared with the previous year was mainly due to a substantial increase in profit before tax this year. Compared with the previous two years, the proportions of directors' remuneration and the remuneration of the president and vice presidents decreased, mainly due to the increase in net income after tax in 2025 compared with 2024. The change was considered reasonable.

3. Corporate Governance Implementation

(1) Information on the Operation of the Board of Directors

The Board of Directors has convened 4 times (A) in the most recent year. The attendance of the directors is shown below:

Job title	Name	Attendances in person (B)	Attendance by proxy	Attendance rate (%)【B/A】	Remarks
Chairman	Zhong Cheng Investment Corp. Representative Roul-Eel Ying	4	0	100%	June 21st, 2024, re-election during the shareholders' meeting, re-elected.
Director	Litai Investment Co., Ltd. Representative Y.H.CHAO	4	0	100%	June 21st, 2024, re-election during the shareholders' meeting, re-elected.
Independent director	L.Y.TU	4	0	100%	June 21st, 2024, re-election during the shareholders' meeting, re-elected.
Independent director	B.Y.YEN	4	0	100%	June 21st, 2024, re-election during the shareholders' meeting, re-elected.
Independent director	H.C. CHIANG	4	0	100%	June 21st, 2024, re-election during the shareholders' meeting, Newly elected.

Other disclosures:

I. If any of the following circumstances occur in the operations of the board meeting, the date of the board meeting, the term, contents of the proposals, opinions of all independent directors, and the Company's handling of the opinion of the independent director, shall be recorded。

(I) Matters specified in Article 14-3 of the Securities and Exchange Act: N/A.

(II) In addition to the aforementioned motions, other board meeting motions where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: N/A.

II. When there is recusal due to conflicts of interest by a director, the name of that director, the involved proposal(s), the cause(s) of the recusal due to conflicts of interest, and the participation in voting of that director shall be specified:

Mar. 11th, 2025, the Company's 21st Term at the 5th Board of Directors Meeting

Case two:

The Company's 2024 Employee (of managerial officer identity) and Director Remuneration Distribution.

Resolution: I. This proposal involves stakeholders, Midtown Investment Co., Ltd., and its representatives, Chairperson Roul-Eel Ying, Litai Investment (Shares) Co., Ltd., and its representatives, Director Y.H.CHAO, and independent directors L.Y.TU, B.Y.YEN, and H.C. CHIANG, who recused themselves from the discussions and resolution, and did not join in the voting.

II. This proposal adopts resolution by stages. After the stakeholders mentioned above recused themselves, the chairperson (or acting chairperson) held a consultation, and it was approved by all directors attending the meeting without objections.

III. The proposal was submitted to the Company's 2025 Annual General Meeting of Shareholders for reporting.

Nov. 12th, 2025, the company's 21st Term at the 8th Board Meeting.

Case three:

The calculation of the 2025 end-of-year bonus for distribution to the Company's chairperson and managerial officers.

Resolution: I. Regarding the year's end-of-year bonus distribution proposal, Chairperson Roul-Eel Ying, is a stakeholder, and she has recused herself according to the laws.

II. After the above-mentioned stakeholder of this proposal recused herself, the acting chairperson held a consultation, and it was approved by all directors attending the meeting without objections.

Case four:

The Company's 2026 Chairperson and managerial officers' fixed monthly salary proposal.

Resolution: I. Regarding the 2026 Chairperson and managerial officers' fixed monthly salary proposal, Chairperson Roul-Eel Ying, is a stakeholder, and she has recused herself according to the laws.

II. After the abovementioned stakeholder of this proposal recused herself, the acting Chairperson held a consultation, and it was approved by all directors attending the meeting without objections.

III. TWSE/TPEx listed companies shall disclose the cycle and period, scope, method, and content of self (or peer) evaluation and fill in the implementation status of the evaluationof the board of directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	01/01/2025~ 12/31/2025	Board of directors Performance evaluation	The Board of Directors' internal self-evaluation; Board of Director's self-evaluation survey form	The weighing items for Board of Directors' self-evaluation survey form include: The five major aspects, namely, the level of participation in the Company's operations, enhancing the quality of decision-making by the Board, formation and structure of the Board, the election of directors and continuous education, and internal control, for a total of 39 items for the evaluation indicators.
Implemented once a year	01/01/2025~ 12/31/2025	Performance evaluation for individual Board member	Board member individual self-evaluation survey form	The weighing items for the Board member's performance self-evaluation include: The six major aspects, namely, managing the objectives of the company and tasks, awareness of director's duties, level of contribution to the company's operation, internal relation management and communications, professionalism of director and continuous education, and internal control for a total of 22 items of evaluation indicators.
Implemented once a year	01/01/2025~ 12/31/2025	Performance evaluation for functional	Functional Committee performance evaluation self-	The weighing items for the Functional Committee's performance self-evaluation include: The five major

		Committee	evaluation survey form	aspects, namely, the level of participation in the Company's operations, awareness of Functional Committee's duties, enhancing the quality of decision-making by the Functional Committee, formation and structure of the Committee, and internal control, for a total of 18-20 items for the evaluation indicators.

IV. The targets to enhance the Board functions and evaluation of its implementation for the current and the most recent year:

1. Targets for enhancing the Board functions: The Company had already established the "Rules of Procedure for Board of Directors Meetings" which was approved by the Board meeting on November 29th, 2006. This is for the effective establishment of the Board governance system and for a sound monitoring function to strengthen the management function.
2. The Audit Committee and Remuneration Committee and Sustainable Development and Integrity Management Committee and so on functional organizations are established under the Company's Board. In 2025, four and two and one meetings were held, respectively executed the meeting convening, proposal discussions and voting according to relevant laws and regulations.
3. Evaluation of the implementation: The company upholds to the principle of transparency in operations. After the Board meetings, the material resolutions are filed on the Market Observation Post System (MOPS) for maintaining shareholder rights and interests.
4. Director's continuous education: Each year, the Company will arrange courses for the directors to continue to keep up to date of the laws and regulations, and new knowledge, so as to enhance the professional function of the directors, in compliance with the regulations of the competent authority.
5. To protect the directors and supervisors from the risks that they bear during the execution of their business, the Company would purchase the "Liability Insurance of Directors and Managerial Officers" for all directors and managerial officers each year. All declarations and filings were made as required.

(2) Operation Status of the Audit Committee:

The Company'sAudit Committee is composed of three independent directors. The Audit Committee is intended to assist the Board of Directors in carrying out its oversight responsibilities regarding the quality and integrity of the Company's accounting, auditing, financial reporting processes, and financial controls. The members' professional qualifications and experience, and their main academic background, are as follows:

Name	Professional qualifications and experience	Main work experience and educational background
L.Y.TU	Possess more than five years of work experiences for the company business. Previously served at law firm and as the legal consulting lawyer for listed and public company. Currently acts as the Company's independent director and lawyer of a legal firm. There have been no circumstances as stated in Article 30 of the Company Act.	Department of Law, National Taipei University Co-location attorney, Sun Law Firm Associate, Ji Ying Law Firm Legal counsel and consultant of listed companies
B.Y.YEN	Possess more than five years of work experiences required by the company business. Previously served as the branch manager and researcher for the audit department of board of directors of finance institutions. Currently acts as the Company's independent director. There have been no circumstances as stated in Article 30 of the Company Act.	Department of Public Finance, National Chengchi University Branch Manager, Researcher of Audit Department of Board of Directors, Taiwan Cooperative Bank Deputy Manager, Overseas Finance Department, Farmers Bank of China Associate Manager of Foreign Exchange, Central Trust of China Passed the special exams for finance, Examination Yuan
H.C. CHIANG	Possess more than five years of work experiences required by the company business. Previously worked at a Big Four accounting firm, serving as an Audit Department Manager, passed the Certified Public Accountant (CPA) Examination, and is currently a practicing CPA at Yen-Te Accounting Firm. There have been no circumstances as stated in Article 30 of the Company Act.	Accounting Department, Fu Jen Catholic University Master of Global Entrepreneurial Management, Fu Jen Catholic University Passed the natioanl Certified Public Accountant (CPA) examination Senior Manager, Ernst & Young Global Limited

The matters reviewed by the Audit Committee mainly include the following:

1. Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Establishment or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of

the procedures for major financial and business activities such as acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others.

4. Matters involving directors' own interests.
5. Major asset or derivative transactions.
6. Major lending of funds, endorsements, or provision of guarantees.
7. Offering, issuance, or private placement of equity-related securities.
8. Appointment, dismissal, or remuneration of the attesting CPAs.
9. Appointment or dismissal of financial, accounting, or internal audit officers.
10. Business reports and proposals for earnings distribution or loss offset.
11. Other material matters as required by the Company or the competent authority.

Resolutions on the matters set forth in the preceding paragraph shall be approved by more than one-half of all members of the Committee and submitted to the Board of Directors for resolution.

If any matter set forth in the first paragraph is not approved by more than one-half of all members of the Committee, it may still be resolved upon approval by more than two-thirds of all directors.

The performance evaluation criteria for the Audit Committee include the following:

1. Degree of participation in the Company's operations.
2. Understanding of the duties and responsibilities of the Audit Committee.
3. Enhancement of the quality of decision-making by the Audit Committee.
4. Composition of the Audit Committee and selection of its members.
5. Internal control.

The Company completed the 2025 Audit Committee performance evaluation in the first quarter of 2026 (covering the period from January 1, 2025 to December 31, 2025). The evaluation was conducted through self-assessment by the members, administered by the Company's meeting affairs unit using self-assessment questionnaires. The results were reported to the Board of Directors on March 6, 2026 and disclosed on the Market Observation Post System. The evaluation result for 2025 was rated as "Excellent" with a score of 98.9.

A total of 4 (A) meetings were held by the Audit Committee in the most recent year, and below are the independent directors' attendance record:

Job title	Name	Attendances in person (B)	Attendance by proxy	Attendance rate (%)(B/A)	Remarks
Independendi rector	L.Y.TU	4	0	100	2024.06.21 Re-elected
Independendi rector	B.Y.YEN	4	0	100	2024.06.21 Re-elected
Independendi rector	H.C. CHIANG	4	0	100	2024.06.21 Reelected to a new term.

Other disclosures:

I. The date of the meeting, the term, contents of the proposals, independent director'sdissenting and qualified opinion or content of major issue, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shallbe recorded under the following circumstances in the operations of the Audit Committeemeeting.

(I) Matters specified in Article 14-5 of the Securities and Exchange Act.

(II) In addition to matters above, other resolutions that have not been approved by theAudit Committee but have been passed by a vote of two-thirds or more of the entireboard of directors.

Operation Status for the Current Year

Audit Committee	Content of the Proposal and the Follow-up Process	Matters stated in Article 14-5 of the Securities and Exchange Act	The matters failed to be passed by the Audit Committee, but resolved with consents of more than two third of all directors	Independent directors' objections, reservations or major suggestions	Results of resolution of the Audit Committee:	The Company's response to the Audit Committee's Opinion
03/11/2025 2nd Term 4th Time	1. The Company's 2024 Business Report and Financial Statements.	V	None	None	Passed by all members	Passed by all attending members of

	2. The Company’s 2024 Appropriation of Earnings.	V			of the Audit Committee.	the Board.
	3. The certified public accountant (CPA) responsible for auditing the company's financial statements has been replaced due to internal role adjustments within the firm.	V				
	4. The independence, Audit Quality Indicators (AQI) assessment, and appointment of the CPA responsible for auditing the company's financial statements.	V				
	5. Issuance of the Company’s 2023 “Statement of Internal Control System” according to the regulations.					
	6. Amended partial articles of the Company’s “Articles of Incorporation.”					
	7. Prior consent to the non-assurance services is expected to be provided by Ernst & Young Global Limited and its affiliates in 2025.	V				
	8. Due to business needs, the Company has negotiated with relevant financial institutions on the current status of the loan amount.	V				
05/06/2025 2nd Term 5th Time	1. The Company’s 2025 Q1 Business Report and Financial Statements.	V	None.	None.	Passed by all members of the Audit Committee.	Passed by all attending members of the Board.
	2. Matters pertaining to the purchasing of the	V				

	"Professional Liability Insurance for the Directors, Supervisors and Managerial Officers."					
	3. The proposed sale of the Company's Liu-tu mill and land shall not be limited to disposition through public tender and shall be handled in accordance with the relevant provisions of the Company's "Procedures for Acquisition or Disposal of Assets."	V				
	4. Due to business needs, the Company has negotiated with relevant financial institutions on the current status of the loan amount.	V				
08/08/2025 2nd Term, 6th Time	1. The Company's Business Report and Financial Statements for the Upper Half of 2025.	V	None	None	Passed by all members of the Audit Committee.	Passed by all attending members of the Board.
	2. Establish the scope of the Company's frontline employees and amend certain provisions of the internal control system.	V				
	3. Due to business needs, the Company has negotiated with relevant financial institutions on the current status of the loan amount.	V				
11/12/2025 2nd Term, 7th Time	1. Business report and financial report of the Company for the prevous three quarters of 2025.	V	None	None	Passed by all members of the Audit Committee.	Passed by all attending members of the Board.
	2. The Company's 2026 Internal Audit Plan.	V				

	3. Further amend the scope of the Company's "frontline employees" and certain provisions of the "internal control system."	V				
	4. Amend the Company's "Internal Audit System" and the "Detailed Rules for Internal Audit Implementation."	V				
	5. Authorize the independent directors to act as the Company's representatives in signing lease and other contracts with substantively related parties.	V				
	6. Status of negotiated loan credit negitated with relevant financial institutions due to the Company's business needs.	V				

II. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified：N/A.

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances):

The Company's Head of Audit would execute and follow-up with several audit work according to the annual audit plan. The results of the several audits will be reported to each independent director after the completion of the audit work each month. The communications channels have been smooth; the CPAs will attend the Audit Committee meetings at least twice a year to report on and explain the overview of the company's finance. In addition, the CPAs will communicate and explain the latest laws and regulations by competent authority, amendments to the newly issued Bulletin, finance and taxation information and audit results of the recent period to each of the independent directors.

Date	Attendees	Communication matters	Communication results
March 11, 2025 Pre-board meeting	Independent director L.Y.TU Independent director B.Y.YEN Independent director H.C. CHIANG Audit Officer K.Z. HUANG CPAs Muriel Yu	I. Communication matters with the corporate governance unit and management (1) Independence of CPAs (2) Contents of the client declaration (3)Scope of the audit on the Company (4) Major accounting issues (5) Key audit matters (6) Expected independent auditors' opinion for 2024 (7) Major amendments to the international ethics standards for accountants (IESBA Code) 2. International standard on quality management 1 (ISQM 1/TWSQM 1) 3. Updates to securities regulations 4. Updates to tax regulations 5. IFRS updates 6. Latest developments in sustainability disclosure standards	No deficiencies have been reported.
August 8, 2025 Pre-board meeting	Independent director L.Y.TU Independent director B.Y.YEN Independent director H.C. CHIANG Audit Officer K.Z. HUANG CPAs Muriel Yu	I. Communication matters with the corporate governance unit and management (1) Independence of CPAs (2) Contents of the client declaration (3) Misstatements identified during the review (4) Significant findings or issues identified during the review (5) Scope of the Company's review and the review report to be issued by the CPAs 2. Updates to securities regulations 3. Updates to tax regulations	No deficiencies have been reported.

(3) Corporate governance implementation and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx ListedCompanies and the reason for such deviations

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
1. Has the company defined and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		1. The company has established the "Corporate Governance Code of Conduct." 2. It has been disclosed on the company website.	No significantdifference.
2. Shareholding structure and shareholders' equity				
(1) Has the company defined internal operating procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures?	V		(1) The company has already established the internal procedures for assigning a dedicated personnel and IR mailbox for proper handling of the shareholders' suggestions, doubts and so on matters.	No significant difference.
(2) Does the company have a list of major shareholders that have actual control over the company and a list of ultimate owners of those major shareholders?	V		(2) The company has already established the shareholders' meeting rules, set up mailbox on the website, and has a dedicated stock affairs personnel to coordinate with the professional shareholder services agency in managing a list of major shareholders at all times and to disclose important matters pertaining to their pledges, increase or decrease of company shares.	
(3) Has the company established and implemented risk management and firewall systems within its conglomerate structure?	V		(3) The financial and business conduct of the company are proceeded with in accordance to relevant laws and regulations, and their procedures and internal control system. They should not be any different due to the counterparty who is an affiliate. If the transaction involves related party to the company, related information shall be disclosed in the annual report with initiatives.	
(4) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to	V		(4) The company has already established the internal rules such as the material information handling procedures, procedures for application to temporarily stop and to	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
be public on the market?			resume transactions, and so on, and prohibits insiders from utilizing the undisclosed information to trade securities.	
3. Composition and responsibilities of the board ofdirectors (1) Has the board of directors drawn up policies and specific targets on diversity of its members and implemented them?	V		(1) 1. On November 10th, 2014, the Company's 17th Board of Directors meeting, 11th time, had passed the establishment of the "Corporate Governance Code of Conduct." The diversity guideline has been formulated in Article 20. The nomination and selection of the Company's Board of Directors member abides by the Company's Articles of Incorporation, adopting the candidates nomination system. The qualifications of each candidates in academic and work experiences are evaluated, the individual director's appraisal results would also be referenced. The "Rules Governing the Election of Directors" and "Corporate Governance Code of Conduct" are adhered to in ensuring the diversity and independence of the Board members. 2. The Company's 21st Board members name list shows an enhancement to the effectiveness of the Board functions and to the implementation of the diversity guidelines with the members' age, academic background, practice and management and so on aspects. 3. The diversity policy was formulated in regard to the member formation of the Board. The policy has been disclosed on the company website and the MOPS. 4. The directors who are employees of the Company stands at 0%, independent directors stand at 60%, women directors stand at 80%. Years of service for one independent directors are under three years, and for two independent director are between 4~9years.	No significant difference.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			There are two directors at the age of 70 years and more, and three directors at the age of 50 years and below. Due to the characteristics of the industry, the Company emphasize on the gender of the Board member to get up to 60% and more in the ratio of women directors. The goal has been reached at the 21st Board of Directors meeting. For the purpose of sustaining constantly steady company operations, it is hoped to attain a certain proportion of directors' background in finance and Accounting and legal aspects. There are three directors for this term with finance and Accounting background and two members with legal background, meeting the target of the company.	
(2) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to voluntarily establish other types of functional committees?	V		(2) To align with ESG trends, the Company established the " Sustainable Development and Integrity Management Committee " in August 2024, chaired by the President to oversee planning.	Considering the company's operational scale and operating costs, functional committees are established to meet the needs, aligning with the spirit of corporate governance without significant discrepancies.
(3) Has the company established guidelines and methods for evaluating the performance of the board of directors, conducted performance evaluation annually, reported the results to the board, and used the results as a reference for the remuneration, nomination, and reelection of individual directors?	V		(3) The Company has established the Board performance evaluation regulations and acted accordingly. The evaluation results have been reported to the Company's 21st Term 5th Time Board meeting on March 11th, 2025.	No significant difference.
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The company's Audit committee evaluates the independence and suitability of its affiliated certified	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operating status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>public accountants every year. In addition to requesting the certified public accountants to provide a "Declaration of Absolute Independence" and "Audit Quality Indicators (AQIs)," the Company evaluates them based on the standards specified in (Note 1) and 13 AQI indicators. After confirming that the accountant and the Company have no other financial interests or business relationships apart from the fees for certification and tax matters, and that the accountant's family members also do not violate the independence requirements, and considering the AQI indicator information, it is confirmed that the accountant and the firm's audit experience and turnover are equivalent to industry standards, training hours, and professional support are superior to industry averages. The evaluation results of the most recent year were discussed and approved by the Audit Committee on March 11th, 2025, and were submitted to the Board of Directors' resolution on March 11th, 2025 to evaluate the independence and suitability of the CPAs.

Note 1: Standards for evaluating the independence of CPAs
<table>
<tr><th>Evaluation Items</th><th>Evaluation Results</th><th>Whether the item meets the independence criteria</th></tr>
<tr><td>Does the CPA have any direct or material indirect financial interest with the Company?</td><td>None</td><td>Yes</td></tr>
<tr><td>Does the CPA have any</td><td>None</td><td>Yes</td></tr>
</table></td><td></td></tr>
</table>

Evaluation item	Operating status					Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary			
			financing or guarantee relationship with the Company or its directors?			
			Does the CPA have a close business relationship or potential employment relationship with the Company?	None	Yes	
			Have the CPA and members of their audit team served as directors, managers, or in positions with significant influence over audit work in the Company currently or in the past two years?	None	Yes	
			Has the CPA provided the Company with non-audit services that may directly affect the audit work?	None	Yes	
			Has the CPA brokered the shares or other securities issued by the Company?	None	Yes	
			Has the CPA served as the Company's defender or	None	Yes	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operating status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>represented the Company in resolving conflicts with third parties?</td><td></td><td></td></tr><tr><td>Is the CPA related to any directors, managers, or individuals with significant influence over audit matters in the Company?</td><td>None</td><td>Yes</td></tr></table></td><td></td></tr>
<tr><td>4. For TWSE/TPEx-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors'meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?</td><td>V</td><td></td><td>The Company has appointed a Chief Corporate Governance Officer responsible for relevant affairs, handling the execution matters and data compilation of the board of directors, audit committee, remuneration committee, and shareholder meetings. The assisting unit is the Company's management department, and it operates in accordance with legal regulations.</td><td>No significant difference.</td></tr>
<tr><td>5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers,suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about? ？</td><td>V</td><td></td><td>1. Company website: www.reward.com.tw
2. Related personnel with duties and authority of the stakeholders: Please refer to the table below.</td><td>No significant difference.</td></tr>
</table>

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	

Stakeholders	Material topics of concern	Major responsibilities of the company	Communications channels and response methods
Shareholders and investors	1. Market image 2. Economic performance 3. Investors relationships 4. Legal compliance in social aspects 5. Legal compliance in product responsibilities	1. Comply with the several latest laws and regulations and policies amendments of the competent authority. Make rapid responses and adjust the company's information disclosure contents. 2. Provide timely, simultaneous, accurate company financial and business information. Commits to equality of disclosure for the investment information. 3. Long term and stable dividends policy, providing an appropriate investment return. 4. Maintain stable finance, sustaining a good company credibility and operation performance.	1. Contact window: Mr. Yang, manager, management department TEL: (02)2781-1161#157 2. Annual General Meeting of Shareholders. 3. Organize corporate briefing sessions and release the quarterly financial report and operations information. 4. Release materials information to the Market Observation Post System of the Taiwan Stock Exchange and the company website. 5. Irregular news release or press conference to conduct explanation where the need arises. 6. Set up an email and contact phone on the company website to build a smooth communications channel between the investors and the company.
Customers	1. No discrimination 2. No forced labor 3. Anti-corruption 4. Legal compliance in environmental aspects 5. Supplier environmental evaluation 6. Legal compliance in social aspects 7. Customer privacy 8. Legal compliance in product responsibility	1. Provide products with the most competitiveness and high quality. 2. Forge a close, long term, and mutual trust business partner relationship with customers. 3. Advocate to all employees on abiding to confidentiality agreement and personal information protection.	1. Contact window: Mr. Shih, Manager, Sales Department. TEL: (02)2781-1161#158 2. Customer satisfaction interview visit. 3. Irregular participation in several technical forums, seminars and speeches. 4. Cooperate with the requests and audit of customers on product, environment and responsibilities, and work together in prevention and continuous improvements.

Evaluation item			Operating status: Yes	Operating status: No	Operating status: Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
Suppliers	1. Market image 2. Legal compliance in environmental aspects 3. Supplier labor evaluation 4. No discrimination 5. No forced labor 6. Anti-corruption 7. Legal compliance in social aspects and supplier social impact assessment 8. Legal compliance in product responsibility	1. Legal and fair trade. 2. Understand matters of precaution on the environment, health and safety. 3. Understand and provide related assistance to the company's practice in social responsibilities. 4. Legal suppliers or agent selection.	1. Contact window: Mr. Wu, Deputy Factory Manager, Management Section TEL: (03)490-4311#103 2. Provide required product certifications or through third party laboratory. 3. Incoming materials testing samples to be sent to the laboratory of the factory for testing. 4. Inspections of suppliers and vendors.			
Employees	1. Labor-management relations 2. No discrimination 3. No forced labor 4. Anti-corruption 5. Occupational health and safety 6. Diversity and equality opportunities 7. Legal compliance in social aspects	1. Ensure and respect human rights. 2. Employee development. 3. Legal and fair evaluations and treatment. 4. Fire safety education. 5. Health and safety of environment. 6. Flexible benefits and health promotion. 7. Labor-management meetings implementation. 8. Labor unions communications and coordination.	1. Contact window: Mr. Chen, Factory Manager, Management Section TEL: (03)490-4311#101 2. Management and employees' communications meetings from time to time. 3. Sexual harassment employee complaint hotline and mailbox TEL: (03)490-4311#103 Mailbox: swhr@reward.com.tw 4. Provide employee free health checkups and consultation each year. 5. Provide occupational trainings and coaching to the company elites for obtaining professional licenses. 6. Employee satisfaction survey.			
6. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?			V		The Company has entrusted the shareholder services agency of Chinatrust Commercial Bank Co., Ltd. to process related matters to stock affairs and shareholders' meetings.	No significant difference.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
7. Information disclosure (1) Has the company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?	V		(1) 1.The company has set up a website: www.reward.com.tw 2.The company has complied with relevant regulations for information disclosure. The company's financial, business and insider share ownership situations are provided to the shareholders frequently and timely through the MOPS information system. 3.Resolution matters of the shareholders' meetings are disclosed on the company website. 4.Information are disclosed on the company website for announcement to the public. 5.There is a mailbox set up on the company website for interactions with users.	No significant difference.
(2) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	V		(2)1.Designated personnel have been appointed responsible for the collection and disclosure of company information. 2.Appointed a company spokesperson and acting spokesperson in representing the company to make statements independently. They are personnel who have thorough understanding of the company's finance and business, and are able to coordinate with the various departments to obtaining related information.	No significant difference.
(3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?		V	(3)The company financial report is announced within the stated deadline by the regulations.	To avoid misleading the investment public, the Company makes strong emphasis on announcing information with accuracy. Under the acts of complying with laws and regulations and competent authority's requirements, the company attempts to announce

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
				several financial and business information before the time limit and the company is happy to do so. It is based on the collaborative coordination, information exchanges of the various departments in the future and upgrades to system improvements, which are directions that the company strives for in the future.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights,employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Since the establishment of the Company, it has all along respected human rights, strengthened employee rights and improved employee benefits as the core thinking. On investor relations, a dedicated personnel and spokespersons to make statements describing the company's operation status have been established; and the company upholds the philosophy of mutual trust with several suppliers to achieve win-win situation. 1. Human rights, employee care: The company has formulated several employee welfare measures, professional trainings, license coaching, and regularly organized labor-management meetings to communicate with and care for employees. 2. Investor relations: The company has set up a spokesperson system. Through email, telephone and so on unified information release channels for proper information equality obligations. 3. Supplier relations: The dealings between the company and suppliers are based on integrity, hoping that both parties can reach mutual assistance, mutual wins, and mutual growth. 4. Stakeholders relations: The investor area has been set up on the company website to implement necessary disclosures to fulfil the obligations of the company.	No significant difference.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			(2) Continuing education of the directors: Please refer to the table below. (3) Status of purchasing liability insurance for the company directors and manager 1. The Company has in May 2025 completed related insurance procurement matters, related information can be found on the MOPS.	

(2) Continuing education of directors and supervisors (01/01/2025-12/31/2025)

Job title	Name	Date of Training	Training hours	Course content	Organizer
Chairman	Roul-Eel Ying	08/11/2025	3 hours	Practical sharing on board of directors operations for TWSE/TPEx-listed companies	Taiwan Corporate Governance Association
		07/09/2025	6 hours	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	Taiwan Stock Exchange
Director	Y.H.CHAO	07/09/2025	6 hours	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	Taiwan Stock Exchange
		05/09/2025	3 hours	2025 seminar on Insider trading laws and regulations compliance	Securities and Futures Institute
Independent director	L.Y.TU	07/09/2025	6 hours	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	Taiwan Stock Exchange
Independent director	B.Y.YEN	07/09/2025	6 hours	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	Taiwan Stock Exchange
Independent director	H.C. CHIANG	07/09/2025	6 hours	2025 Cathay Pacific Sustainable Banking and Climate Change Summit	Taiwan Stock Exchange
		07/04/2025	3 hours	July 4 (Taipei) The Anti-Money Laundering Act from the perspective of judicial practice (recognized as AML training hours and director training hours)	National Federation of Certified Public Accountant Associations R O C
		07/04/2025	3 hours	July 4 (Taipei) Analysis of the differences between Enterprise Accounting Standards Bulletins and the latest IFRSs endorsed by the Financial Supervisory Commission (recognized as director training hours)	National Federation of Certified Public Accountant Associations R O C
		05/16/2025	3 hours	2025 seminar on Insider trading laws and regulations compliance	Securities and Futures Institute

9. Explain improvements made according to Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement (leave blank if the company was not evaluated):

(1) Improved situations

Corporate governance appraisal headings	Corporate governance rating items	Description
4.16	Has the company established and disclosed on its website a detailed whistleblowing system for internal and external personnel to report illegal activities (including corruption) and unethical behavior?	Improvements have been made and related information are disclosed in the Company's Website.

(2) Proposal on priority matters for enhancement and measures for situations not yet improved

Corporate governance appraisal headings	Corporate governance rating items	Description
4.27	Has the Company disclosed Scope 3 greenhouse gas categories and annual emissions for the past year?	It is listed as one of the priority items for evaluation and processing. Related information will be included in the Company's Website.

(4) Information on the members of the Remuneration Committee, and operation status:

The Remuneration Committee, acting from a professional and objective position, evaluates the remuneration policies and systems for the Company's directors and managerial officers, and submits recommendations to the Board of Directors for reference in its decision-making.

The Company has established independent directors. In accordance with regulations, at least one independent director shall participate as a member of the Remuneration Committee, and all members shall elect an independent director to serve as the convener and chairperson of the meetings. Currently, the Remuneration Committee consists of three members, all of whom are independent directors appointed by the Board of Directors, with a term of office the same as that of the Board of Directors. The Committee convenes at least two meetings each year. The members' professional qualifications and experience, and their main academic background, are as follows:

1. Members of the Remuneration Committee

<table>
<tr><th>Identity Type</th><th>Qualifications
Name</th><th>Professional qualifications and experience
(Note 2)</th><th>independence compliance（Note 2）</th><th>Main work experience and educational background</th><th>Number of other public companies in which the member also serves as a member of their remuneration committee</th></tr>
<tr><td>Independent director (Convener)</td><td>L.Y.TU</td><td>Possess more than five years of work experiences for the company business. Previously served at law firm and as the legal consulting lawyer for listed and public company. Currently acts as the Company's independent director and lawyer of a legal firm. There have been no circumstances as stated in Article 30 of the Company Act.</td><td rowspan="2">(1) Not employed by the Company or an affiliated business.
(2) Not a director or supervisor of the Company or its affiliate.
(3) Is not a shareholder that holds more than 1% of the Company's total shares or ranks among the top-ten shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the thirddegree of kinship, of a managerial officer as stated in (1) or any of the persons mentioned in (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or moreof the total number of issued shares of the Company or of a corporate shareholder that ranks among the top five in shareholdings.
(6) Not a director, supervisor or employees of another company controlled by the same person with more than half of the Company's director seats or voting shares.
(7) Not a director, supervisor, or an employee of a company where the Chairman, President or any equivalent position are held by the same person or by his/her spouse separately.
(8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares of a companyor institution which corresponds with the Company financially or in terms of business.
(9) Not a professional individual, nor an owner, partner, director, supervisor, or managerial officer, and the spouse thereof, of a sole proprietorship, partnership, company, or institution that providesauditing service or</td><td>Department of Law, National Taipei University
Co-location attorney, Sun Law Firm
Associate, Ji Ying Law Firm
Legal counsel and consultant of listed companies</td><td>None.</td></tr>
<tr><td>Independent director</td><td>B.Y.YEN</td><td>Possess more than five years of work experiences required by the company business. Previously served as the branch manager and researcher for the audit department of board of directors of finance institutions. Currently acts as the Company's independent director. There have been no circumstances as stated in Article 30 of the Company Act.</td><td>Department of Public Finance, National Chengchi University
Branch Manager, Researcher of Audit Department of Board of Directors, Taiwan Cooperative Bank
Deputy Manager, Overseas Finance Department, Farmers Bank of China
Associate Manager of Foreign Exchange, Central Trust of China
Passed the special exams for finance, Examination Yuan</td><td>None.</td></tr>
</table>

Identity Type	Qualifications / Name	Professional qualifications and experience (Note 2)	independence compliance（Note 2）	Main work experience and educational background	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent director	H.C. CHIANG	Possess more than five years of work experiences required by the company business. Previously worked at a Big Four accounting firm, serving as an Audit Department Manager, passed the Certified Public Accountant (CPA) Examination, and is currently a practicing CPA at Yen-Te Accounting Firm. There have been no circumstances as stated in Article 30 of the Company Act.	commercial, legal, financial, or accounting services with a cumulativecompensation not exceeding NT$500 thousand in the past two years for the Company or any ofits affiliates. (10) Not a spouse or a relative within the second degree of kinship with any director. (11) (11) Where the person is not elected in the capacity of the government, a juristic person, or arepresentative thereof as provided in Article 27 of the Company Act.	Accounting Department, Fu Jen Catholic University Master of Global Entrepreneurial Management, Fu Jen Catholic University Passed the natioanl Certified Public Accountant (CPA) examination Senior Manager, Ernst & Young Global Limited	None.

2. Operation status of the Remuneration Committee

I. The Company's Remuneration Committee members: 3 persons.

II. Term of office for the current committee members: From June 21st, 2024 to June 20th, 2027. The Committee has held meetings for 2 times (A) in the most recent year. The Committee members' qualifications and attendance:

Job title	Name	Attendances in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	L.Y.TU	2	0	100	Convener of the current term, re-elected committee member, shall attend meetings for 2 times.
Member	B.Y.YEN	2	0	100	Re-elected committee member, shall attend meetings for 2 times.
Member	H.C. CHIANG	2	0	100	Newly-elected committee member for the current term, shall attend meetings for 2 times.

Other required information for disclosure:

I. In the event that a Remuneration Committee recommendation is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, content of motion, the board's resolution, and the way the company handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): N/A.

II. If a member had dissenting or qualified opinion on record or stated in writing regarding any resolution passed by the Remuneration Committee, describe the date of committee meeting, term of the committee, content of motion, opinions of all members, and actions taken by the Company in response to the opinion of members: N/A.

III. Matters for discussion and resolution results of the Remuneration Committee, and the company's responses to the members' opinions in the most recent year and as of the annual report publication date are as follows:

Date	Motion	Resolutions	The Company's handling of the Remuneration Committee's opinions
March 11th, 2025 (6th Term, 2nd Time)	1. The Company's 2024 employee (managerial officers) and directors remuneration allocation.	1. (1) This proposal involves stakeholders, independent directors L.Y.TU, B.Y.YEN, and H.C. CHIANG, who recused themselves from the discussions and resolution, and did not join in the voting. (2) This proposal adopts resolution by stages. After the stakeholders mentioned above recused themselves, the chairperson (or acting chairperson) held a consultation, and it was approved by all members attending the meeting without objections. (3) Submit to the Company's 21st term Board of Directors' 5th meeting for discussion.	Reported to the board and approved by all attending directors of the board.
November 12th, 2025 (6th Term, 3rd Time)	1. Proposal for the calculation and distribution of the 2025 end-of-year bonuses for directors and managerial officers. 2. Proposal for the monthly fixed remuneration of the Company's newly appointed president for 2025. 3. The company's salary and compensation policy and structure for directors and executives. 4. Proposal for the monthly fixed salary standards for the Company's chairman and managerial officers. 5. Monthly fixed salary quantum for the Company's directors and managerial officers in 2026.	1. (1) Passed as proposed without objection from members in attendance following question from Chairperson. (2) Submit to the Company's 21st term Board of Directors' 8th meeting for discussion. 2. Passed as proposed without objection from members in attendance following question from Chairperson 3. Passed as proposed without objection from members in attendance following question from Chairperson 4. Passed as proposed without objection from members in attendance following question from Chairperson. 5. (1) Passed as proposed without objection from members in attendance following question from Chairperson. (2) Submit to the Company's 21st term Board of Directors' 8th meeting for discussion.	Reported to the board and approved by all attending directors of the board.

Functions and powers of the Remuneration Committee:

1.Regularly review the Company's remuneration regulations and propose amendment recommendations.

2.Establish and regularly review the policies, systems, standards, and structure for the annual and long-term performance goals and remuneration of the Company's directors and managerial officers.

3.Regularly assess the achievement of performance goals of the Company's directors and managerial officers, and determine the content and amount of their individual remuneration.

The performance evaluation criteria for the Remuneration Committee include the following:

1. Degree of participation in the Company's operations.
2. Understanding of the duties and responsibilities of the Remuneration Committee.
3. Enhancement of the quality of decision-making by the Remuneration Committee.
4. Composition of the Remuneration Committee and selection of its members. Internal control.
5. Internal control.

The Company completed the 2025 Remuneration Committee performance evaluation in the first quarter of 2026 (covering the period from January 1, 2025 to December 31, 2025). The evaluation was conducted through self-assessment by the members, administered by the Company's meeting affairs unit using self-assessment questionnaires. The results were reported to the Board of Directors on March 6, 2026 and disclosed on the Market Observation Post System. The evaluation result for 2025 was rated as "Excellent" with a score of 98.9.

(5) Discrepancies between the implementation of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies

Implementation item	Implementation status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
1. Has the company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Chairman authorized the senior management to handle relevant issues and does the Chairman supervise the state of affairs with respect to the preceding?	V		In August 2024, the Company established the "Sustainable Development and Integrity Management Committee" and formulated its organizational guidelines. The committee is chaired by the President and supervises ESG-related issues. Senior executives from various departments jointly review the Company's core operations to ensure that sustainability strategies are fully integrated into daily business operations. Upon completion of the report, it will be submitted to the committee for discussion and then presented to the Board of Directors for approval.	No significant difference.
2. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?	V		Strategies and work policies will be formulated based on the governance topics and risk categories identified and compiled by the Sustainable Development and Integrity Management Committee.	No significant difference.

Implementation item	Implementation status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
3. Environmental topics				
(1) Has the company established a proper environmental management system based on the characteristics of the industry?	V		(1) The Company has formulated its environmental, health, and safety management guidelines in accordance with the environmental regulations issued by the Ministry of Environment (such as the Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act, and the Toxic and Concerned Chemical Substances Control Act). In terms of pollution prevention, pollution control facilities have been added to prevent environmental contamination in case of abnormal operation. For energy and resource conservation, traditional lighting has been replaced with energy-saving LED lights, and frequency converters are extensively used to reduce electricity consumption. In terms of waste management, since 2021, the Hsin-wu mill has changed its production process. The main waste (R-0802) reached zero output in 2022, and currently only household waste remains, which is incinerated. Dedicated personnel sort and recycle household waste to achieve waste reduction. Additionally, the Hsin-wu mill has a wastewater treatment facility. Rainwater and wastewater are separated at the plant. Wastewater from the production process and dormitory usage is treated to comply with the Water Pollution Control Measures Plan and relevant permits: Taoyuan City Huan-Pai-Hsu-Zi No. H0138-06 and Fu-Huan-Shui-Zi No. 1110096959.	Same as the above.
(2) Is the company committed to improving energy efficiency and using renewable materials that have less impact on the environment?	V		(2) The Company has reused the textile residue materials from the manufacturing wastes as raw materials for organic fertilizers and is committed to re-manufacture the raw materials packaging for use as packaging for finished products.	

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(3)Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and adopt appropriate countermeasures?</td><td>V</td><td></td><td>(3) Economic activities of human continue to affect climate change. The Company’s industry is also not an exception from it. Under the situation where raw materials production and supply continues to decline, the company operations are moving towards elegant, functional and added-value wool top processing manufacturing.</td><td></td></tr>
<tr><td>(4)Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies greenhouse gas reduction, water use reduction, or waste management?</td><td>V</td><td></td><td>(4) The main production base of the Company is established in Hsin-Wu mill factory. In recent years, in cooperation with the operation transformation policy, some of the energy intensive manufacturing have been outsourced to factories in the same industry for processing. Being committed to production procedures improvements and equipment renewal and improvements, there have been some results at this moment. After collection of emissions data over the past two years, Please refer to page 59 of this annual report for details.

Comparative Table of Water Usage
<table><tr><td rowspan="2">Year of greenhouse gas inventory</td><td>Carbon emissions (kg CO2-e/year)</td></tr><tr><td>Water consumption volume</td></tr><tr><td>2024</td><td>2,072</td></tr><tr><td>2025</td><td>1,713</td></tr><tr><td>2024 - 2025
Annual Volume (Growth) Decline</td><td>359</td></tr></table>On the wastes, there have been no hazardous wastes generated from the company’s production since the past. Due to the characteristics of the natural fiber, the wastes of the production</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>business are domestic wastes which are transported by hiring of qualified clearance company, the remaining are textile residue materials which can be recycled and reused. Brief disclosure as follows:
Total volume of wastes from Hsin-Wu factory in the most recent two years
Unit: Tons
<table><tr><th>Year</th><th>Hazardous industrial waste</th><th>Non-hazardous industrial waste</th><th>Reuse volume</th></tr><tr><td>2024</td><td>0</td><td>3.44</td><td>0(No Mud and waste)</td></tr><tr><td>2025</td><td>0</td><td>2.07</td><td>0(No Mud and waste)</td></tr><tr><td>Note</td><td></td><td>Domestic waste (D-1801)</td><td>Textile residue (sludge + solid form R-0802)</td></tr></table></td><td></td></tr>
<tr><td colspan="5">4. Social topics</td></tr>
<tr><td>(1) Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?</td><td>V</td><td></td><td>(1) The Company implements the work rules established under the Labor Standards Act and submitted to the competent authority for future reference. The rules are executed in the spirit of self-management and good interactions between labor and management.</td><td rowspan="2">Same as the above.</td></tr>
<tr><td>(2) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits) and ensure business performance or results are reflected adequately in employee remuneration?</td><td>V</td><td></td><td>(2) The Company’s employee welfare policy is transparent. The calculation and distribution standard of the salaries and wages, and bonus rewards have been based on the regulations for many years. When there are profit earnings for the year, the profits would be appropriated for employee remuneration considering the employee performance appraisal for the allocation in accordance with the Articles of Incorporation. Employee leaves and so on measures for adjusting health and wellbeing are processed according to the relevant laws and regulations.</td></tr>
</table>

Implementation item	Implementation status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(3) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		(3)1. To establish a safe and healthy working environment and reduce the rate of occupational accidents, the Company has formulated [Occupational Safety and Health Management] and [Occupational Accident Prevention] plans in accordance with regulations, effectively fulfilling the requirements for occupational safety and health management. The Company actively improves the work environment to avoid safety incidents by addressing safety and health hazards and risks in the workplace that may affect employees and stakeholders. 2. The Occupational Safety and Health Committee meets quarterly to plan occupational safety and health management initiatives and self-inspection programs, discuss, investigate, and analyze occupational accidents, and review improvement actions related to workplace safety and health. 3. Employee health care In line with the commitment to employee well-being, the Company aims to create a safe work environment, promote physical and mental health, achieve work-life balance, and minimize occupational health and safety risks. (1) Employees are required to use personal protective equipment in the workplace. (2) Comprehensive health examinations, exceeding legal requirements, are conducted every two years, with regular follow-up on employee health conditions. (3) In addition, for specific work environments, outsourced environmental monitoring is implemented to identify potential health hazards. If noise levels exceed 90 decibels during workplace monitoring, hearing examinations are arranged.	

Implementation item	Implementation status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			In 2025, the number of occupational accidents, number of affected employees, and the percentage of affected employees relative to the total workforce: 0 cases. In 2025, the number of fire incidents, number of casualties, and casualty percentage relative to the total workforce: 0 cases, hence no casualties. The Company has purchased property and liability insurance and continues to replace outdated equipment to ensure a safe working environment.	
(4) Has the company implemented an effective training program that helps employees develop skills over the course of their career?	V		(4) Training programs are planned annually based on the Company's business development needs, including onboarding training, advanced professional training for current employees, recertification for legal licenses, and management training. These programs help employees continuously grow through diverse learning methods. Ethical business concepts are also incorporated into the curriculum to cultivate key competencies. In 2025, a total of 36 individuals completed career development training, totaling 118.44 hours. During annual performance reviews, supervisors and employees jointly discuss and establish individual development plans. Through regular evaluations and feedback, the Company helps tailor optimal development paths for employees.	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance	V		(5) Even though the Company is a traditional manufacturing industry, its products are marketed globally. It is a member of the U.K. International Association of Wool Textile Laboratories. Related research and development (R&D), procurement, and production have the appropriate internal control procedures in place cooperating with monitoring. The products are of excellent quality and most of the time, we would send samples to the	

Implementation item	Implementation status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
procedure policies implemented?			customers for certification before the delivery of goods. Thus, there have been very few occurrences of complaints. The Company highly values the opinions of its customers. The sales unit would keep in contact with the customers. The company has also established a dedicated contact window and mailbox to provide service to the stakeholders in maintaining their rights and interests.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) Though evaluations were not taken in the past on the suppliers' past record in environmental and social impacts, they are legally established businesses. Our dealings are based on integrity, a win-win situation for mutual benefit. The suppliers that the Company deals with are legally established companies. It is not specified in the contract agreement that the supplier shall comply with related human rights, environmental protection, health and fire prevention regulations. However, when an event that causes harm to the society and environment occurs, the company would certainly terminate the agreement of both parties at any time to realize our mission in corporate social responsibilities.	
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the reports above?	V		The Company has established the "Sustainable Development and Integrity Management Committee" in accordance with relevant regulations, and the report was submitted to the Board of Directors for approval in August 2025 and subsequently filed in accordance with applicable requirements.	No significant difference.

Implementation item	Implementation status			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
6. Describe the deviations, if any, between actual practice and the sustainable development principles, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The company has not formulated a sustainable development code, so this is not applicable.				
7. Other important information to facilitate a better understanding of the company's implementation of sustainable development: The Company is deeply rooted in the wool industry and is committed to the research and development of highly added-value products, and is putting in efforts on improving manufacturing to reduce the burden of industrial production to the environment. All of the water and waste discharge meet the legal standards, and we also collaborate with qualified vendors for waste clearance and transportation. On local community development, the Company makes frequent donations to fire brigades and social charity businesses. The ultimate goal of the Company's operation is the spirit of giving back to society, creating social co-prosperity, a win-win situation between labor and management for 60 years.				

(6) The Company's climate-related information

1. Implementation of climate-related information

Item	Implementation status
(1) Describing the oversight and governance ofclimate-related risks and opportunities bythe board of directors and management team.	(1) The Sustainable Development and Ethical Corporate Management Committee discusses four major areas: environmental sustainability (E), social welfare (S), corporate governance (G), and ethical corporate management, in order to strengthen the Company's management system, commit to environmental protection, and fulfill social responsibility, enabling the Board of Directors to perform its duties of protecting the rights and interests of the Company, employees, shareholders, and stakeholders.
(2) Please describe how the identified climaterisks and opportunities affect the business,strategy, and financial performance in theshort, medium, and long term.	(2) [Physical risks] 1. The warming effect has caused a decrease in rainfall in wool-producing areas and, due to the higher returns from switching to meat sheep, has reduced willingness to raise sheep, resulting in a decrease in wool production. 2. Water shortages will affect wool washing and the quality of wool output. [Opportunities] 1. Resource efficiency: Adjust production scale in advance and significantly reduce finished goods inventory to effectively reduce costs and risks. 2. Market: Support suppliers in meeting international animal welfare standards, such as the Responsible Wool Standard (RWS). 3. Market: Invest in renewable pasture technologies to reduce the impact of climate change. 4. Energy source: Install solar power generation equipment to increase renewable energy capacity and support green electricity development.
(3) Please describe how extreme climate eventsand transition actions can impact financialperformance.	(3) The third-phase solar photovoltaic power generation project, approximately 180 kWp, is planned to be constructed, with electricity planned to be resold to private electricity enterprises.

(4) Please describe how the identification,assessment, and management process ofclimate risks can be integrated into thegeneral risk management system.	(4) Discussions are conducted through meetings of the Sustainable Development and Ethical Corporate Management Committee. Relevant team members are convened through such meetings to discuss and identify climate change risks and opportunities.
(5) If scenario analysis is applied to assessresilience to climate change risks, thescenarios, parameters, assumptions, analysisfactors, and key financial impacts applied shall be stated.	(5) The Company currently has not adopted scenario analysis.
(6) If there is a transition plan for managingclimate-related risks, the contents of theplan and the indicators and targets applied tothe identification and management ofphysical and transformation risks shall bestated.	(6) The Company currently has no transition plan for climate-related risks.
(7) If internal carbon pricing (ICP) is applied asa planning tool, the basis for price settingshall be stated.	(7) The Company has not yet established an internal carbon pricing policy.
(8) If relevant climate-related targets are set,the activities covered, the scope ofgreenhouse gas emissions, the plannedschedules, and the annual progress towardachievement shall be stated. If carbonoffsets or renewable energy certificates(RECs) are applied to achieve the relevanttargets, the source and quantity of carboncredits to be offset or the quantity of RECsshall be stated.	(8) The Company's Hsin-wu mill has completed the construction of the second phase of solar photovoltaic power generation equipment, and completed the review in the fourth quarter of 2024, and then sold the equipment to Taiwan Power Company in parallel for a period of 20 years. Electricity sales revenue for the current period was approximately over $8.7 million. The power generation equipment has been operating and maintained smoothly to date.
(9) Greenhouse gas inventory and its assurance. (Please refer to Annex 1-1 & 1-2)	(9)1.Construct the third-phase 180 kWp solar photovoltaic power generation project to reduce factory electricity costs and offset carbon emissions. 2.Refine secondary processing technology for wool tops to achieve more stable quality and reduce manufacturing costs. 3.Successfully develop equipment for loose short wool tops used in semi-worsted systems to increase product added value.

Annex 1 -1 Greenhouse Gas Inventory and Assurance Situation for the Past Two Fiscal Years of the Company

1-1-1 Greenhouse Gas Inventory Information

Please disclose the Company's greenhouse gas emissions (metric tons CO_2e), emission intensity (metric tons CO_2e per NT$1 million), and the data coverage scope for the most recent two years.

Starting in 2025, the Company officially adopted the ISO 14064-1 organizational greenhouse gas inventory methodology, with the inventory scope expanded to include the Taipei headquarters, Hsin-wu mill, and Liu-tu mill. In 2025, greenhouse gas emissions totaled 516.9721 metric tons of CO2e, representing the combined emissions of Scope 1 and Scope 2. In contrast, the 2024 data was based on the company's voluntary inventory, with a boundary limited solely to the Hsin-Wu mill. Due to these differences in inventory methodologies and boundaries, these variations should be taken into full consideration when comparing data across the two years.

Greenhouse gas emissions statistics for the Hsin-wu mill over the past two years			
6Quantitative indicator	Unit	2024	2025
Scope 1: Direct greenhouse gas emissions	Metric tons CO_2e	26.7283	45.8276
Scope 2: Indirect greenhouse gas emissions	Metric tons CO_2e	477.4507	471.1445
Scope 3: Other indirect greenhouse gas emissions	Metric tons CO_2e	-	665.0000
Total emissions = Scope 1 1+ Scope 2	Metric tons CO_2e	504.1790	516.9721
Organization-specific metric	Weight per metric ton of processed wool top products	380.719	299.49
Greenhouse gas emissions intensity	Metric tons CO_2e ÷ organization-specific metric standard	1.32	1.61

Note 1: Scope 1 refers to emissions directly from sources owned or controlled by the Company, including stationary combustion sources, process emissions, and mobile combustion sources from transportation. Emission factors were calculated based on the latest data announced by the Energy Administration, Ministry of Economic Affairs (IPCC Sixth Assessment Report).

Note 2: Scope 2 refers to energy indirect emissions, including purchased electricity.

Note 3: Scope 3 refers to other indirect emissions, including employee commuting, disposal of solid and liquid waste, and fuel- and energy-related activities.

Note 4: Types of greenhouse gas emissions include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and hydrofluorocarbons (HFCs).

Note 5: Purchased electricity adopts the electricity emission factor announced by the Energy Administration, Ministry of Economic Affairs. The electricity emission factor for 2024 and 2025 was 0.474 $kgCO_2e/kWh$.

Note 6: Energy indirect greenhouse gas emissions for 2024 were calculated after deducting solar power generation.

Note 7: Steam used in the Company's production process is generated through liquefied natural gas (LNG) combustion, and the related emissions have been included in Scope 1.

1-1-2 Greenhouse Gas Assurance Information

State the assurance status for the two most recent years as of the annual report publication date, including the scope of assurance, the assurance provider, the assurance standards, and the assurance opinion.
Reward Wool began voluntarily conducting organizational greenhouse gas inventories and calculating greenhouse gas emissions in 2015. Considering data completeness, 2022 was selected as the base year, with the calculation primarily focused on emissions from the Hsin-wu mill. In accordance with the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" established by the FSC, the Company introduced the ISO 14064-1 organizational greenhouse gas inventory system in 2025, and completed greenhouse gas inventories for the parent company and subsidiaries in 2026. Assurance and verification of the greenhouse gas inventories of the parent company and subsidiaries are scheduled to be completed in 2028.
Note 1: The relevant procedures shall be handled in accordance with the timeline prescribed under Paragraph 3, Article 4-1 of these regulations. Note 2: The assurance institution shall comply with the relevant regulations governing sustainability report assurance institutions established by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Annex 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

State the base year and its data for greenhouse gas reduction, the reduction target, strategy, specific action plan, and achievement status of the reduction target.
The Company reviews its overall carbon reduction performance annually and formulates emission reduction strategies, while continuously developing green plants that comply with green building certification standards. If emission reduction performance does not meet expectations, the Company also actively procures renewable energy and seeks communication and cooperation with relevant parties. Since 2015, Reward Wool has participated in the Bureau of Industrial Development, Ministry of Economic Affairs' annual 1% electricity-saving program. Improvements are implemented based on equipment power consumption (such as replacing equipment with lower-power alternatives), and the theoretical 1% electricity savings are calculated accordingly. Therefore, electricity-saving rates from 2015 to 2025 have been statistically tracked. ● Reduction Target Short term: (1) To reduce greenhouse gas emissions by 30% by 2027. (2) To establish renewable energy facilities for self-generation and self-consumption of renewable energy. Mid-term: (1) To reduce greenhouse gas emissions by 50% before 2030. (2) To transform business models toward low-carbon manufacturing processes and low-carbon transportation. Long-term: (1) To achieve zero greenhouse gas emissions at all operating sites before 2050. (2) To promote carbon sequestration through tree planting and adopt process adjustments and energy storage technologies as appropriate.

● Status of reduction achievement

Greenhouse gas emissions in 2025 totaled 516.9721 metric tons CO_2e. Greenhouse gas emissions in 2025 totaled 516.9721 metric tons CO_2e. Since only simplified inventories for the Hsin-wu mill were conducted during 2023 and 2024, and the methodologies differed, the status of reduction achievement could not be estimated.

In addition, the Company increased purchases of outsourced wool tops and reduced production in high-energy-consumption departments, with total energy savings estimated at 40%.

Note 1: The relevant procedures shall be handled in accordance with the timeline prescribed under Paragraph 4, Article 4-1 of these regulations.

Note 2: The base year shall be the year in which the inventory is completed based on the consolidated financial report boundary. For example, pursuant to Paragraph 2, Article 4-1 of these regulations, companies with paid-in capital exceeding $10 billion shall complete the inventory for the 2024 consolidated financial report in 2025; therefore, the base year shall be 2024. If the Company has completed the consolidated financial report inventory earlier, such earlier year may be used as the base year. In addition, the data for the base year may be calculated using either a single year or the average of multiple years.

(7) Implementation of ethical corporate management and measures and departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and approaches				
(1) Has the company implemented a boardapproved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	V		(1) Upholding the core management philosophy of the company in ethical management, the Company's Board of Directors has passed the establishment of the "Business Integrity Code of Conduct" and for disclosure on the company website. Related units are actively carrying out its implementation.	The Company has established the "Business Integrity Code of Conduct." Relevant regulations are in implementation Personnel and ultimate controllers of the Company shall strictly comply with legal regulations and prevention plans during business execution.

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(2) There is the internal audit unit established within the Company for implementation of various internal control systems. Management level personnel are strictly implementing various prevention measures on business activities with higher risk of unethical behavior. The company would conduct reviews and corrections on the evaluation and analysis for each of the unethical conduct.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The Company has established the "Business Integrity Code of Conduct" and other related procedures and regulations to prevent the occurrences of unethical conducts. The management level and Board of Directors are executing several management policies, attending further education in a timely manner, and making timely reviews and corrections where needed.	
2. Implementation of ethical management				

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
(1) 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?	V		(1) If the Company becomes aware of any unethical conduct by its business partners, it will immediately terminate transactions with such parties.	No significant difference.
(2) Does the company have a dedicated unit responsible for business integrity under the board of directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?	V		(2) In August 2024, the Company established the “Sustainable Development and Integrity Management Committee Organization Charter” and formed the Sustainable Development and Integrity Management Committee, chaired by the General Manager. Based on the responsibilities and scope of each department, the Committee assists the Board of Directors and management in formulating and supervising the implementation of ethical management policies and prevention plans to ensure the fulfillment of the Code of Ethical Conduct. This dedicated unit report its implementation to the Board of Directors for the first time in 2025. • The Company has established the “Corporate Governance Best Practice Principles” and “Code of Ethical Management,” actively preventing dishonest behavior and encouraging internal and external parties to report	

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
			unethical or improper behavior. The stakeholder section on the official website provides effective communication channels for employees, shareholders, customers, and suppliers. A whistleblower protection system has been established to ensure confidentiality of the identity and content of the whistleblower, with a commitment to protecting the whistleblower from improper treatment due to the act of reporting. • Ethical management promotion: For directors: A routine annual session on ethical management topics is held during the Board meeting. In 2025, all directors received such a briefing. For all employees: The Sustainable Development and Integrity Management Committee compiles the Code of Ethical Conduct and key internal information processing regulations, and promotes relevant topics to employees via videos and case discussions, emphasizing key matters to be aware of during business execution.	

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
(3) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		(3) The company website or internal and external dedicated mailboxes provide appropriate channels for narratives, and there are dedicated personnel to handle the matters preventing conflicts of interests.	
(4) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) On the Company's accounting system, the design of the internal control satisfies the rules of related laws and regulations for public companies. It has been working effectively and the regular checks have been reported to the Board of Directors and Audit Committee.	
(5) Does the company organize internal and external education and training periodically to help enforce honest operations?		V	(5) There are currently no regular training sessions organized; however, the related concepts are continuously promoted during internal company meetings.	

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
3. Operation of whistleblowing system (1) Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices? (2) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Has the company provided proper whistleblower protection?	V V V		The Company makes public the contact telephone and spokesperson information. If there are related events, dedicated personnel would be able to handle the matter and the company's management department would adopt the appropriate measures to protect related whistleblower. If investigations prove the event to be factual, the matter would be reported to the senior management where deemed necessary and transferred to related judiciary and intelligence unit for handling.	No significant difference.
4. Improving information disclosure Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?	V		The company has established a website and related principles which have been disclosed, and the company already has dedicated personnel responsible for updating the information on the company website.	No significant difference.
5. If the company has established ethical corporate management principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, describe the difference between the principles and implementation status: The Company has established the Sustainable Development and Ethical Corporate Management Committee and has complied with and implemented the relevant provisions of the principles without any discrepancies.				

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviation
	Yes	No	Summary	
6. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: (such as review and amendment of ethical management rules): As described in Item 5 above, the Company has established the Sustainable Development and Ethical Corporate Management Committee. Since the Company's establishment more than 60 years ago, all business partners have clearly understood that the Company has always treated others with sincerity and operated based on integrity. In order to actively implement and promote the spirit of sustainable development and ethical corporate management, the Company continues to strengthen its management system, commit to environmental protection, and fulfill its social responsibilities, which represents the truest embodiment of ethical corporate management.				

(8) Other significant information which may improve the understanding of corporate governance and operation: N/A.

(9) Implementation of internal control system:

1. Statement on Internal Control: The matter has been disclosed on the Market Observation Post System (MOPS).
   Please refer to the Market Observation Post System > Individual Company > Corporate Governance > Corporate Regulations/Internal Control > Internal Control Statement Announcement.
   https://mopsov.twse.com.tw/nas/cont06/c1423114011150316.pdf
2. The audit reports the certified public accountant shall be disclosed if the certified public accountant is engaged to conduct a special audit of the internal control systems: None.

(10) Important resolutions made during shareholders' meetings and board of directors' meetings in the past year and up to the publication date of this annual report

1. Shareholders' meeting

2025	
Date of meeting	Important resolutions
June 17th, 2025	Proposed resolutions: 1. Passed as proposed without objection on the Company's 2024 Business Report and Financial Statements. Execution status: Not applicable. 2. Passed as proposed without objection on the Company's 2024 Appropriation of Earnings. Execution status: June 23, 2025 has been designated as the record date for distribution, and all distributions were completed on July 11, 2025. (Cash dividend of NTD 0.8 per share.) Discussion matters: 1. Passed as proposed without objection on the amendments to partial articles of the Company's "Articles of Incorporation." Execution status: Completed. 2. Resolved to approve the proposed sale of the Company's Liu-tu mill and land without limiting the method to public tender, and to handle the matter in accordance with the relevant provisions of the Company's "Procedures for Acquisition or Disposal of Assets." Execution status: The Company has informed all factory tenants of its non-renewal policy and has conducted individual discussions to terminate lease agreements in advance, while actively planning subsequent asset disposal. As of now, all of the resolved proposals have been executed. Extraordinary Motion: None

2. Board of Directors

2025	
Date of meeting	Important resolutions
March 11th, 2025 21st Term, 5th Time	Discussion matters: Execution status: Execution for all the matters discussed below has been completed according to the resolution results. 1. Items discussed and continued from the last meeting: None. 2. Items for discussion at this meeting. (1) Passed as proposed without objection on the Company's 2024 employee (possessing identity of managerial officer) and directors and supervisors' remuneration distribution. (2) Passed as proposed without objection on the Company's 2024 business report and financial statements. (3) Passed as proposed without objection on the Company's 2024 Appropriation of Earnings. (4) Resolved to approve the Company's cash dividend distribution proposal. (5) Approved the replacement of the CPA responsible for auditing the company's financial statements, due to internal role adjustments within the accounting firm. (6) Resolved to approve the evaluation of the independence and Audit Quality Indicators (AQIs) of the CPAs certifying the Company's financial statements, as well as their appointment. (7) Passed as proposed without objection on the Company's 2025 Business Plan Overview. (8) Passed as proposed without objection on the Company's 2024 "Internal Control Systems Statements." (9) Resolved to approve the addition of certain provisions to the Company's "Operating Regulations for Financial and Business Transactions Between Related Parties." (10) Passed as proposed without objection on the amendments to partial articles of the Company's "Articles of Incorporation. (11) The date, place and reasons for convening the Shareholder's Meeting for 2025. (12) The provision of non-assurance services expected to be provided by Ernst & Young Taiwan and its affiliated companies in 2025 was approved as proposed. (13) Passed as proposed without objection on the Company's negotiation with relevant financial institutions on the current status of the loan amount, due to business needs.
May 6th, 2025 21st Term, 6th Time	Discussion matters: Execution status: Execution for all the matters discussed below has been completed according to the resolution results. 1. Items discussed and continued from the last meeting: None. 2. Items for discussion at this meeting. (1) Passed as proposed without objection the Company's 2025

	Q1 Business Report and Financial Statements. (2) Passed as proposed without objection on matters regarding purchasing of the “Professional Liability Insurance for the Directors, Supervisors and Managerial Officers.” (3) Resolved to approve the proposed sale of the Company’s Liu-tu mill and land without limiting the method to public tender, and to handle the matter in accordance with the relevant provisions of the Company’s “Procedures for Acquisition or Disposal of Assets.” (4) Resolved to approve the retirement application of President M.L. YU and the chairman’s nomination of a new president. (5) Resolved to approve the lifting of the non-compete restriction for the Company’s newly appointed president. (6) Passed as proposed without objection on the Company’s negotiation with relevant financial institutions on the current status of the loan amount, due to business needs.
August 8th, 2025 21st Term, 7th Time	Discussion matters: Execution status: Execution for all the matters discussed below has been completed according to the resolution results. 1. Items discussed and continued from the last meeting: None. 2. Items for discussion at this meeting. (1) Passed as proposed without objection on the Company’s Business Report and Financial Statements for the Upper Half of 2025. (2) Resolved to approve the preparation of the Company’s “2024 Sustainability Report.” (3) Resolved to approve the establishment of the scope of the Company’s frontline employees and amendments to certain provisions of the internal control system. (4) Resolved to approve the establishment of the Company’s “Code of Ethical Conduct for Directors and Managerial Officers.” (5) Resolved to approve the establishment of the Company’s “Procedures for Handling Reports of Illegal and Unethical or Dishonest Conduct.” (6) Passed as proposed without objection on the Company’s negotiation with relevant financial institutions on the current status of the loan amount, due to business needs.
November 12th, 2025 21st Term, 8th Time	Items of Discussion: Execution status: All of the following items for discussion have been, in accordance to the resolution outcomes, brought to completion. 1. Items discussed which are a continuatnion from the previous meeting: None. 2. Items for discussion at this meeting: (1) Passed the Company’s 2025 Q3 Business Report and Financial Statements as proposed. (2) Passed the Company’s 2026 audit plan as proposed. (3) Passed the calculation and distribution plan for 2025 end-of-year bonuses for the Chairperson and managerial officers of the Company as proposed. (4) Passed the 2026 monthly fixed salaries of the Chairperson and managerial officers as proposed.

	(5) Resolved to approve further amendments to the scope of the Company's "frontline employees" and certain provisions of the "internal control system." (6) Resolved to approve amendments to the Company's "Internal Audit System" and the "Detailed Rules for Internal Audit Implementation." (7) Resolved to approve the authorization of the independent directors to act as the Company's representatives in signing lease and other contracts with substantively related parties. (8) Passed as proposed without objection on the Company's negotiation with relevant financial institutions on the current status of the loan amount, due to business needs.

(11) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: None.

4. Audit Fees

Amount unit: NTD in thousands

Name of accounting firm	Name of certified public accountants	Accountant's duration of audit	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young, Taiwan	Muriel Yu	01/01/2025-12/31/2025	1,321	199	1,520	
	Ian Wang	01/01/2025-12/31/2025				

(1) Please give specific descriptions on the audit fee service:Tax Compliance Audit.

(2) For fees paid to certifying accountants, the firm of the certifying accountants, and its affiliates, if non-audit fees exceed 25% of the audit fees then the amount of the audit and non-audit fees should be disclosed along with the nature of the non-audit service: N/A.

(3) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, audit fees before and after the changes and the reason for such changes should be disclosed: N/A.

(4) If the audit fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit expense should be disclosed: N/A.

5. Information on Replacement of CPA:

(1) On the predecessor CPAs

<table>
<tr><td>Date of replacement</td><td colspan="3">January 1st, 2025</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">Due to the internal job rotation of Ernst & Young based on related laws and regulations, the original CPAs Muriel Yu and Yang, Chih-Huei were replaced by Muriel Yu and Ian Wang, starting 2025 Q1.</td></tr>
<tr><td rowspan="3">Explanation of the termination or rejection of appointment by the appointer or CPAs</td><td>Parties involved / Circumstance</td><td>Certified Public Accountant</td><td>Appointer</td></tr>
<tr><td>Active termination</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Appointment rejected (discontinued)</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Opinions other than unqualified opinions on the audit reports over the past two years, and the reasons</td><td colspan="3">None</td></tr>
</table>

<table>
<tr><td rowspan="7">Is there any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principles and practice</td></tr>
<tr><td></td><td>Disclosure of financial reports</td></tr>
<tr><td></td><td>The scope or steps ofthe audits</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Explanation</td></tr>
<tr><td>Other disclosure matters (Matters to be disclosed as set out in items 1-4 to items 1-7 of Subparagraph 6 of Article 10 of these Regulations)</td><td colspan="3">None</td></tr>
</table>

(2) On the successor CPAs

Name of the CPA firm	Ernst & Young, Taiwan
Name of the CPAs	Muriel Yu, Ian Wang
Date of appointment	January 1st, 2025
Consultancy and results before appointment concerning the accounting practices or principles for specific transactions and the opinions possibly offered on financial statements	No such situation.
New CPA's written opinion on the matters on which the former CPA had different opinions	No such situation.

(3) Former independent auditor’s replies relating to Items 1 and 2-3, Subparagraph 6, Article 10 of the “Regulations”: Not applicable.

6. The Facts About the Company Chairperson, President, Managerial Officer in Charge of Financial or Accounting Affairs Having Served with the CPA Firm or the Affiliation Thereof Over the Past Year, Shall Disclose His/Her Name, Position and the Period at the CPA Firm or the Affiliation: N/A.

7. Changes in the Transfer or Pledge of Shares by Directors, Supervisors, Managerial Officers, and Shareholders Holding over 10% of the Outstanding Shares in the Preceding Year and by the Date of Annual Report Publication

(1) Change in share equity among directors, supervisors, managers, and major shareholders: The matter has been disclosed on the Market Observation Post System (MOPS).

Please refer to the Market Observation Post System > Consolidated Financial Reports > Equity Changes/Securities Issuance > Shareholdings/Pledges/Transfers by Directors, Supervisors, and Major Shareholders > Shareholding Balances of Directors, Supervisors, Managerial Officers, and Major Shareholders > Summary Statement of Shareholding Balances of Directors, Supervisors, Managerial Officers, and Major Shareholders.

https://mops.twse.com.tw/mops/#/web/home

(2) The counterparty in any equity transfer or pledged is a related party: None.

8. Information of Top Ten Shareholders with Mutual Relationship of Related Parties, Spouse, or Relatives in the Second Degree:

Related Party Relationship among Top Ten Largest Shareholders

April 20th, 2025

NAME	SHARES HELD		SHARES HELD BY SPOUSE AND MINORS		SHARES HELD IN THE NAME OF OTHERS		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S SHAREHOLDERS		NOTE
	Number of Shares	Percentage %	Number of Shares	Percentage %	Number of Shares	Percentage %	Name	Relationship	
Zhong Cheng Investment Corp.	15,785,490	15.84	0	0.00	0	0.00	Hengchang Investment Co., Ltd.: Substantive related party relationship Litai Investment Co., Ltd. Representative: Substantive related party relationship Ing Chang Ki Weichi Educational Foundation: Substantive related party relationship		
Representative: Roul-Eel Ying	0	0.00	0	0.00	0	0.00			
Hengchang Investment Co., Ltd. Representative:	13,663,461	13.71	0	0.00	0	0.00	Zhong Cheng Investment Corp. Representative: Substantive related party relationship Litai Investment Co., Ltd. Representative: Substantive related party relationship Ing Chang Ki Weichi Educational Foundation: Substantive related party relationship Hongchang Investment Co., Ltd.: Substantive related party relationship		
Hongchang Investment Co., Ltd.	0	0.00	0	0.00	0	0.00			
Litai Investment Co., Ltd. Representative:	11,624,904	11.67	0	0.00	0	0.00	Zhong Cheng Investment Corp. Representative: Substantive related party relationship Hengchang Investment Co., Ltd.: Substantive related party relationship Ing Chang Ki Weichi Educational Foundation: Substantive related party relationship Hongchang Investment Co., Ltd.: Substantive related party relationship		
Hongchang Investment Co., Ltd.	0	0.00	0	0.00	0	0.00			
CATHAY CHEMICAL WORKS, INC.	9,760,072	9.79	0	0.00	0	0.00	Hengchang Investment Co., Ltd.: Appointed person elected as the company's chairperson Litai Investment Co., Ltd. Representative: Substantive related party relationship Zhong Cheng Investment Corp. Representative: Substantive related party relationship		
Representative: Roul-Eel Ying	0	0.00	0	0.00	0	0.00			
Chia-Mei Liao	4,695,840	4.71	2,559,752	2.57	0	0.00	Spouse with Kuo-Liang Chao		
Jing-San Cai	3,021,000	3.03	0	0.00	0	0.00	None.		
JIAN - KAI PROPERTY MANAGEMENT CO., LTD. Representative: Bo-Qian Liu	2,891,320	2.90	0	0.00	0	0.00	None.		
Kuo-Liang Chao	2,559,752	2.57	4,695,840	4.71	0	0.00	Spouse with Chia-Mei Liao		
Ing Chang Ki Weichi Educational Foundation	2,535,685	2.54	0	0.00	0	0.00	Zhong Cheng Investment Corp. Representative: Substantive related party relationship Hengchang Investment Co., Ltd.: Substantive related party relationship Litai Investment Co., Ltd. Representative: Substantive related party relationship		
Representative：Roul-Eel Ying	0	0.00	0	0.00	0	0.00			
Huang-Yang Lin	1,936,480	1.94	0	0.00	0	0.00	None.		

9. Investments Jointly Held by the Company, the Company's Directors, Supervisors, Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company, with Shareholding Disclosed in Aggregate of the Said Parties: None.

C. Capital Overview

1. Capital and shares

(1) Capitalization

Year / Month	Offering Price	Authorized Share Capital		Capital Stock		Note		
		Number of Shares (thousands of shares)	Amount (thousand NTD)	Number of Shares (thousands of shares)	Amount (thousand NTD)	Capitalization	Substitution of capital stock with assets other than cash	Others
1964 to 1995	$10 to $20	179,300	1,793,000	179,300	1,793,000	Cash, earnings and reserve	None	None
2008	$10	179,300	1,793,000	175,000	1,750,000	Cancellation of treasury stock $43 million	None	Official letter issued by Ministry of Economic Affairs, No. 09701321950, dated December 24th, 2008.
2015	$10	179,300	1,793,000	173,000	1,730,000	Cancellation of treasury stock worth $20 million	None	Official letter issued by Ministry of Economic Affairs, No. 10401066690, dated April 17th, 2015.
2018	$10	179,300	1,793,000	138,400	1,384,000	Cash capital reduction by $346,000 thousands	None	Official letter issued by Ministry of Economic Affairs, No. 10701115060, dated September 19th, 2018.
2023	$10	179,300	1,793,000	99,648	996,480	Cash capital reduction by $387,520 thousands	None	Official letter issued by Ministry of Economic Affairs, No. 11230167350, dated August 25th, 2023.

Unit: Thousands of shares

Type of Shares	Authorized Share Capital			Note
	Outstanding shares (Listed share)	Unissued shares	Total	
Common share	99,648	79,652	179,300	

Information for shelf registration: Not applicable

(2) Major Shareholders (Top 10 Shareholders)

April 20th, 2026

Share / Major Shareholders	Shareholding	Shareholding Percentage %
Zhong Cheng Investment Corp.	15,785,490	15.84
Hengchang Investment Co., Ltd.	13,663,461	13.71
Litai Investment Co., Ltd.	11,624,904	11.67
CATHAY CHEMICAL WORKS, INC.	9,760,072	9.79
Chia-Mei Liao	4,695,840	4.71
Jing-San Cai	3,021,000	3.03
JIAN - KAI PROPERTY MANAGEMENT CO., LTD.	2,891,320	2.90
Kuo-Liang Chao	2,559,752	2.57
Ing Chang Ki Weichi Educational Foundation	2,535,685	2.54
Huang-Yang Lin	1,936,480	1.94

(3) The company’s dividends policy and implementation

1. Dividends policy established by the Company’s Articles of Incorporation: The policy is aligned with future development plan and it considers the investment environment and long term financial plan for the needs of operation funds, and set balancing sustainable operations and stakeholders’ rights and interests as the goals.The total amount for the distribution of shareholder dividends each year shall not be lower than 40% of the balance for earnings after paying tax, cover cumulative losses and appropriation for reserve. However, when the cumulative distributable earnings are lower than 5% of the paid-in capital, distribution is not allowed. Shareholder dividends and bonuses may be paid in cash or by stock. Cash dividends shall represent at least 50% of total dividends amount.
2. Distribution of dividends proposed at the 2025 Shareholders’ Meeting:
   This year’s dividend distribution has been approved by the Board of Directors in accordance with the Company Act and the Articles of Incorporation. A cash dividend of NT$3.60 per share will be distributed. The Chairperson is authorized to determine the record date, payment date, and other related matters. The aforementioned dividend distribution matter will also be submitted to the Company’s 2026 Annual General

Meeting.

3. Explanation on dividends policy which is expected to have major changes: None.

(4) Impacts of Proposed Stock Dividends on the Company's Business Performance and Earnings per share (EPS): Not applicable.

(5) Remuneration for employees, directors and supervisors

1. If the Company is profitable in the fiscal year (refers to pre-tax profit before subtracting bonuses and remunerations allocated to employees and directors), no less than 5% of the profit shall be offered as bonuses for employees, and no more than 1% of the profit shall be allocated as remuneration for directors of the aforementioned employee remuneration ratio, at least 1% shall be allocated as remuneration for grassroots employees. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid in cash or in shares. Payments may also be made to employees of affiliated companies that satisfy the eligibility criteria set forth by the board of directors. Directors' remuneration may only be paid in cash. The preceding two items shall be determined by the board and reported to the shareholder meetings.
2. The basis for estimating the cash rewards for employees, directors and supervisors of the current period, as well as the basis for calculating rewards for employees in stock/ the accounting procedure in cases when the actual allocated amounts are at variance with the estimated amounts:

   Basis for the estimation of the remuneration to employees and directors in the current period, basis for the calculation of stock dividends for distribution, and the accounting procedure in cases when the actual allocated amounts are at variance with the estimated amounts. The variance would be regarded as changes in estimation and listed as loss or profit for the year of the shareholders' meeting resolution.
3. Distribution of Remuneration Approved by the Board of Directors:
   (1) The amount of remuneration for employees and directors distributed in cash or in stock. If it is different from the amount estimated in the year expense incurred, the amount of difference, causes, and treatment should be disclosed: No such situation exists.
   (2) The proportion of employee bonus distributed in stock in the combined amount of post-tax net income and employee bonus listed in the non-consolidated financial statement of the period: No such situation exists.
4. Situations of the actual and recognized distribution for the employee and director remuneration for the previous year: No difference.

(6) I. Company stock repurchase status (already completed)

Repurchase Terms	Repurchase Purpose	Repurchase Period	Repurchase Price Interval	Types and Quantity of Shares Repurchased	Amount of Shares Repurchased	The Ratio of the Repurchased Quantity to the Quantity of Anticipated Repurchase (%)	Number of canceled and transferred shares	Accumulated Shareholdings of the Company	Accumulated Number of Company Shares Held in Proportion to Total Outstanding Shares (%)
1st Term	Stock Transfer to Employees	8/22/2003 – 10/20/2003	$5.425 to $11.425	Common share 0 Shares	$0	0.00%	0 Shares	0 Shares	0.00%
2nd Term	Stock Transfer to Employees	5/17/2004 – 7/15/2004	$4.06 to $10.63	Ordinary Shares 240,000 shares	$1,343,234	2.68%	240,000 shares	0 Shares	0.00%
3rd Term	Process Share Capital Reduction, Cancellation of Share Capital	8/25/2008 – 10/20/2008	$4.48 to $10.00	Ordinary Shares 4,300,000 shares	$23,817,339	100.00%	4,300,000 Shares	0 Shares	0.00%
4th Term	Process Share Capital Reduction, Cancellation of Share Capital	11/11/2014 – 1/10/2015	$5.45 to $10.40	Ordinary Shares 2,000,000 shares	$15,599,159	100.00%	2,000,000 Shares	0 Shares	0.00%

II. Company Stock Repurchase Status (in process): None.

Repurchase Terms	Repurchase Purpose	Repurchase Period	Repurchase Price Interval	Types and Quantity of Shares Repurchased	Amount of Shares Repurchased	The Ratio of the Repurchased Quantity to the Quantity of Anticipated Repurchase (%)	Number of canceled and transferred shares	Accumulated Shareholdings of the Company	Accumulated Number of Company Shares Held in Proportion to Total Outstanding Shares (%)
-	-	-	-	-	-	-	-	-	-

2. Processing status of corporate bond, preferred stock, global depositary receipt, employee stock option plan, and new restricted employee shares: None.

3. Status of new share issuance in connection with mergers and acquisitions: None.

4. Funding plans and implementation: None.

D. Operation Profile

1. Business Activities

(1) Business Scope

1. Main Businesses and Proportion:

Major Products	Business Proportion
WOOL TOP	56.78%
SUPERWASH WOOL TOP	42.53%
COMMISSION PROCESSING & FATTY ACID	0.69%

2. Current Company Products: Wool tops, superwash wool tops, carbonized wool, short wool tops.
3. New Products Project Development: Continuation of work in the development of special quality and eco-friendly related functions for wool top products.

(2) Industry Overview:

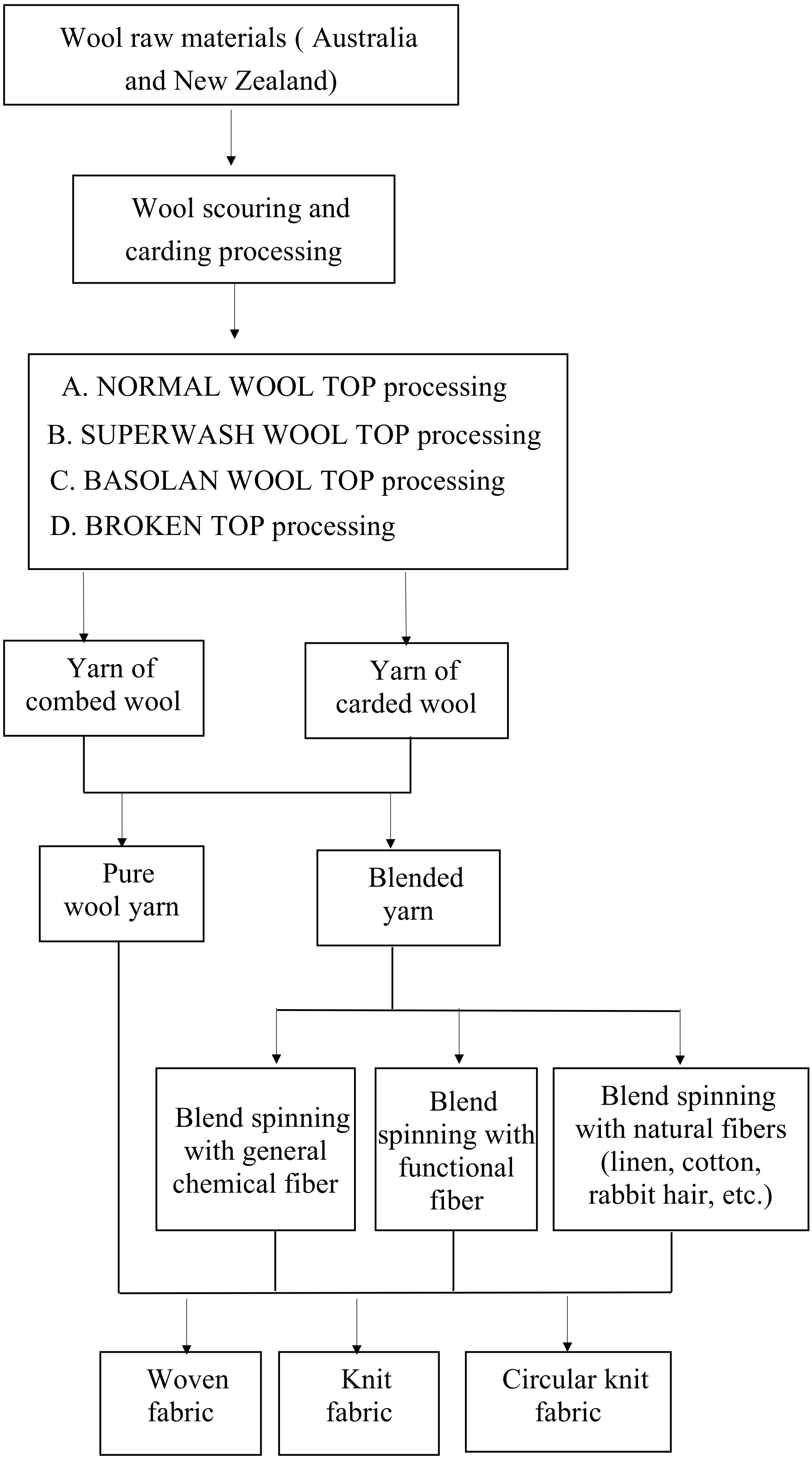
According to Australia's published statistics on wool exports (including scoured wool, carbonized wool, and wool tops) for 2024/25, the continued low wool prices over the past year have dampened farmers' willingness to raise sheep. Instead, many have shifted to slaughtering sheep for meat, which offers better profitability. As a result, total annual wool production declined significantly by 11.8% compared to the previous year, and total wool export volume also decreased by 9.5%. The top four export destinations were China, India, Italy, and the Czech Republic, accounting for 85.8%, 5.0%, 2.8%, and 2.7% of total exports, respectively, representing approximately 96.3% of Australia's total export volume.

1. The current status and development of the industry:

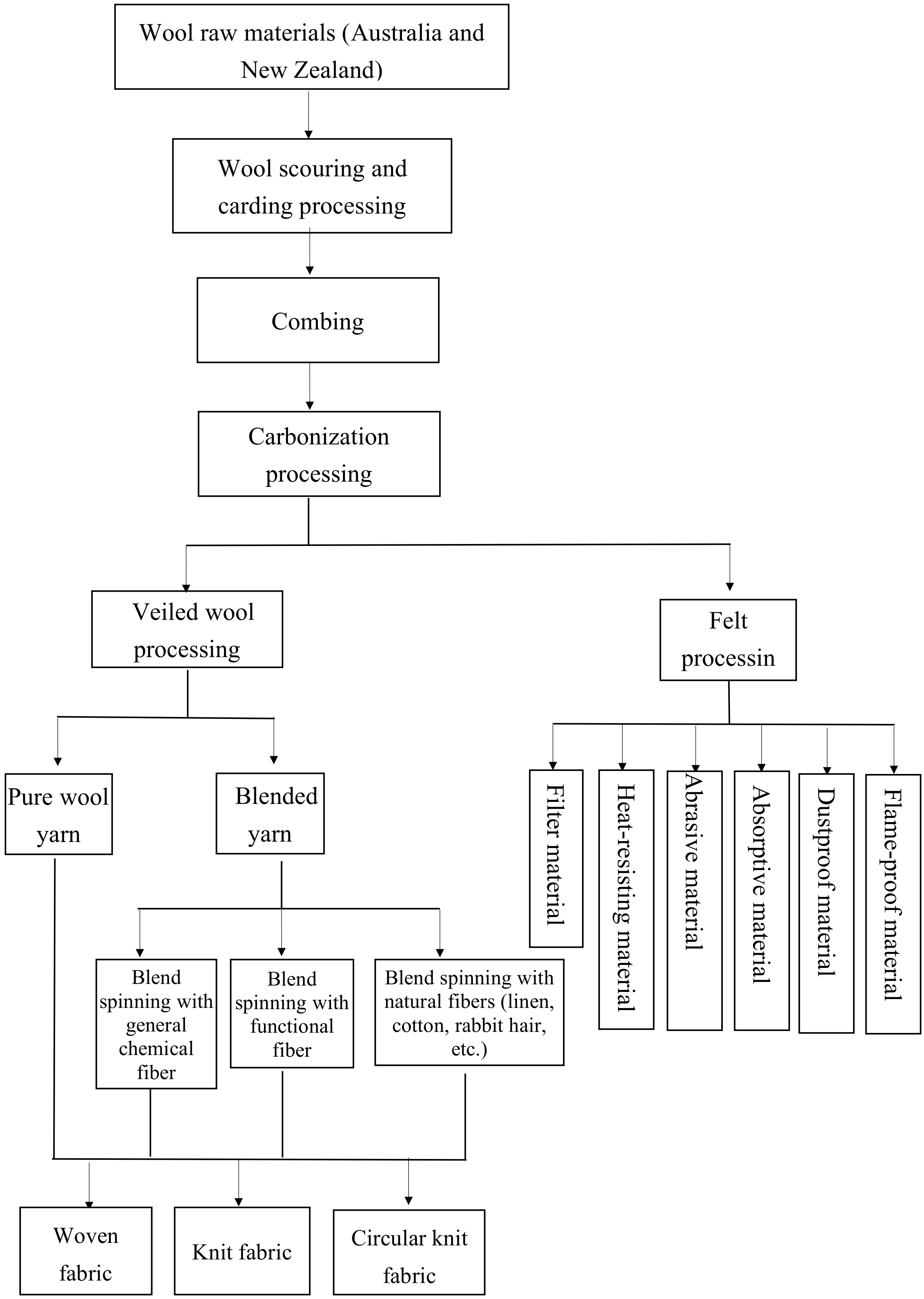
Over the past year, the wool textile industry—already in a downturn—has been further impacted by renewed trade tensions triggered by U.S. President Donald Trump's reciprocal tariff policies. Mainland China, which was most severely affected by this round of tariff conflicts, has faced high U.S. tariffs and a significant outflow of foreign enterprises. This has further weakened its already sluggish domestic demand and triggered a wave of low-priced wool top exports, severely impacting the Company's existing overseas markets. In addition, Taiwan's textile industry has long faced unfavorable tariff treatment and relatively high production costs, leading to industrial relocation or business closures. This has disrupted the domestic production supply chain, further deepening the operational challenges of the traditional textile industry in Taiwan and affecting domestic customers' export order intake.

2. Correlation among the upstream, midstream and downstream aspects of the industry:

(I) NORMAL WOOL TOP, SUPERWASH WOOL TOP, BASOLAN WOOL TOP, BROKEN TOP



(II) UNCARBONIZED NOIL



3. Development trends of the products

(I) In recent years, consumer markets have remained weak, with a significant decline in purchasing power. As a result, cost considerations have led to a shift toward lower wool content or substitution with specialty functional synthetic fibers. Traditional high-wool-content textiles have largely disappeared, reducing demand for wool fibers. Consequently, despite the continued decline in Australian wool production in recent years, international wool prices have remained at relatively low levels. It is hoped that an improvement in the global economic environment will drive a recovery in the wool market.

(II) Due to weak global economic and ongoing regional conflicts, consumer demand has sharply declined. Brands have adopted conservative procurement strategies, focusing on depleting inventories or placing smaller orders. This trend has also affected order volumes for the midstream and downstream segments of the wool textile industry in recent years. Stable demand is expected only after the economy improves.

4. Competition:

China, as the world's largest wool processing country, has been affected by a financial crisis triggered by a real estate bubble, along with a new wave of foreign capital outflows caused by U.S. reciprocal tariffs. This has weighed on the domestic economy and, in turn, weakened internal market demand. Amid simultaneous contraction in both domestic and international demand, Chinese wool top manufacturers have engaged in low-price competition to absorb excess capacity, which continues to have an adverse impact on the Company's wool top sales.

(3) Technology and research and development overview

1. The Company's R&D expenditure amount in the most recent year and as of the annual report publication date as listed in the table below:

Unit: $ in thousands

Year / Amount	2025	As of March 31st, 2026
R&D expenditures	1,692	577

2. Successfully developed technology or products:

A. The Company has successfully developed equipment for producing loose short wool tops for the semi-worsted system, adding a high value-added product to its portfolio.

(4) Long and short term business development plan

In the short term, Due to renewed international trade tensions triggered by reciprocal tariffs, along with ongoing regional conflicts in Europe, brand owners have adopted a more conservative stance, which has in turn affected order demand. In recent years, however, the Company has effectively adjusted its production model and adopted flexible procurement strategies, significantly reducing finished goods inventory. At the same time, the Company has continued to lease out idle factory space and expand solar power generation, while making effective use of its own funds for financial investments. As a result, although the wool sales business recorded losses over the past year, the Company was still able to achieve solid profitability with support from non-operating income. In the short term, the Company will continue its current business strategy, focusing on high quality, refined production, and small-batch diversified offerings, while leveraging flexible production to actively secure orders.

In the long term, Due to the unique natural properties of wool fibers, including being non-toxic and biodegradable, wool has long been the preferred natural fiber after cotton and remains a symbol of high-end apparel. In recent years, outdoor leisure trends, combined with functional fibers blended with synthetic materials, have gradually become mainstream in casual apparel. Although external demand remains weak at present, it is expected that as the global economy gradually recovers, growth momentum will return. As part of its long-term strategy, the Company will not only continue to enhance product quality but also actively develop new markets beyond Asia.

2. Market, and Production and Sales Overview

（1）Market analysis: The sales regions, market share and the market supply and demand situation and growth in the future, advantageous and disadvantageous factors for completive niches and development outlook, and countermeasures, based on the major products.

1. Sales regions and market share of major products

Unit: Thousand kilograms

	WOOL TOP				SUPERWASH WOOL TOP			
Location	2025	%	2024	%	2025	%	2024	%
TAIWAN	105	69	121	54	83	79	69	66
JAPAN	15	9	18	8	3	3	2	2
OTHERS	50	29	84	38	19	18	33	32
Total	170	100	223	100	105	100	104	100

(I) Overall, continued weakness in consumer purchasing power and increasingly conservative behavior by brand owners have kept international wool prices at relatively low levels. In addition, irrational low-price competition from mainland Chinese wool top manufacturers has significantly impacted the Company's 2025 revenue, resulting in a decline compared to the previous year.

(II) From a regional perspective, weak external demand and aggressive low-price competition from mainland Chinese suppliers have led to a substantial contraction in export sales in other regions. However, sales to the quality-oriented Japanese market and the domestic market, which benefits from flexible and responsive supply capabilities, have generally remained at levels comparable to the previous year.

2. Market supply and demand situation in the future

The Australian Wool Production Forecasting Committee (AWPFC) has announced the number of sheep sheared, and wool volume information for the three years, 2023/24, 2024/25, 2025/26. Please refer to attached table and explanations.

Year / Items	2023/24	2024/25	2025/26 (Estimated)	Note
Annual number of sheep sheared (millions of sheep)	71.6	63.0	56.5	
Volume of wool sheared per sheep (kilograms)	4.44	4.45	4.33	
Annualvolume of wool sheared (millions of kilograms)	318	280.1	244.7	

Note: Please refer to page 90, "Supply Situation of Main Raw Materials."

3. Growth

Unit: Thousands of kilograms

Major products	2025 Actual sales volume	2026 Estimated sales volume	Growth rate %	Description
WOOL TOP	170	117	(31)	
SUPERWASH WOOL TOP	105	58	(45)	
UNCARBONIZED NOIL	-	35	-	

4. Advantageous and disadvantageous factors and countermeasures for competitive niches and development outlook

(1) Advantageous factors

A. Since the fourth quarter of 2025, international wool prices have shown a strong rebound. However, as Australian wool production is expected to continue declining in the future, coupled with currently low inventory levels among Chinese wool top manufacturers, this is likely to support further strengthening of international wool prices.

B. Given wool's unique functional properties and biodegradability, an increasing number of sports brands and apparel companies are considering the use of wool as a future textile material from both performance and environmental perspectives. This is expected to drive future demand for wool fibers.

C. Compared with other wool top manufacturers, the Company has eliminated its high-pollution, high energy-consuming scouring and shrink-proofing production lines. Instead, it sources wool tops directly from high-quality suppliers in mainland China based on order demand, and focuses on functional product processing to achieve more flexible production and sales operations. Shortening the production cycle can effectively reduce the risks caused by fluctuations in wool prices.

D. Due to the Company's stringent production and inventory control in recent years, wool top inventory has been significantly reduced to its lowest level in over a decade. This substantially lowers the risk of inventory write-downs in the event of future price declines, while also creating opportunities to procure low-cost wool tops during price downturns to enhance profitability.

(2) Disadvantageous factors

A. Rising domestic wages in recent years, along with inflation-driven increases in various costs, have led to higher processing costs, creating adverse impacts.

B. In recent years, the global AI boom has driven strong demand for chips, prompting semiconductor manufacturers to continuously expand and increase production capacity. This has further strained Taiwan's already tight power supply. In addition, the high cost of supplementary green energy generation has let to year-by-year increases in electricity prices, which is unfavorable to the development of Taiwan's textile industry.

C. Meanwhile, regional trade blocs have gradually taken shape internationally in recent years. Due to political factors, Taiwan has yet to join these frameworks, resulting in unfavorable tariff conditions and a gradual loss of export competitiveness.

(3) Countermeasures

A. The Company's production strategy adjustments over the past few years—shifting part of its processes to outsourced manufacturing and directly procuring wool tops for deep functional processing—have reduced production costs and significantly lowered wool top inventory. As a result, the Company has been less affected by the recent decline in wool prices compared to other wool top manufacturers, and has been able to offset impacts through non-operating income to achieve accounting profits.

B. Although raw wool prices have recently risen significantly, the global economic outlook remains uncertain. The Company will continue to closely monitor international developments adopt flexible raw material procurement policies to reduce the procurement risks associated with raw materials and finished products.

C. The Company will accelerate the replacement of high energy-consuming equipment and continue expanding solar power generation capacity to cope with an era of unstable and elevated electricity costs.

D. The Company will actively develop new markets in other regions to expand future export orders.

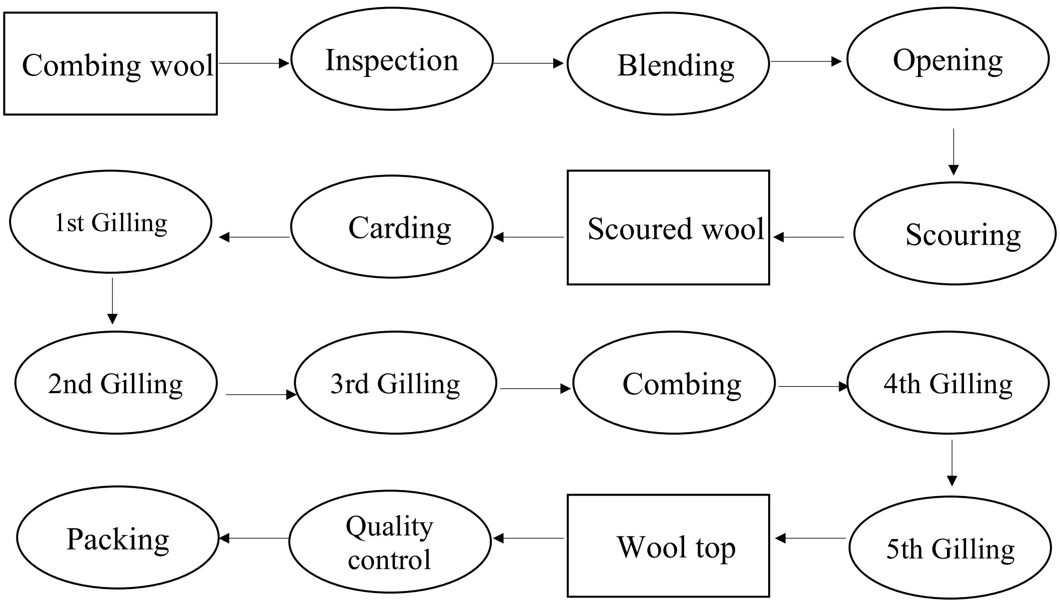
(2) Important use and manufacturing process of major products

1. Use

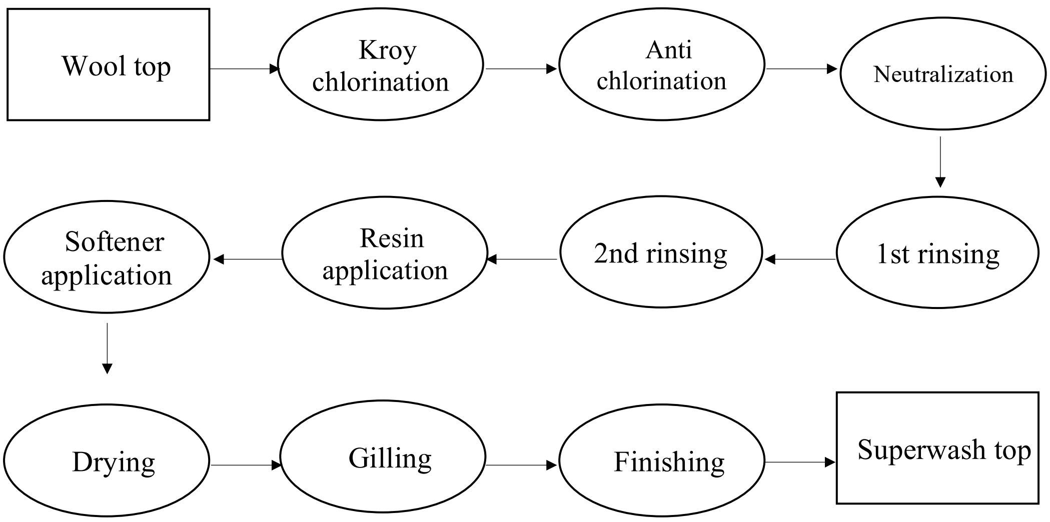
Product name	Use
WOOL TOP	Provide to spinning mill worsted knitting yarn or weaving yarn
SUPERWASH WOOL TOP	Provide to spinning mill worsted knitting yarn or shirnkproof yarn
CARBONIZED WOOL	Provide to spinning mill knitting woolen yarn or weaving yearn

2. Manufacturing process

(1) Wool top processing:



(2) Superwash processing



(3) Supply Situation of Main Raw Materials

Persistently low wool prices have significantly reduced farmers' willingness to raise sheep. Combined with better returns from mutton, some farmers have shifted to slaughtering sheep for meat. In addition, climate warming has led to reduced rainfall in major wool-producing regions. As a result, both the number of sheep shorn and total annual wool production have been declining year by year. It is estimated that total wool production in 2025/26 will be further affected and decrease by approximately 35.4 million kilograms compared to the previous year, reaching about 244.7 million kilograms—near a century-low level.

Regarding the Australian wool auction indicator, as the impact of reciprocal tariffs has gradually eased since the third quarter, international wool prices have rebounded. The index increased from AUC 1,154 / USC 730 at the beginning of 2025 to AUC 1,541 / USC 1,021 at the end of the year, representing increases of AUC 387 and USC 291, with growth rates of 33.5% and 39.9%, respectively.

(4) Please state the names of suppliers and customers in any one year of the two most recent years with a procurement or sales amount 10% or above of the total procurement or sales amount, and the amount and proportion of procurement or sales, with reasons for the changes.

1. Major suppliers' information in the most recent two years

Unit: thousand NTD

	2025				2024				2026 (as of the previous quarter)			
Items	Names	Amount	As a percentage of the annual net procurement amount (%)	Relationship with the issuer	Names	Amount	As a percentage of the annual net procurement amount (%)	Relationship with the issuer	Names	Amount	As a percentage of the net procurement amount for the current year as of previous quarter (%)	Relationship with the issuer
1	Australian Wool Exchange	-	-	None	Australian Wool Exchange	10,749	55.00	None	Australian Wool Exchange	-	-	None
2	Manufacturer A	-	-	None	Manufacturer A	5,271	27.00	None	Manufacturer A	-	-	None
3	Manufacturer B	14,311	29.00	None	Manufacturer B	3,590	18.00	None	Manufacturer B	8,489	82.00	None
4	Manufacturer C	15,773	31.00	None	Manufacturer C	-	-	None	Manufacturer C	-	-	None
5	Manufacturer D	13,842	27.00	None	Manufacturer D	-	-	None	Manufacturer D	-	-	None
6	Manufacturer E	6,653	13.00	None	Manufacturer E	-	-	None	Manufacturer E	1,875	18.00	None
	Net Procurement	50,579	100.00		Net Procurement	19,610	100.00		Net Procurement	10,364	100.00	

Reasons for the changes: The raw materials procurement are mainly through the Australian Wool Exchange, procuring from all of the supplying wool farm meets the company's demands for wool materials. Since 2024, the Company has also purchased certain finished or semi-finished products from industry peers and further processed them into functional products in response to market demand. from peers to meet market demand, lower inventory levels, and shorten lead times.

2. Major sales customers information in the most recent two years

Unit: thousands NTD

	2025				2024				2026 (as of the previous quarter)			
Items	Names	Amount	As a percentage of the annual net sales amount (%)	Relationship with the issuer	Names	Amount	As a percentage of the annual net sales amount (%)	Relationship with the issuer	Names	Amount	As a percentage of the net sales amount for the current year as of previous quarter (%)	Relationship with the issuer
1	Customer B	14,324	17.00	General sales customer	Customer A	14,407	14.00	General sales customer	Customer D	9,863	32.00	General sales customer
2	Customer D	10,806	13.00	General sales customer	Customer B	13,967	13.00	General sales customer	Customer C	9,640	31.00	General sales customer
3	Customer E	7,967	9.00	General sales customer	Customer C	9,340	9.00	General sales customer	Customer B	6,478	20.00	General sales customer
	Others	52,291	61.00	General sales customer	Others	66,730	64.00	General sales customer	Others	5,252	17.00	General sales customer
	Net sales	85,388	100.00		Net sales	104,444	100.00		Net sales	31,233	100.00	

Reasons for the changes: The Company belongs to the traditional manufacturing industry. The customers it deals with are mostly stable without much changes. The increasing or decreasing changes are determined according to the economy and operations situations of the region where each of the customer is located.

3. Employee profile (including total number of employees, average service length, average age, and their education distributions) in the most recent two years and as of the date of annual report publication

Year		2025	2024	As of April 20th, 2026
Number of employees	Staffs	19	19	19
	Technical work	14	14	14
	Ordinary work	10	11	10
	Total	43	44	43
Average age		55.44	52.45	53.91
Average service length		17.64	16.63	17.
Education distribution (%)	Doctoral Degree	0.0	0.0	0.0
	Masters	2.3	2.3	2.3
	Tertiary education	32.6	31.8	32.6
	Senior High School	37.2	36.4	37.2
	Below Senior High School	27.9	29.5	27.9

4. Expenditures on environmental protection

(1) The total amount of losses and disposal due to polluting environment in the most recent year and as of the date of annual report publication.

Items	2025	As of April 20th, 2026
State of pollutions (types)	None	None
Penalty unit	Not applicable	Not applicable
Penalty situation	Not applicable	Not applicable
Other losses	None	None

(2) Countermeasures: Not applicable

5. Labor and management relations

(1) Several measures contents and implementation

Items	Main contents	Implementation status
Employee welfare measures	1. Three festivals gifts, rewards and subsidies 2. Employee bonuses 3. Employee canteen and meal subsidies. 4. Employee travel 5. Employee dormitory 6. Labor insurance, health insurance and group insurance 7. Employee hospitalization condolences 8. Subsidies for wedding, funeral, celebrations, and birth. 9. Employee health examination	Regular execution.
Continuing education and trainings	1. Health and safety education and disaster prevention and response training 2. Orientation trainings 3. On-the-job trainings 4. Other expertise trainings 5. Labor education	1. New hires join the orientation trainings. 2. Depending on the necessity of the employee's work, the managerial officer will appoint or the employee can apply for participation in seminars held internally or externally occasionally.
Retirement system	1. The "Labor Pension Act" has been established in accordance with the Labor Standards Act. 2. The Supervisory Committee of Labor Retirement Reserve has been established. 3. Based on the new and old labor retirement systems, the pension funds are allocated and deposited into a dedicated pension funds account in the Bank of Taiwan or deposited into the individual retirement accounts with the Bureau of Labor Insurance.	Details are as below.

The company’s overall remuneration policy:

The Company’s salary standard is processed mainly based on the “Employee Salary Classification Table.” There are also the three festivals and end-of-year bonus benefit, employee promotion and salary adjustment, which takes into account of the length of service and also the annual appraisal results of the individual. The end of year bonus is calculated based on the company operation outcomes and distributed with an increased or decreased reward amount. The distribution standard is equivalent to about one to two months of base salary. The employee remuneration could be distributed according to the Articles of Incorporation if the company is making profits for the current year and that there are no accumulated losses

Pension system:

1. Defined contribution plan:

The employee retirement rules established according to the “Labor Pension Act” is a defined contribution plan. The regulation stipulate that the Company is responsible for funding labor retirement benefits with a rate no less than 6% of the employee’s monthly salary. The Company has established the employee retirement rules as stipulated in the regulation and transfers each month, 6% of employees’ salary as funding of retirement benefits into individual retirement accounts managed by the Bureau of Labor Insurance.

2. Defined benefit plan

The Company’s employee retirement rules established in accordance with the “Labor Pension Act” is the defined benefit plan. Pension payment is calculated in accordance with the years of service and the average monthly salary at the time of the authorized retirement. Two bases are given for each year of service up to and including 15 years and one base for each year of service in excess of 15 years, subject to a maximum accumulation limit of 45 bases. The Company allocates a monthly pension fund of 5% of salaries and wages deposited to a dedicated account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve according to the Labor Pension Act. Before the end of each year, the Company estimates the balance in the dedicated account of the Labor Retirement Reserve. If the balance is not sufficient to pay the aforementioned amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

The Ministry of Labor proceeds with assets allocation based on the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The investments of the funds are conducted using the self-operating and entrusted management methods, and adopting the long and medium term investment strategies of active and passive management. The Ministry of Labor has established the funds risk limit and control plan based on considerations on the risks in markets, credit, liquidity and so forth. This is to allow sufficient flexibility to achieve the reward targets under the circumstance of not having excessive risk-taking. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit of the local bank. If there is any deficiency, the national treasury shall make up the deficiency after approval by the competent authority. As of December 31st, 2025, the Company's defined benefit plan is expected to distribute $170,000 in the following year.

(2) Labor and management agreements

All members of the Company, the Chairperson and all employees, have a deep understanding of the situations of the economic system and the intense competitions in the domestic and overseas markets. The communications channels between labor and management have been smooth. The operations of the labor union or for the labor-management meetings have always been well and harmonious, and there have not been any incidents of controversies or disputes. The Company has also established a labor union and entered into a collective bargaining agreement.

(3) Losses due to disputes between labor and management in the most recent year and as of the date of annual report publication, are disclosed with the estimated amount that might be generated currently and in the future, and the countermeasures: None.

6. Information security management

(1) Describe the cyber security risks management structure, cyber security policy, concrete management plan and resources invested in cyber security management.

1. Information security risk management structure

(1) The Company's cyber security duty unit is R&D Department, with one information managerial officer and one professional information personnel appointed, responsible for establishing the company's internal information security policy, plans and execution of information security processes and policy promotion and implementation.

(2) The Company's Audit Office is the monitoring unit of the information security monitoring. The Office is consisted of the audit officer and audit work proxy responsible for the monitoring of internal information security execution status. Where the audits discover deficiencies, the unit being audited would be requested to provide related improvement plans and concrete actions, and there would be regular and continuous tracking of improvements outcomes to lower internal information security risk.

(3) Organization operations model is based on circular management to ensure achieving reliability and goals and continuous improvements.

2. Cyber security policy

(1) Secure firewall has been established for the headquarters in Taipei and the Hsin-Wu mill to keep out external attacks from hackers, and will review related record logs from time to time.

(2) Anti-virus software has been installed on the computers for users and will review virus log and related corresponding treatment from time to time.

(3) Updates to the operating system are conducted on an irregular basis to reduce system vulnerability which in turn lowers information security risks.

(4) Build proper backup mechanism and method and implement it.

3. Concrete management plan and resources invested in cyber security management

(1) Computer engine room equipment management: A. The Company's computer server and application server are located in a dedicated engine room with door entry restrictions for personnel, and the entry records are preserved. B. An independent air-conditioner has been installed inside the engine room and is operating in an appropriate room temperature environment. There is also the dry powder type fire extinguisher in place which can be used on fire hazards induced by general or electrical appliances. C. The server of the engine room is connected to the Uninterruptible Power Supply Abnormal to ensure the constant operations of the computer application system during power outages or other unexpected events.

(2) Network security management: A. Established the corporate level multi-function firewall for external connection to prevent illegal intrusion by hackers.

(3) Server or computer users' protection management: A. Endpoint Security (anti-virus, anti-malware, anti-spyware program) is installed in the server and computer users' equipment. Virus signature recognition would be updated automatically to ensure blockage and upgrades to the various virus or information security protection. B. The email defense mechanism, consisting of email anti-virus program, spam filtering mechanism and anti-ransomware, has been installed for emails. This is for the prevention of the above-mentioned types of malicious emails from being accepted by the computer users which would result in unexpected losses or damages.

(4) Application system user account access right management: A. For account management, the system setting would make regular request to users to change their passwords. B. For access right management, access right to use is defined based on the nature of the users' work.

(5) Ensuring usability of the system: A. Proper backup management strategies, adopts the daily backup mechanism. There are two backup media, one is kept in the engine room and the other is kept in the bank safe for data storage at off-site.B. Disaster recovery plan exercise, each year the exercise would be performed once a year on an irregular basis. After selecting the recovery base date point, data would be stored from the backup media back to the system server. This is to ensure the accurateness and effectiveness of the backup media.

4. Resources invested in cyber security management

(1) Internet: Adopts the use of corporate level firewall, external network VPN connection certification to elevate safety.

(2) Hard drive: Adopts the server level equipment to increase stability.

(3) Software: Fee-paying professional backup software, automatic updates for Endpoint Security software to increase protection.

(4) Labor: Established one information officer and one professional information personnel to be responsible for cybersecurity design and maintenance, information security events response and investigation, information security policy review and amendments, to enhance reliability.

(2) List and explain in the most recent two years and as of the publication date of the annual report, losses due to occurrences of major cyber security incidents, its possible impacts and countermeasures. If unable to give a reasonable estimation, explain the reasons for being unable to give a reasonable estimation: None.

7. Material contracts: None.

E. Review of Financial Conditions, Operating Results, and Risk Management

1. Financial status

Unit: Thousand NT$

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	1,282,319	885,272	397,047	44.85
Investments accounted for under equity method	-	-	-	-
Property, plant and equipment	370,451	378,897	(8,446)	(2.23)
Other assets	2,263,800	2,194,328	69,472	3.17
Total assets	3,916,570	3,458,497	458,073	13.24
Current liabilities	46,331	24,126	22,205	92.04
Long-term liabilities	194,116	193,880	236	0.12
Other non-current liabilities	6,118	7,198	(1,080)	(15.00)
Total liabilities	246,565	225,204	21,361	9.49
Share capital	996,480	996,480	-	-
Capital reserve	106,111	106,097	14	0.01
Retained earnings	1,133,026	746,858	386,168	51.71
Other equity interest	1,434,388	1,383,858	50,530	3.65
Treasury stock	-	-	-	-
Total shareholders' equity	3,670,005	3,233,293	436,712	13.51

Main reasons and impacts for any material change at more than 20% change in assets, liabilities and equity in the most recent two years:

(1) In assets, the increase in current assets was mainly due to an increase in financial assets measured at fair value through profit or loss.

(2) In liabilities, the increase in current liabilities was mainly due to higher accrued payables for director and employee remuneration.

(3) In shareholders' equity, due to strong operating performance in the current year, retained earnings increased significantly.

2. Operation Results

(1) Financial performance analysis

Unit: Thousand NT$

Item	2025	2024	Increase (decrease) amount	Change in Percentage (%)
Net Operating revenue	85,388	104,444	(19,056)	(18.25)
Operating costs	96,950	132,238	(35,288)	(26.69)
Gross profit	(11,562)	(27,794)	16,232	(58.40)
Operating expenses	53,857	31,193	22,664	72.66
Operating profit or loss	(65,419)	(58,987)	(6,432)	10.90
Non-operating income and expenses	502,950	124,392	378,558	304.33
Income(loss) from Continuing Operations Before Tax	437,531	65,405	372,126	568.96
Income tax benefit(expenses)	(3,563)	15,397	(18,960)	(123.14)
Income(loss) from Continuing Operations after Tax	433,968	80,802	353,166	437.08

Analysis and explanation of the differences:
Affected by unfavorable global economic conditions at the beginning of the year, the wool-related industry remained weak, and annual revenue declined again. However, as disruptions from U.S. tariff policies gradually subsided, the raw wool trading market rebounded, and gains from inventory valuation recovery reduced the gross loss compared to the previous year. In addition, significant gains from financial assets measured at fair value through profit or loss led to a marked increase in operating expenses due to the recognition of director and employee remuneration. Nevertheless, both pre-tax and after-tax net income for the year improved substantially compared to the previous year.

Gross profit variance analysis

Business activities	Increase (decrease) in changes for the period before and after	Reasons for differences			
		Sales price differences	Cost price differences	Sales package differences	Differences in amount
WOOL TOP, CARBONIZED WOOL AND SUPERWASH WOOL TOP	$ 16,231	$ (3,483)	$ 22,714	$ (7,166)	$ 4,166
OTHERS(NOTE)	1				
Total	$ 16,232				

NOTE: INCLUDE UNCARBONIZED NOIL & PROCESSING FOR CUSOMERS.

Despite the impact of U.S. reciprocal tariffs and low-priced dumping from China and India leading to a decline in total revenue compared to the previous year, rising raw material prices resulted in increased gains from inventory valuation recovery, generating favorable cost-price differences. As a result, operating costs decreased and gross losses were correspondingly reduced.

(2) Expected sales volume and the reasons thereof: Please refer to page 6, and page 81-88.

(3) Possible potential effects to finance and operations in the future and countermeasures: Please refer to page 6, and page 81-88.

3. Cash flow

(1) Analysis and description of cash flow changes during the most recent fiscal year

Unit: Thousand NT$

Cash balance at beginning of period ①	Net cash flow from operating activities for the year ②	Cash Outflow (Inflow) for the Entire Year ③	Cash surplus (deficiency) amount ①+②−③	Remedy for cash shortfall	
				Investment Plan	Financing Plan
121,466	146,342	167,115	100,693	None	

Items \ Year	2025	2024	Difference	
			Amount	Explanation
Cash flow from operating activities	146,342	138,792	7,550	There was no significant difference between the comparative periods.
Cash flow from investing activities	(86,317)	(343,026)	256,709	Net cash outflow from investing activities decreased, primarily due to increased repayments of financial assets measured at amortized cost upon maturity.
Financing activities	(80,798)	(59,006)	(21,792)	Net cash outflow from financing activities increased, mainly due to higher cash dividend distributions to shareholders during the current period.
Net increase (decrease) in cash and cash equivalents	(20,773)	(263,240)	242,467	In summary, these factors resulted in net cash outflow from operations for the period.

(2) Analysis of cash flow changes for the year

Year / Item	2025	2024	Increase or decrease ratio (%)
Cash flow ratio	315.86	575.27	-45.09
Cash flow adequacy ratio	191.92	188.05	2.06
Cash re-investment ratio	2.83	3.93	-27.99

Percentage change analysis and explanation:

Cash flow ratio: Although financial assets mandatorily measured at fair value through profit or loss and current liabilities both increased compared to the previous year, the significant growth in pre-tax net income and strong cash dividend income during the current period were sufficient to support the Company's daily operations.

Cash reinvestment ratio: Although cash inflows from operating activities improved compared to the prior period, the higher cash dividend distributions this year resulted in a lower cash reinvestment ratio. Nevertheless, the Company maintains sufficient working capital and may, as needed, convert medium- to long-term financial assets measured at amortized cost to support operational requirements.

(3) Cash flow analysis for the coming year

Unit: Thousand NT$

Cash balance at beginning of period ①	Projected Net Cash Flow from the Year's Operation ②	Projected Cash Outflow (Inflow) for the Entire Year ③	Cash surplus (deficiency) amount ①＋②－③	Remedy for cash shortfall	
				Investment Plan	Financing Plan
100,693	271,442	275,733	96,402	-	

Given the challenges faced by traditional industries, the Company has adopted a low-capacity operating strategy in recent years to reduce inventory levels and minimize operating losses, while continuing to strengthen investments in solar power generation and financial assets to enhance cash inflows. The Company has consistently maintained a strong cash position. Although there may be a slight net cash outflow in the coming year due to high cash dividend distributions, no liquidity shortfall is expected that would require remedial measures.

4. The effect on finance and operation from important capital expenditure in the latest year：None.

5. Re-Investment Policies, Main Reasons of Profit or Loss, Improvement Plans for the Most Recent One Year, and investment plan for the coming year

Unit: Thousand NT$

Name of investee	The Company's shareholding percentage/ share	Reinvestment policy	Investment income recognized in the current period(Unit: Thousand NT$)	Main reasons for profit or loss	Improvement plan	Investment plans for the coming year	Note (December 31, 2025)
Taiwan Puritic Corporation - stock	0.80% / 685,000	Financial investments to generate investment returns	$300,181	Earnings distribution and mark-to-market valuation	Not applicable	-	Financial assets at fair value through profit or loss – current
Cathay Chemical Works, Inc. – stock	9.51% / 14,354,428	Equity interests in affiliated enterprises held for investment income.	$105,476	Earnings distribution	Not applicable	-	Financial assets measured at fair value through other comprehensive income - non-current
Taiwan Stock Exchange Corporation – stock	0.75% / 12,983,144	The Company was a founding shareholder.	$29,961	Earnings distribution	Not applicable	-	Financial assets measured at fair value through other comprehensive income - non-current
Yuanta Financial Holding Co., Ltd. – stock	0.00% / 95,506	Financial investments to generate investment returns	$144	Earnings distribution	Not applicable	-	Financial assets measured at fair value through other comprehensive income - non-current

6. Necessary Analysis and Evaluation of Risk Events in the Latest Year and Before Date Annual Report Printed

(1) The effects that interest rates, exchange rate fluctuations, and inflation have on earnings and losses of the Company as well as response measures

Interest rates have had little impact due to the Company's strong cash reserves. In addition, import of major raw materials and finished (semi-finished) products and exports of manufactured products are traded in US dollars, thus, part of them are of natural hedge effects. Although the inflation in recent years causes some materials and oil prices to rise and in turn resulted an increase to the production costs, The Company will continue to closely monitor developments. On the interest rate changes, where it is deemed necessary, the Company would use derivative commodities for hedged items with fair value changes showing high negative correlation as hedging tool. As the interest rate changes will generate a greater profit/loss offset by the hedged items. Thus, the expected risk is not significant.

(2) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures

The Company has a sound finance, and neither engages in high-risk and highly leveraged investments nor is lending the Company's funds to other parties. The endorsements and guarantees, and trading of derivatives are only limited to loans for procurement of materials, tax endorsements and guarantees and forward exchange. Thus, the expected risks are not huge.

(3) Future research and development projects and estimated research and development expenditure

I. Future research and development plan:

(1) A feasibility study is being conducted for the installation of ground-mounted PV systems.

(2) Old diesel forklifts are being replaced with non-polluting electric forklifts.

II. Projected R&D expenditures to be invested: NTD1,500,000

(4) Major changes in government policies and laws at home and broad and the impact on finance and business of the Company and response measures

I. In recent years, growing environmental awareness has led to a green energy and carbon reduction trend across the textile supply chain. In response, the Company will actively expand solar power installations, continue replacing outdated high energy-consuming equipment, and outsource high energy-consuming and highly polluting processes such as wool scouring and shrink-proofing to industry peers in other regions, in line with future sustainability trends.

II. In recent years, rising minimum wages, inflation, and electricity price hikes have driven up production costs, impacting the already struggling wool textile industry. As a result, the Company's future strategy will gradually shift toward small-volume specialized and refined products to enhance market competitiveness.

III. Various regional trade and economic alliances have subsequently formed in recent years within the international space, but Taiwan remains isolated and is not able to enjoy equal custom tax benefits. It has led to impacting competition for export-sales of Taiwan's textile products with significant impacts to Taiwan's export-sales.

IV. The weak domestic economy in China has led to low-priced dumping of textile products, resulting in a significant loss of domestic orders and triggering a wave of factory closures. This has also affected the domestic textile production supply chain. The Company will continue to pursue a global sales strategy, actively expanding overseas markets with high-quality, specialized wool top products.

V. The "de-Sinicization" chain reaction triggered by new reciprocal tariff policies under U.S. President Donald Trump, along with the recently announced 15% preferential tariff for Taiwan, may benefit Taiwan's textile exports to the United States and create new opportunities for the industry in the future.

(5) Impact of recent technological (Including information security risks) and market changes on finance and business of the Company, and response measures

It is anticipated that textiles will continue trending toward eco-friendliness, functionality, and integration with AI. Blended products using wool and other fibers may become a future mainstream trend. The Company will continue developing new textile products based on eco-friendly and green manufacturing, in cooperation with downstream partners. On the other hand, we will also actively develop the production process with low energy consumption and low pollution to meet the future market demand.

(6) Impact of change in corporate image on risk management and response measures

The Company is established in 1964 and became a publicly listed company in 1979 until now. Since the beginning, it has been operating in the spirit of integrity and is persistent in its main business. The Company has built for itself a good reputation in the global wool processing industry and continues the work. In recent years, the company has actively investing in green power generation equipment to build a positive image.

(7) Expected benefits and potential risks of mergers and acquisitions, and response measures: None.

(8) Expected benefits and potential risks of capacity expansion, and response measures: None.

(9) Risks associated with over-concentration in purchases or sales, and response measures:

Procurement of goods: The Company imports raw wool mainly by entrusting the local professional wool selecting business owners in the local area of Australia. Based on the raw wool procurement standard given by the company, they would select the wool among the wool farms coming from different regions at the bidding of the public auction market held by the Australian Wool Exchange. Due to the stable quality, open and transparent prices by the Australian Wool Exchange in comparison to other regions in South Africa, South America and so forth, it meets the wool demands of the company better. In recent years, some customers, due to price and supply lead time considerations, have requested the Company to procure wool tops from other suppliers and carry out refined secondary processing before delivery. The Company carefully selects products from reputable manufacturers and strictly controls quality.

Sales: None.

(10) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures: None.

(11) The impact and risk of a change in ownership on the Company, and response measures: None.

(12) For litigious or non-litigious, list major litigious, non-litigious or administrative disputes that involve the Company, the Company's director, supervisor, the president, person with actual responsibility, major shareholder

holding more than 10% stake, and any companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(13) Other significant risks and countermeasures: None.

7. Other important event: None.

F. Special Disclosure

1. Subsidiary Information

(1) Overview of relationship between subsidiaries and controlling company

April 20th, 2026
Unit: Shares

Name of controlling company	Reason for control	Shareholding and pledge creation of the controlling company			Directors, supervisors or managerial officers appointed by the controlling company	
		Number of shares	Shareholding Percentage	Number of pledged shares	Position	Name
Mindtown Investment Co.,LTD.	1. Appointed personnel was elected as the Company's Chairperson.	15,785,490	15.84%	-	Chairperson	Roul-Eel Ying

(2) Description of Transactions

1. Transactions for procurement and sales of goods: None.
2. Assets transactions: None.
3. Financing: None.
4. Assets rental: None.
5. Other important transactions and dealings: None.

(3) Endorsements and guarantees: None.

2. Private Placement Securities in the Most Recent Year and As of the Publication Date of this Annual Report : None

3. The Shares of the Company Held or Disposed of by Subsidiaries for the Most Recent Year and As of the Publication Date of this Annual Report: None.

4. Other Necessary Supplement: None.

G. Any Matter Which Had a Significant Impact on Shareholders' Rights or the Price of the Securities Referred to in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act for the Most Recent Year and As of the Publication Date of this Annual Report: None.

H. Appendices

1. Standalone Financial Statements and Independent Auditors' Report:
   The matter has been disclosed on the Market Observation Post System (MOPS).
   Please refer to the Market Observation Post System (MOPS) under Individual Company > Electronic Document Download >Financial Reports.

   https://mops.twse.com.tw/mops/#/web/home

Reward Wool Industry Corporation

Roul-Eel Ying, Chairperson